



Dave Yost • Auditor of State



Dave Yost • Auditor of State

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

City of Middleburg Heights
Cuyahoga County
15700 Bagley Road
Middleburg Heights, Ohio 44130

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, each major fund, and the aggregate remaining fund information of the City of Middleburg Heights, Cuyahoga County, (the City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 22, 2015.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the 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 determination of financial statement amounts. 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 communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

June 22, 2015

City Of Middleburg Heights, Ohio



Comprehensive Annual Financial Report

For The Year Ended December 31, 2014

Issued By The Department of Finance

Jason Stewart, CPA
Director

Nicholas Vitalone, CPA
Assistant Director

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Introductory Section



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City of Middleburg Heights, Ohio
Comprehensive Financial Annual Report
For the Year Ended December 31, 2014
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Finance Department
CITY OF MIDDLEBURG HEIGHTS

15700 Bagley Road • Middleburg Heights, Ohio 44130-4832
440/234-8989 • Fax: 234/4934 • E-mail: finance@middleburgheights.com



Gary W. Starr
Mayor

Jason Stewart, CPA
Director of Finance

June 22, 2015

Honorable Mayor Gary Starr,
Members of City Council
and the Citizens of Middleburg Heights, Ohio

Ohio law (Ohio Administrative Code Section 117-2-03(B)) requires that all cities file annual unaudited financial reports prepared on a GAAP (Generally Accepted Accounting Principles) basis with the Auditor of State within five months of the close of each fiscal year. This report is published to fulfill that requirement for the fiscal year ended December 31, 2014.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Auditor of the State of Ohio has issued an unmodified opinion on the City of Middleburg Heights' financial statements for the year ended December 31, 2014. The Independent Auditor's Report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The basic financial statements and notes provide an overview of the City's financial position and operating results. The Combining Statements for non-major funds and other schedules that follow the basic financial statements provide more detailed information about the City's financial condition.

PROFILE OF THE GOVERNMENT

Basic Information: The City of Middleburg Heights is approximately eight square miles and is located in northeastern Ohio, southwest of Cleveland, within the boundaries of Cuyahoga County. The City's population from the 2010 federal census was 15,946. The City was first established as a village in 1927 and was incorporated as a City in 1961 under the laws of the State of Ohio.

The City operates under and is governed by its Charter, which was first adopted by the voters in 1961. The Charter has been and may be amended by the voters from time to time. The City is also subject to some general laws applicable to all Ohio cities. Under the State Constitution, the City may exercise all powers of local self-government and police powers to the extent not in conflict with applicable general laws. The Charter provides for a Mayor-Council form of government.

Legislative authority is vested in a seven-member council. Three members are elected at-large, and four members are elected from wards, for two-year terms. The Council fixes compensation of City officials and employees and enacts ordinances and resolutions relating to City services, tax levies, appropriations, borrowing money, licensing and regulating businesses and trades, and other municipal purposes. The presiding officer is the President of Council, who is elected at large by the electors for a two-year term. The Charter establishes certain administrative departments, and the Council may establish divisions within these departments and additional departments.

The City's chief executive and administrative officer is the Mayor, who is elected by the voters specifically to that office for a four-year term.

The Mayor appoints, subject to the approval of a majority of the members of Council, the Directors of the City's departments. The major appointed officials are the Directors of Finance, Law, Public Service, Recreation, Economic Development and Public Safety. The Mayor also appoints members to a number of boards and commissions, and appoints and removes in accordance with civil service requirements, all appointed officers and employees, except Council officers and employees.

The Mayor may veto any legislation passed by the Council. A veto may be overridden by a two-thirds vote of all members of the Council.

All elected officials, except the Mayor, serve part-time.

Reporting Entity: The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading. This definition of the reporting entity is found in GASB Statement No. 61, "The Financial Reporting Entity."

The City of Middleburg Heights primary government consists of all funds and departments, which are not legally separate from the City. They include a police force, a fire fighting and emergency medical transport force, a service department, a building department, a recreation department, and a staff to provide essential support to these service providers.

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 organization. Component units may also include organizations for which the City approves the budget, the issuance of debt or the levying of taxes. The reporting entity of the City does not include any component units.

As discussed in the notes, the City participates in several jointly governed organizations, including the Southwest General Health Center, the Woodvale Union Cemetery, the Southwest Council of Governments, the Northeast

Ohio Public Energy Council, and the Suburban Water Regional Council of Governments. Note 18 describes the City's relationship to these entities.

Budget Process: Although City Council is required to adopt a temporary budget by no later than the close of the fiscal year, and a final budget within 90 days of the new year; the final operating budget has been prepared and adopted by the close of the fiscal year for the last 27 years. The Capital Budget is customarily passed within 90 days of the start of the new year. This annual budget serves as the foundation for the City of Middleburg Heights' financial planning and control. The budget is prepared by fund, department, (e.g. police) and major category. The major categories used are: "Wages and Fringe Benefits" and "Other". Department heads may transfer resources within a major category as needed and approved by the Mayor and Director of Finance. Transfers between major categories, however, need re-appropriation from City Council.

ECONOMIC CONDITION AND OUTLOOK

Location is one of the greatest assets of the City of Middleburg Heights. Our proximity to Cleveland Hopkins Airport and easy access to three interstate highways has contributed to the economic stability of the City. Despite the continued global economic crisis, the City has been able to sustain a strong commercial business sector. Due to our location, progressive economic incentives, zoning policies and economic development efforts the City has realized the continued creation and retention of jobs in our community.

In particular, the City has seen a significant growth in medical and health related businesses over the last decade. The City has actively promoted what we refer to as our "Medical Corridor" which consists of over 1.4 million square feet of medical and medical office space in the City. The City has significant representation of Northeast Ohio's largest healthcare providers in our City. Southwest General Health Center, in partnership with University Hospitals of Cleveland, has continued as the largest employer in the City of Middleburg Heights. The Metro Health System opened its new ambulatory health center in 2013 to accommodate up to 120,000 patient visits per year. The Cleveland Clinic also has four specialized facilities in Middleburg Heights; they include their Children's Hospital Therapy Services Center, Orthopedics Center, Sports Medicine and Therapy Services Center, and their Cardiology Services Center.

In 2014, Southwest General Health Center opened the expanded emergency department and has also completed the new critical care unit and a new patient parking garage. The new emergency department has been designed to handle as many as 60,000 patients annually. This was the first phase of the \$128 million dollar expansion plans laid out by the hospital in 2012.

In addition to the expansion of the emergency department, the hospital has completed the new patient bed tower with 100 new private patient rooms. Conversion of all existing patient rooms into private rooms is currently underway and is expected to be completed by the end of 2015.

The facility houses six full-time primary-care practices along with specialties such as cardiology, neurology, orthopedics, obstetrics and gynecology, dermatology, ophthalmology along with imaging, laboratory and other services.

The City of Middleburg Heights' major industries also include a significant number of freight and package delivery, education, hotel, retail and government employers. Therefore, the City's economic health is not based solely upon the success or failure of a single industry.

In addition to these exciting projects in the medical industry, the City is currently experiencing the construction of a new Audi dealership on Pearl Road and Interstate 71 from Sunnyside Automotive. The dealership will

incorporate a world-class design based upon European Audi dealerships, new to the United States. In addition to the construction of the new dealership, Sunnyside will also undertake relocation/remodeling of its Mitsubishi dealership across the street. The project involves approximately \$8 million of investment in Middleburg Heights.

These exciting expansion projects are further evidence Middleburg Heights continues to be a desirable venue for local, national and international companies to both locate and expand. There are a number of development projects planned for the near future in the City.

Plans have been approved for the construction of a new Home 2 Suites by Hilton on an approximate three acre site of undeveloped land on Engle Road. The hotel is over 60,000 square foot and will add 111 new guest rooms to the City. The project will involve an investment of nearly \$7 million dollars in our City. The hotel is expected to be completed by May 2016, in time for the 2016 Republican National Convention.

Preliminary plans have been presented for the construction of a new Residence Inn by Marriott on Bagley Road, just west of Southwest General Hospital. The nearly 90,000 square foot facility would add an additional 112 guest rooms. The plans also include the addition of a 12,000 square foot building to accommodate a full service restaurant or two retail units to complement the hotel. The project will involve the investment of nearly \$9 million dollars in our City.

The City engaged the services of City Architecture to develop a master plan for the 45 acre site along Interstate 71 and Bagley Road. City Architecture performed a site evaluation and assessment and has come up with a number of different development possibilities. The City is currently working on the possibility of constructing a public street and has engaged Cuyahoga County, the State of Ohio, and private developers regarding the initiative. The plan has been presented to the property owners and discussions have occurred for the possible sale and consolidation of the properties to facilitate future development.

City Architecture is also currently working on a land use study of an over half mile stretch of Pearl Road totaling approximately 40 acres. The study will provide property owners, residents, City Council, and the Planning Commission opportunity to exchange ideas on the future use of the land. The City administration sees opportunity for many potential uses, including mixed-use office buildings, residential development, or healthcare. The land use study will lead to the development of a master plan, facilitating the marketing of the site for redevelopment.

Long Term Financial Planning: In 2013, the City of Middleburg Heights issued \$5.86 million in general obligation bonds to finance a three-year neighborhood streets improvement program. As part of this issuance process, the City had its bond rating reviewed. Moody's Investors Service was quick to confirm the City's Aa1 bond rating, citing our city's stable tax base, solid management, and sound financial position with healthy reserve levels. The City first attained the Aa1 rating in 2010, as part of Moody's recalibration of its' rating system. This was notable as it is the highest bond rating that the City has ever achieved.

The City has implemented a debt management policy. Wherever possible the City of Middleburg Heights acquires its capital improvements by cash purchase. Occasionally though, capital items exceed the cash capacity available and the asset is financed through issuance of debt. Moreover, the City only borrows when there is an identifiable dedicated revenue source to be used to amortize the debt. The City's low debt burden was cited by Moody's Investors Service as one of the factors in awarding the City its outstanding credit rating.

The City utilizes a five-year forecast for its continued operational and capital needs. The forecast looks at the funds that are essential to the operations of the City. These funds are used to provide all of the services offered to our residents, including public safety, highway and street maintenance, parks and recreation, capital

improvements, community development, public health and certain social services. The only funds excluded from the forecast are the Law Enforcement Trust Funds, the Court Computer Fund and all Agency Funds. The forecast is a document through which costs are identified and matched to projected funding sources. The plan is updated biannually to reflect changes to operational costs and revenue projections.

Although the City has not adopted a formal minimum fund balance policy, the City's goal is to strive to maintain a minimum 15-20% fund balance reserve amongst all funds. The Finance Department reviews all transactions on an on-going basis and works diligently to monitor revenues and expenditures so that all funds maintain adequate balances.

AWARDS AND ACKNOWLEDGEMENTS

GFOA Certificate of Achievement Award: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Middleburg Heights, Ohio for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2013. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Middleburg Heights has received a Certificate of Achievement for the last nineteen consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Acknowledgments: The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. I would like to express my appreciation to all staff members who have contributed or assisted in its preparation, in particular my Assistant Finance Director, Nick Vitalone.

In closing, I would like to thank the Mayor and the members of Middleburg Heights City Council, and the citizens of this fine City for their continued support. The collaboration of the aforementioned parties helps ensure the continued financial integrity of the City.

Sincerely,

A handwritten signature in cursive script that reads "Jason Stewart".

Jason Stewart, CPA
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Middleburg Heights
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

City of Middleburg Heights, Ohio
Listing of Principal City Officials
As of December 31, 2014

ELECTED OFFICIALS

Mayor Gary W. Starr
Council President Matthew Castelli
Councilman At-Large.....David Bortolotto
Councilman At-Large Raymond G. Guttman
Councilman Ward 1 Bill Meany
Councilman Ward 2 Matthew G. McGregor
Councilman Ward 3 Michael Ference
Councilman Ward 4 John J. Grech

APPOINTED OFFICIALS

Director of Finance Jason Stewart, CPA
Assistant Finance Director Nicholas Vitalone, CPA
Director of Economic Development Charles Bichara
Director of Public Service..... James P. Herron
Chief Building Official Norman H. Herwerden
Director of Recreation..... Jeff Minch
Director of Law..... Peter Hull
Director of Public Safety Sandra J. Kerber
Chief of Police John Maddox
Chief of Fire..... Briant Galgas
Court Administrator Therese Fairman
Executive Assistant..... Robert Downey
Clerk of Council..... Mary Ann Meola

City of Middleburg Heights, Ohio

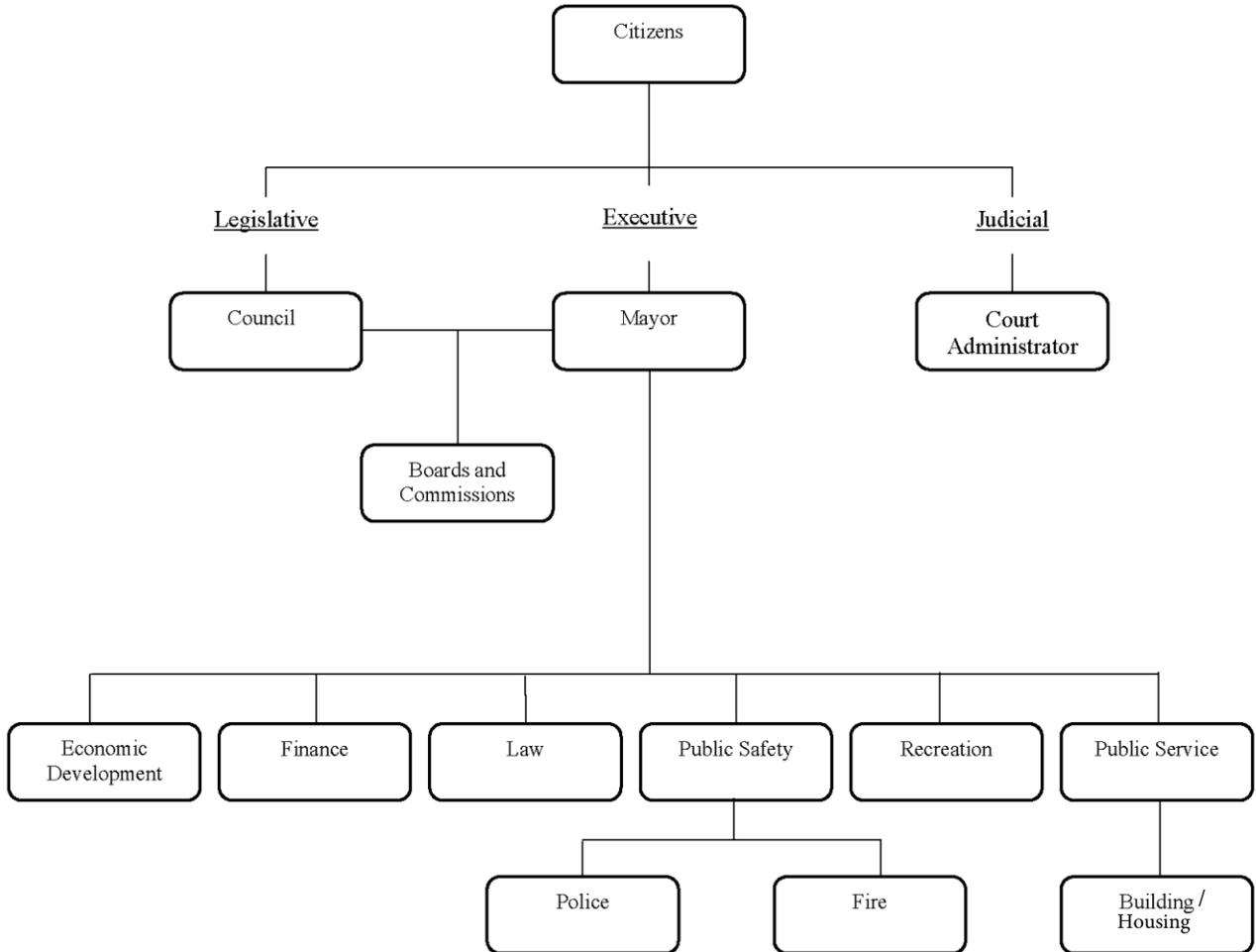
Listing of Principal City Officials

As of December 31, 2014

SPECIAL BOARDS AND COMMISSIONS

| | |
|--|-------------------|
| Planning Commission | Anthony Crea |
| Planning Commission | Cori Farris |
| Planning Commission | Carl Guarnieri |
| Planning Commission | Eve Sachs |
| Planning Commission | Bonnie Lesny |
| Planning Commission | Eric Smearman |
| Planning Commission | Dan Sage |
| | |
| Board of Zoning and Building Appeals | Philomena Johnson |
| Board of Zoning and Building Appeals | Ken Clinkenger |
| Board of Zoning and Building Appeals | Al Cooke |
| Board of Zoning and Building Appeals | Carol Herman |
| Board of Zoning and Building Appeals | Michael Piepsny |
| Board of Zoning and Building Appeals (Alternate) | Vacant |
| Board of Zoning and Building Appeals (Alternate) | Vacant |
| | |
| Civil Service | Tim Miranda |
| Civil Service | Chris Tibbitts |
| Civil Service | Tony Terrigno |
| | |
| Secretary - Civil Service | Sherri Menoes |
| Secretary - Boards and Commissions | Kimberly Earley |

City of Middleburg Heights, Ohio
Organizational Chart
For the Year Ended December 31, 2014



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Financial Section



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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

City of Middleburg Heights
Cuyahoga County
15700 Bagley Road
Middleburg Heights, Ohio 44130

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Middleburg Heights, Cuyahoga County, Ohio (the City), as of and for the year ended December 31, 2014 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 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, each major fund, and the aggregate remaining fund information of the City of Middleburg Heights, Cuyahoga County, Ohio, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Recreation Funds, thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

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* 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 introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules 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 these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2015, 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.

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

Dave Yost
Auditor of State
Columbus, Ohio

June 22, 2015

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City of Middleburg Heights
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

This discussion and analysis of The City of Middleburg Heights' (the City's) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2014. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, the basic financial statements, and notes to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- The assets and deferred outflows of resources of the City of Middleburg Heights exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$60,489,519 (*net position*). Of this amount, \$6,207,760 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total Net Position decreased by \$551,849 which represents a 0.9 percent decrease from 2013. However, unrestricted net position increased by \$1,195,706 or 23.86 percent in 2014.
- Total Assets and deferred outflows of the City decreased \$1,520,610, which represents a 1.89 percent decrease from 2013.
- Total Capital Assets increased by \$1,728,000 or 2.97 percent from 2013.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,142,190 a decrease of \$3,350,426 or 21.62 percent from 2013. Equity in Pooled Cash and Investments in the governmental funds decreased by \$3,028,639 or 23.53 percent from 2013, as the City spent down \$2,652,553 in bonds proceeds on the street infrastructure program.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$6,678,775 or 36 percent of total general fund expenditures.
- Total outstanding Long-term liabilities were \$14,510,900. This was a 9.06 percent decrease from the balance at the end of 2013. The decrease in long-term liabilities was due to the repayment of bonds issued for the City's Service Center, Community Center and Street Improvements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector businesses. The *statement of net position* and *statement of activities* provides 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 assets. Major 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 dollars remain for future spending. The fund financial statement also looks at the City's most significant funds with all other nonmajor funds presented in total in one column.

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The *statement of net position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference between the two reported as *net position*. Over time, increases or decreases in net position *may* serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The governmental activities of the City include general government, security of persons and property, public health services, community development, economic development, streets and highways, culture and recreation, and sanitation.

The government-wide financial statements can be found starting on page 15 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Middleburg Heights, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

In 2014, the City of Middleburg Heights maintained 15 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances, for the General Fund, Recreation Fund, Bond Retirement Fund, Capital Improvements Fund and Street/Infrastructure Improvement Fund; all of which are considered to be major funds. Data from the other 10 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement (non-GAAP basis) has been provided for each major and nonmajor fund to demonstrate budgetary compliance.

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Proprietary Funds The City of Middleburg Heights maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains one such fund for its self-insurance of employee health benefits. Because this fund only benefits governmental functions, it has been included with the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City's only proprietary fund is an internal service fund for self-insurance of health benefits, which is considered a nonmajor fund. The basic proprietary fund financial statements can be found on pages 23 to 25 of this report.

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 fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on page 26 of this report

Notes to the Basic Financial Statements The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 to 52 of this report.

Other information In addition to the basic financial statements and accompanying notes, this report also presents certain other information that the City believes readers will find useful. After the notes to the financial statements, the combining statements referred to earlier in connection with nonmajor governmental are presented, as well as individual detailed budgetary comparisons for all funds. This information can be found on pages 53 to 81 of this report.

Government-Wide Financial Analysis

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How well did the City perform financially during 2014?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by the private sector. The accrual basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net position and the changes in those positions. The change in position is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of the City's capital assets will also need to be evaluated.

The Statement of Net Position and the Statement of Activities are divided into the following categories:

- Assets
- Deferred Outflows of Resources
- Liabilities
- Deferred Inflows of Resources
- Net Position (Assets and Deferred Outflows minus Liabilities and Deferred Inflows)
- Program Revenues and Expenses

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- General Revenues
- Net Position Beginning of Year and End of Year

The City of Middleburg Heights as a Whole

Recall that the Statement of Net Position looks at the City as a whole. The following table provides a summary of the City's net position for 2014 compared to 2013.

Table 1 Net Position

| | Governmental Activities | |
|---------------------------------------|-------------------------|---------------------|
| | 2014 | 2013 |
| Assets | | |
| Current and Other Assets | \$18,937,997 | \$22,135,107 |
| Capital Assets, Net | <u>59,880,777</u> | <u>58,152,777</u> |
| <i>Total Assets</i> | <u>78,818,774</u> | <u>80,287,884</u> |
| Deferred Outflows of Resources | | |
| Deferral on Refunding | <u>206,000</u> | <u>257,500</u> |
| Liabilities | | |
| Current Liabilities | 1,973,589 | 1,506,208 |
| Long-term Liabilities | | |
| Due within One Year | 3,198,260 | 2,909,462 |
| Due in More Than One Year | <u>11,312,640</u> | <u>13,047,649</u> |
| <i>Total Liabilities</i> | <u>16,484,489</u> | <u>17,463,319</u> |
| Deferred Inflows of Resources | | |
| Property Tax | <u>2,050,766</u> | <u>2,040,697</u> |
| Net Position | | |
| Net Investment in Capital Assets | 49,424,631 | 48,813,578 |
| Restricted for: | | |
| Capital Projects | 2,943,829 | 5,177,947 |
| Debt Service | 1,465,640 | 1,588,993 |
| Other Purposes | 447,659 | 448,796 |
| Unrestricted | <u>6,207,760</u> | <u>5,012,054</u> |
| <i>Total Net Position</i> | <u>\$60,489,519</u> | <u>\$61,041,368</u> |

As noted earlier, over time net position may serve as a useful indicator of a government's financial position. For the City of Middleburg Heights, total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$60,489,519 at the close of the most recent fiscal year.

The largest portion of the City's net position (81.7%) reflects investments in capital assets (e.g. land, buildings, infrastructure, machinery and equipment), less any related debt to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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Total assets and deferred outflows decreased by \$1,520,610 from 2013, while the City's total liabilities and deferred inflows decreased by \$968,761. As a result, the total net position of the City's governmental activities decreased by \$551,849. The most significant changes were a decrease in cash and cash equivalents of \$3,067,602. There was a decrease in non-depreciable capital assets of \$9,238,617 and an increase of \$10,966,617 in depreciable capital assets. This increase and corresponding decrease was due largely to the completion of the Eastland Road project that had been previously reported in construction in progress. The decrease in liabilities of \$978,830 was due to the repayment of bonds issued for the City's Service Center, Community Center and Street Improvements.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for the current year in comparison to 2013.

Governmental Activities

Table 2 Changes in Net Position

| | Governmental Activities 2014 | Governmental Activities 2013 |
|-------------------------------------|------------------------------------|------------------------------------|
| Revenues | | |
| Program Revenues: | | |
| Charges for Services | \$2,938,312 | \$3,642,801 |
| Operating Grants and Contributions | 832,490 | 929,590 |
| Capital Grants and Contributions | 249,438 | 752,693 |
| Total Program Revenues | <u>4,020,240</u> | <u>5,325,084</u> |
| General Revenues: | | |
| Property Taxes & Other Local Taxes | 2,727,534 | 2,760,323 |
| Income Taxes | 18,358,266 | 18,274,009 |
| Grants and Entitlements | 593,138 | 959,520 |
| Investment Income | 80,535 | (12,318) |
| Miscellaneous | 652,772 | 763,383 |
| Total General Revenues | <u>22,412,245</u> | <u>22,744,917</u> |
| <i>Total Revenues</i> | <u>26,432,485</u> | <u>28,070,001</u> |
| Program Expenses | | |
| General Government | 8,108,809 | 7,424,687 |
| Security of Persons and Property: | | |
| Police | 5,485,696 | 5,064,507 |
| Fire | 4,185,034 | 3,924,687 |
| Safety Director | 68,014 | 64,010 |
| Public Health Services | 310,506 | 311,680 |
| Culture and Recreation | 3,305,049 | 3,148,384 |
| Community Development | 702,208 | 603,864 |
| Economic Development | 328,977 | 402,294 |
| Streets and Highways | 2,953,029 | 3,298,197 |
| Sanitation | 1,135,741 | 1,080,775 |
| Interest and Fiscal Charges | 401,271 | 520,272 |
| Total Program Expenses | <u>26,984,334</u> | <u>25,843,357</u> |
| Increase (decrease) in Net Position | <u><u>(\$551,849)</u></u> | <u><u>\$2,226,644</u></u> |

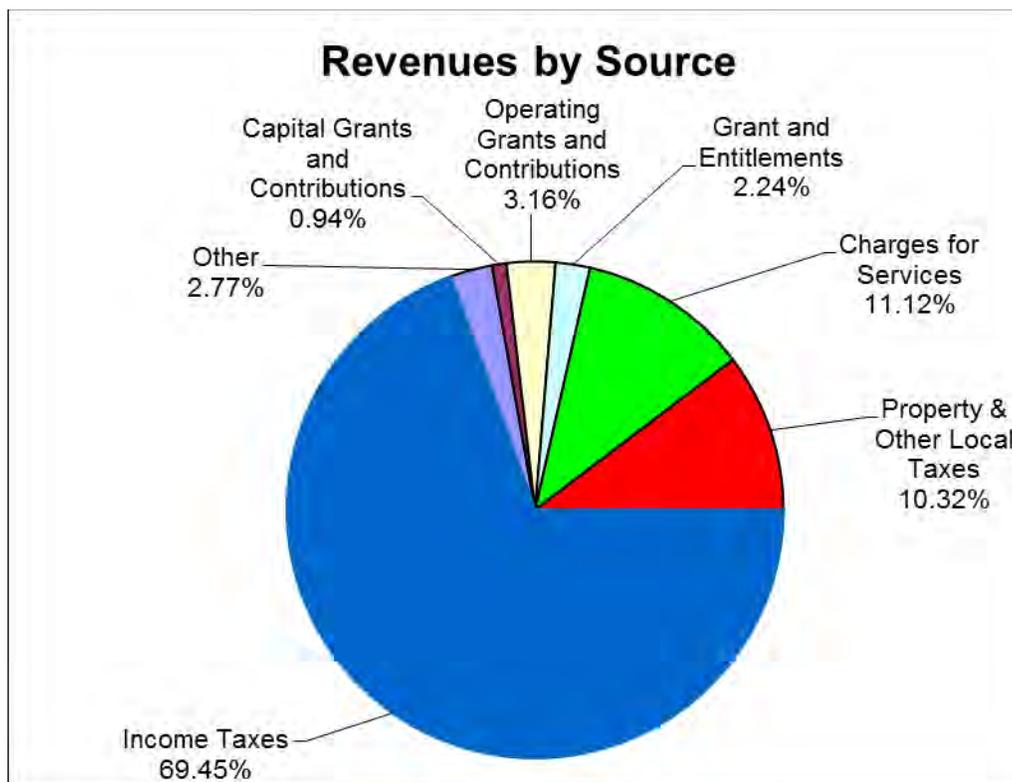
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Governmental activities decreased the City's net position by \$551,849. Discussions of the reasons for the decrease in net position are as follows:

Several types of revenues fund our governmental activities, with the City income tax being the biggest contributor. The City's 2% income tax applies to both the residents of the City and non-residents who work within the City. However if residents work in another locality that has a municipal income tax, the City provides 100% credit up to 2% for those who pay income tax to another city. City Council could by ordinance, choose to vary that income tax credit and create additional revenues for the City.

The decrease of \$704,489 in charges for services was the result of less construction activity in the current year. Several large construction projects were underway in 2012 and 2013 causing revenue to be abnormally higher in 2012 and 2013. Permit fees were expected to return to normal levels in 2014.

Income tax revenue for 2014 was \$18,358,266, which was an approximate 0.5% increase from 2013. Of the \$26,432,485 in total revenues, income tax accounts for 69.45% of the total. Property and other local taxes were \$2,727,534, a decrease of 1.19% from 2013, and account for 10.32% of total revenues. Operating grants and contributions, capital grants and contributions, general revenues from grants and entitlements account for 6.34% of total revenues, and charges for services, investment income, and other revenue make up the remaining 13.89%. General revenues from grants and entitlements are also revenue generators. The City monitors its sources of revenues very closely for fluctuations.

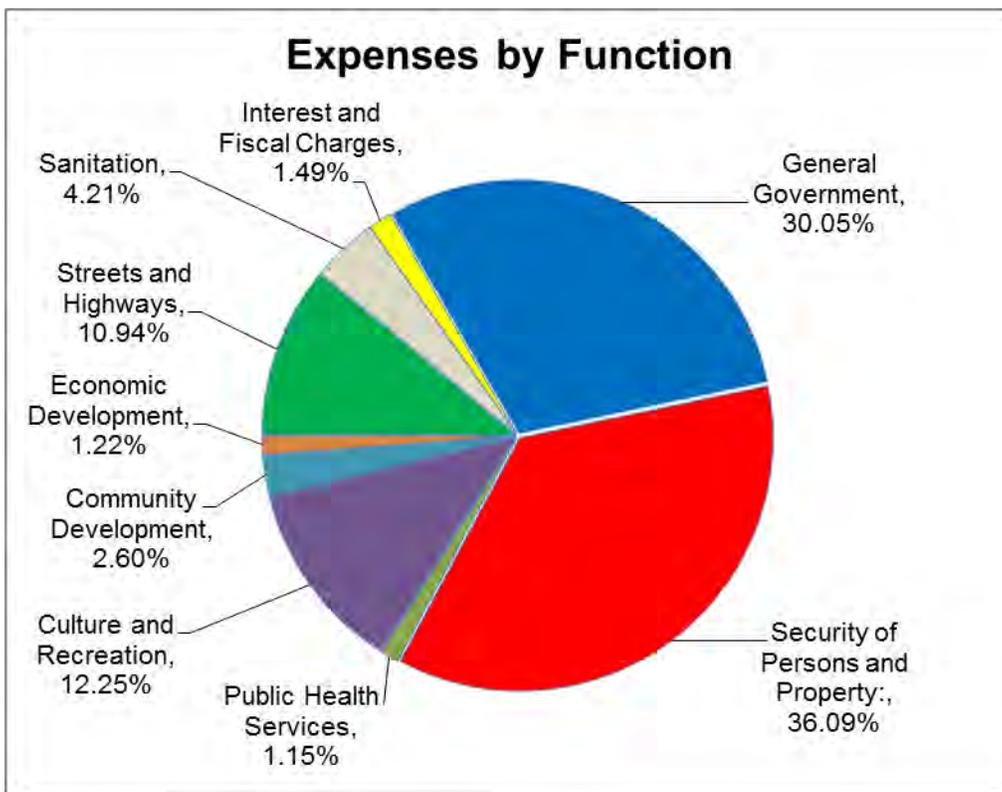


Total program expenses increased by \$1,140,977 or 4.4% as compared to 2013. Expenses related to personal services account for the majority of the increase as a result of 2% pay increases, increases in health benefit and worker's compensation costs.

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Total program expenses for 2014 were \$26,984,334. Security of Persons and Property, which included the police and fire departments as well as the City's Safety Director, accounted for program expenses of \$9,738,744, which represents 36.09 percent of total City expenses for the year 2014. Culture and Recreation expenses of \$3,305,049 accounted for 12.25 percent. Culture and recreation expenses consist largely of costs to operate the City's Community Center and depreciation expense on the building. Street and highway expenses of \$2,953,029 accounted for 10.94 percent.

These figures illustrate the City's commitment toward infrastructure maintenance as well as the safety of our citizens. The City takes great pride in the maintenance of its streets and continues to set aside money towards future capital maintenance and repair.



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Information about the City's governmental funds begins on page 17. These funds are accounted for by using the modified accrual basis of accounting.

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As of December 31, 2014, the City's governmental funds reported combined ending fund balances of \$12,142,190, a decrease of \$3,350,426 in comparison with the prior year. Of that amount, \$6,598,310 constitutes unassigned fund balances, which is available for spending at the government's discretion. The non-spendable fund balances are not easily converted to cash and are comprised of inventory and prepaid expenditures accounted for \$585,516.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance for the General Fund was \$7,183,826 of which \$6,598,310 was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the sum of total fund expenditures and other financing uses of \$19,401,160. Unassigned fund balance represents 34.0% (41.3% in 2013) of total General Fund expenditures and other financing uses, while total fund balance represents 37% (44.5% in 2013) of that same amount.

During the current fiscal year, the fund balance of the City's General Fund decreased by \$776,912. Intergovernmental revenues decreased 47% from 2013 due to cuts in funding from the State legislature. In addition to the previous reductions in tangible personal property reimbursements and local government funds, the State legislature repealed the Ohio Estate Tax beginning January 1, 2013 affecting 2014 collections. The State revenue reductions coupled with 2% pay increases, increases in health benefit costs and worker's compensation account for the decrease in General Fund balance.

The balance in the Recreation Fund decreased \$107,273. This decrease in fund balance can be attributed to current year expenditures exceeding resources.

The Bond Retirement Fund increased \$14,425. The allocation of income tax and other resources are covering the debt service requirements of the City.

The Capital Improvements Fund decreased by \$207,781 due in most part to allocating more resources for the maintenance and improvement of our equipment and facility needs.

The Street/Infrastructure Improvements Fund decreased by \$2,011,712. The decrease in fund balance is the result of the completion of street construction and the corresponding spending of proceeds from bonds issued in 2013 for that purpose.

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 2014 the City amended its General Fund budget on various occasions. All recommendations for budget changes come to the Finance Committee of City Council for review before going to the whole Council for Ordinance enactment on the change. The City does allow small interdepartmental budget changes that modify line items within departments within the same fund and within major category, the major categories being "Wages and Fringe Benefits" and "Other". The General Fund supports many of our major activities such as our Police, Fire and Service Departments, as well as administrative, legislative and executive activities. The General Fund is monitored closely, looking for possible revenue shortfalls or overspending by individual departments.

For the General Fund, original budgeted revenues were \$17.8 million. The final budgeted amount was \$17.8 million and actual revenues were \$18.6 million. An increase in income tax collections of approximately \$600,000 accounts for the majority of this variance. Intergovernmental revenues came in \$63,851 over estimates. The City's ending unencumbered cash balance in the General Fund was \$1,748,637 above the final budgeted amount.

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The difference between the General Fund's original budget for expenditures and other uses of \$20,441,867 and the final amended budget of \$21,068,383 was \$625,516 or about 3.0%. The largest revision was an increase of \$395,000 due to an advance to the Capital Improvements Fund to provide funds for real estate acquisition. Actual expenditures and other uses were \$20,077,093 or \$991,290, (4.7%) less than the final amended budget. The final budget for wages and fringe benefits was \$14,551,097 of which \$14,208,223 or 97.6% was spent leaving a positive variance of \$342,874. Most of this variance was attributable to the service, police and fire departments. Police officers and firefighters have a contractual right to redeem certain compensated absences for pay, and the city budgets for this as if all eligible employees will exercise their option to sell the maximum number of hours available to sell. If less than the maximum number of hours are sold, then a positive variance results. The final budget for expenditures other than wages and fringe benefits was \$6,517,286, of which \$5,868,870 or 90.0% was actually spent leaving a positive variance of \$648,416. The only significant variance for expenditures, other than wages and fringe benefits, was attributable to the budget for unclaimed funds, which the city budgets for as if all amounts available will be reclaimed.

Capital Assets and Debt Administration

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

| | Governmental Activities | |
|---------------------------------|-------------------------|---------------------|
| | 2014 | 2013 |
| Land | \$5,471,819 | \$4,273,145 |
| Land Improvements | 320,521 | 340,168 |
| Buildings and Improvements | 19,923,650 | 20,534,961 |
| Machinery and Equipment | 3,533,092 | 3,276,525 |
| Furniture and Fixtures | 22,410 | 26,046 |
| Infrastructure | | |
| Streets | 19,055,438 | 9,976,784 |
| Sidewalks | 849,037 | 478,887 |
| Traffic Signals | 1,399,824 | 1,250,863 |
| Water Mains | 2,119,167 | 1,514,741 |
| Sanitary Sewers | 1,672,272 | 1,661,946 |
| Storm Sewers | 3,924,728 | 2,792,601 |
| Construction in Progress | 1,588,819 | 12,026,110 |
| Total Net Capital Assets | \$59,880,777 | \$58,152,777 |

Total net capital assets of the City as of December 31, 2014 were \$59,880,777. Capital assets are \$1,728,000 greater than in 2013. The increases in the city's capital assets came as a result of the city: a) purchasing real property for economic development and governmental purposes b) completion of the Eastland Road project and c) purchase of vehicles and equipment for the service department and the public safety forces. The City is committed to a long-term goal of not only meeting its infrastructure and facilities needs, but also satisfying those needs in a continued high quality manner. Additional information on the City's capital assets can be found in Note 8 of this report.

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Debt

As of December 31, 2014, the City had \$14,510,900 in bonds, capital lease obligations, compensated absences and OPWC loans outstanding with \$3,198,260 due within one year.

Table 4 Outstanding Long-Term Obligations at Year End

| | Governmental Activities | |
|---------------------------|-------------------------|---------------------|
| | 2014 | 2013 |
| General Obligation Bonds | \$10,201,534 | \$11,652,612 |
| Special Assessment Bonds | 573,824 | 697,350 |
| Capital Lease Obligations | 0 | 29,746 |
| Compensated Absences | 2,918,155 | 2,776,836 |
| OPWC – Loan | 817,387 | 800,567 |
| Total | \$14,510,900 | \$15,957,111 |

The General Obligation Bonds are composed of (1) Emergency Generator bonds issued in 2002; (2) Community Center/Service Center Construction bonds that were refunded in 2008 and to be repaid from a dedicated 3/4% of the City's municipal income tax and (3) Street Infrastructure improvement bonds were issued in May 2013 and to be repaid with a percentage of the first 1 percent of the City's municipal income tax.

The Special Assessment Bonds consist of various Street and Sewer Construction projects, Engle Road Improvements, Hepburn Road Improvements, and various other improvements. Principal and interest for these bonds are paid from the collection of special assessments collected by the County Auditor from the specific property owners who primarily benefited from the projects.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10½% of total assessed valuation. The City's net legal debt margin within the 10½% limit was \$54.8 million on December 31, 2014.

Additional information concerning the City's debt can be found in Note 14 of this report.

Current Financial Related Activities

The City of Middleburg Heights is financially stable. On November 7, 2006, the residents of the City of Middleburg Heights voted in favor of an income tax increase from 1.75% to 2.00% with a corresponding increase in the credit given for resident income earned outside of the city, effective January 1, 2007. This increase along with the efforts of our Economic Development Department has helped to ensure the financial stability of our city. The City endured the greatest economic downturn since the Great Depression without laying off staff, without cuts in service, and without raising taxes. Continued slow economic recovery and reductions in intergovernmental revenues levied by the State have dictated a conservative approach concerning the City's financial matters. The City will continue to exercise fiscal prudence in order to maintain our historically sound financial position. The Mayor and City Council are dedicated to maintaining the service level that has come to be expected by its residents while balancing a tight budget.

In 2013, the City of Middleburg Heights issued \$5.86 million in general obligation bonds to finance a 3-year neighborhood streets improvements program. As part of this issuance process, the City had its bond rating reviewed. Moody's Investors Service was quick to confirm the City's Aa1 bond rating, citing our city's stable tax base, solid management, and sound financial position with healthy reserve levels. The

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City first attained the Aa1 rating in 2010, as part of Moody's recalibration of its' rating system. This was notable as it is the highest bond rating that the City has ever achieved.

The City of Middleburg Heights has committed itself to financial excellence and has a history of doing just that. The City has received the Government Finance Officers Award (GFOA) Certificate of Achievement for Excellence in Financial Reporting since its initial submission in 1995. Our commitment to our residents has always been one of full disclosure of the financial position of the City.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the City's finances and show the City's accountability for all money it receives, spends, or invests. If you have any questions about this report or need financial information contact Director of Finance Jason Stewart, CPA, City of Middleburg Heights, 15700 Bagley Rd., Middleburg Heights, Ohio 44130, telephone 440-234-8989, or email jstewart@middleburgheights.com.

City of Middleburg Heights, Ohio

Statement of Net Position

December 31, 2014

| | Governmental Activities |
|---------------------------------------|----------------------------|
| Assets | |
| Equity in Pooled Cash and Investments | \$10,159,826 |
| Accounts Receivable | 215,893 |
| Accrued Interest Receivable | 7,630 |
| Intergovernmental Receivable | 626,189 |
| Prepaid Items | 122,207 |
| Materials and Supplies Inventory | 423,088 |
| Income Tax Receivable | 4,606,960 |
| Property Taxes Receivable | 2,150,646 |
| Other Local Taxes Receivable | 51,734 |
| Special Assessments Receivable | 573,824 |
| Nondepreciable Capital Assets | 7,060,638 |
| Depreciable Capital Assets | 52,820,139 |
| <i>Total Assets</i> | <u>78,818,774</u> |
| Deferred Outflows of Resources | |
| Deferral on Refunding | <u>206,000</u> |
| Liabilities | |
| Accounts Payable | 472,005 |
| Accrued Wages | 530,460 |
| Retainage Payable | 80,218 |
| Intergovernmental Payable | 442,162 |
| Accrued Interest Payable | 27,929 |
| Claims Payable | 204,874 |
| Unearned Revenue | 215,941 |
| Long-Term Liabilities: | |
| Due Within One Year | 3,198,260 |
| Due In More Than One Year | 11,312,640 |
| <i>Total Liabilities</i> | <u>16,484,489</u> |
| Deferred Inflows of Resources | |
| Property Taxes | <u>2,050,766</u> |
| Net Position | |
| Net Investment in Capital Assets | 49,424,631 |
| Restricted for: | |
| Capital Projects | 2,943,829 |
| Debt Service | 1,465,640 |
| Other Purposes | 447,659 |
| Unrestricted | 6,207,760 |
| <i>Total Net Position</i> | <u><u>\$60,489,519</u></u> |

See accompanying notes to the basic financial statements

City of Middleburg Heights, Ohio
Statement of Activities
For the Year Ended December 31, 2014

| | Program Revenues | | | Governmental Activities | Net (Expense) Revenue and Changes in Net Position |
|--------------------------------------|---------------------|----------------------|------------------------------------|-------------------------|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | | |
| Governmental Activities: | | | | | |
| Security of Persons and Property: | | | | | |
| Police | \$5,485,696 | \$630,352 | \$0 | \$0 | (\$4,855,344) |
| Fire | 4,185,034 | 545,110 | | | (3,639,924) |
| Safety Director | 68,014 | | | | (68,014) |
| Public Health and Welfare | 310,506 | 20,441 | | | (290,065) |
| Culture and Recreation | 3,305,049 | 1,378,918 | | | (1,926,131) |
| Community Development | 702,208 | 155,356 | | | (546,852) |
| Economic Development | 328,977 | 4,991 | | | (323,986) |
| Streets and Highways | 2,953,029 | 11,687 | 832,490 | 249,438 | (1,859,414) |
| Sanitation | 1,135,741 | | | | (1,135,741) |
| General Government | 8,108,809 | 191,457 | | | (7,917,352) |
| Interest and Fiscal Charges | 401,271 | | | | (401,271) |
| <i>Total Governmental Activities</i> | <u>\$26,984,334</u> | <u>\$2,938,312</u> | <u>\$832,490</u> | <u>\$249,438</u> | <u>(22,964,094)</u> |

General Revenues

Property and Other Local Taxes Levied for:

| | |
|---|------------|
| General Purposes | 2,094,374 |
| Debt Service | 217,719 |
| Police and Fire Pension | 261,260 |
| Public Health and Welfare | 154,181 |
| Income Tax Levied for: | |
| General Purposes | 14,158,040 |
| Debt Service | 1,484,869 |
| Recreation | 1,307,047 |
| Capital Outlay | 1,408,310 |
| Grants and Entitlements not Restricted to Specific Programs | 593,138 |
| Investment Earnings | 80,535 |
| Miscellaneous | 652,772 |

Total General Revenues 22,412,245

Change in Net Position (551,849)

Net Position Beginning of Year 61,041,368

Net Position End of Year \$60,489,519

See accompanying notes to the basic financial statements

City of Middleburg Heights, Ohio

Balance Sheet

Governmental Funds

December 31, 2014

| | General | Recreation | Bond Retirement | Capital Improvements | Streets/ Infrastructure Improvements |
|---|---------------------|------------------|--------------------|-------------------------|--|
| Assets and Deferred | | | | | |
| Outflows of Resources | | | | | |
| Assets: | | | | | |
| Equity in Pooled Cash and Investments | \$5,067,501 | \$193,330 | \$498,337 | \$540,727 | \$2,671,756 |
| Materials and Supplies Inventory | 98,936 | 37,160 | | | |
| Accrued Interest Receivable | 7,226 | | 404 | | |
| Accounts Receivable | 160,310 | | | 4,296 | |
| Interfund Receivable | 395,000 | | | | |
| Intergovernmental Receivable | 229,945 | | 16,718 | | |
| Prepaid Items | 114,914 | 7,293 | | | |
| Income Taxes Receivable | 3,483,724 | 413,176 | 365,747 | 221,181 | 123,132 |
| Property Taxes Receivable | 1,530,696 | | 228,462 | | |
| Other Local Taxes Receivable | 51,734 | | | | |
| Special Assessments Receivable | | | 573,824 | | |
| <i>Total Assets</i> | <u>11,139,986</u> | <u>650,959</u> | <u>1,683,492</u> | <u>766,204</u> | <u>2,794,888</u> |
| Total Assets and Deferred Outflows of Resources | <u>\$11,139,986</u> | <u>\$650,959</u> | <u>\$1,683,492</u> | <u>\$766,204</u> | <u>\$2,794,888</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | \$260,140 | \$40,492 | \$0 | \$19,160 | \$122,885 |
| Accrued Wages | 429,921 | 67,958 | | | |
| Interfund Payable | | | | 395,000 | |
| Intergovernmental Payable | 376,858 | 47,203 | | | |
| Retainage Payable | | | | | 80,218 |
| Unearned Revenue | | 215,941 | | | |
| <i>Total Liabilities</i> | <u>1,066,919</u> | <u>371,594</u> | <u>0</u> | <u>414,160</u> | <u>203,103</u> |
| Deferred Inflows of Resources: | | | | | |
| Property Taxes | 1,459,607 | | 217,852 | | |
| Unavailable Revenue - Delinquent Property Taxes | 71,089 | | 10,610 | | |
| Unavailable Revenue - Income taxes | 1,124,546 | 133,373 | 118,063 | 71,397 | 39,747 |
| Unavailable Revenue - Other | 233,999 | | 590,542 | 4,296 | |
| <i>Total Deferred Inflows of Resources</i> | <u>2,889,241</u> | <u>133,373</u> | <u>937,067</u> | <u>75,693</u> | <u>39,747</u> |
| Fund Balances | | | | | |
| Non-Spendable | 294,315 | 44,453 | | | |
| Restricted | | 101,539 | 746,425 | | |
| Committed | | | | 276,351 | 2,552,038 |
| Assigned | 291,201 | | | | |
| Unassigned | 6,598,310 | | | | |
| <i>Total Fund Balances</i> | <u>7,183,826</u> | <u>145,992</u> | <u>746,425</u> | <u>276,351</u> | <u>2,552,038</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$11,139,986</u> | <u>\$650,959</u> | <u>\$1,683,492</u> | <u>\$766,204</u> | <u>\$2,794,888</u> |

See accompanying notes to the financial statements

City of Middleburg Heights, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2014*

| Other Governmental Funds | Total Governmental Funds | | |
|--------------------------------|--------------------------------|---|---------------------|
| | | Total Governmental Fund Balances | \$12,142,190 |
| | | <i>Amounts reported for governmental activities in the statement of net position are different because:</i> | |
| \$868,817 | \$9,840,468 | Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds | 59,880,777 |
| 286,992 | 423,088 | | |
| | 7,630 | | |
| 51,287 | 215,893 | Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds: | |
| | 395,000 | | |
| 379,526 | 626,189 | | |
| | 122,207 | | |
| | 4,606,960 | Delinquent Property Taxes | \$99,880 |
| 391,488 | 2,150,646 | Income Taxes | 1,487,126 |
| | 51,734 | Intergovernmental | 425,222 |
| | 573,824 | Special Assessments | 578,120 |
| | | Charges for Services | 94,549 |
| | | Total | 2,684,897 |
| <u>1,978,110</u> | <u>19,013,639</u> | | |
| <u>\$1,978,110</u> | <u>\$19,013,639</u> | An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. | 114,484 |
| | | Accrued interest payable on long-term debt is not due and payable in the current period and therefore is not reported in the funds. | (27,929) |
| \$29,328 | \$472,005 | Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds: | |
| 32,581 | 530,460 | General Obligation Bonds | (10,201,534) |
| | 395,000 | Special Assessment Bonds | (573,824) |
| 18,101 | 442,162 | OPWC Loan | (817,387) |
| | 80,218 | Deferral on Refunding | 206,000 |
| | 215,941 | Compensated Absences | (2,918,155) |
| <u>80,010</u> | <u>2,135,786</u> | | <u>(14,304,900)</u> |
| 373,307 | 2,050,766 | | |
| 18,181 | 99,880 | | |
| | 1,487,126 | <i>Net Position of Governmental Activities</i> | <u>\$60,489,519</u> |
| 269,054 | 1,097,891 | | |
| <u>660,542</u> | <u>4,735,663</u> | | |
| | | | |
| 286,992 | 625,760 | | |
| 841,371 | 1,689,335 | | |
| 109,195 | 2,937,584 | | |
| | 291,201 | | |
| | 6,598,310 | | |
| <u>1,237,558</u> | <u>12,142,190</u> | | |
| <u>\$1,978,110</u> | <u>\$19,013,639</u> | | |

City of Middleburg Heights, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014

| | General | Recreation | Bond Retirement | Capital Improvements | Streets/ Infrastructure Improvements |
|---|--------------------|------------------|------------------|-------------------------|--|
| Revenues | | | | | |
| Property Taxes | \$1,462,993 | \$0 | \$218,357 | \$0 | \$0 |
| Income Taxes | 14,174,794 | 1,320,323 | 1,498,500 | 888,402 | 530,539 |
| Other Local Taxes | 635,656 | | | | |
| Intergovernmental | 476,876 | | 47,728 | | |
| Special Assessments | | | 173,538 | | |
| Interest | 68,447 | | 5,773 | | 6,167 |
| Fines, Licenses and Permits | 959,326 | | | | |
| Charges for Services | 408,268 | 1,378,918 | | 1,840 | 9,581 |
| Other | 437,888 | 19,985 | | 29,883 | 94,554 |
| <i>Total Revenues</i> | <u>18,624,248</u> | <u>2,719,226</u> | <u>1,943,896</u> | <u>920,125</u> | <u>640,841</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| Security of Persons and Property | | | | | |
| Police | 5,125,777 | | | | |
| Fire | 3,688,636 | | | | |
| Safety Director | 66,791 | | | | |
| Public Health and Welfare | 143,257 | | | | |
| Culture and Recreation | | 2,826,499 | | | |
| Community Development | 684,122 | | | | |
| Economic Development | 323,845 | | | | |
| Streets and Highways | | | | | |
| Sanitation | 1,135,741 | | | | |
| General Government | 7,382,991 | | 1,834 | | |
| Capital Outlay | | | | 1,117,135 | 2,652,553 |
| Debt Service: | | | | | |
| Principal Retirement | | | 1,543,526 | 29,746 | |
| Interest and Fiscal Charges | | | 384,111 | 1,079 | |
| <i>Total Expenditures</i> | <u>18,551,160</u> | <u>2,826,499</u> | <u>1,929,471</u> | <u>1,147,960</u> | <u>2,652,553</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>73,088</u> | <u>(107,273)</u> | <u>14,425</u> | <u>(227,835)</u> | <u>(2,011,712)</u> |
| Other Financing Sources (Uses) | | | | | |
| Sale of Capital Assets | | | | 20,054 | |
| Transfers In | | | | | |
| Transfers Out | (850,000) | | | | |
| <i>Total Other Financing Sources (Uses)</i> | <u>(850,000)</u> | <u>0</u> | <u>0</u> | <u>20,054</u> | <u>0</u> |
| <i>Net Change in Fund Balances</i> | (776,912) | (107,273) | 14,425 | (207,781) | (2,011,712) |
| <i>Fund Balances Beginning of Year</i> | <u>7,960,738</u> | <u>253,265</u> | <u>732,000</u> | <u>484,132</u> | <u>4,563,750</u> |
| <i>Fund Balances End of Year</i> | <u>\$7,183,826</u> | <u>\$145,992</u> | <u>\$746,425</u> | <u>\$276,351</u> | <u>\$2,552,038</u> |

See accompanying notes to the basic financial statements

*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, 2014*

| Other Governmental Funds | Total Governmental Funds | | |
|--------------------------------|--------------------------------|---|---------------------------|
| | | Net Change in Fund Balances - Total Governmental Funds | (\$3,350,426) |
| | | <i>Amounts reported for governmental activities in the statement of activities are different because</i> | |
| \$416,529 | \$2,097,879 | 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 net amount of current year capital asset activity. | |
| | 18,412,558 | Capital Asset Additions | \$16,220,323 |
| 897,361 | 635,656 | Capital Asset Deletions | (12,753,524) |
| | 1,421,965 | Accum Depr on Disposals | 105,361 |
| 148 | 173,538 | Current Year Depreciation | <u>(1,844,160)</u> |
| 8,506 | 80,535 | Total | 1,728,000 |
| 165,251 | 967,832 | Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | |
| 89,506 | 1,963,858 | Delinquent Property Taxes | (6,001) |
| | 671,816 | Income Tax | (54,292) |
| 1,577,301 | 26,425,637 | Intergovernmental | 3,663 |
| | | Special Assessments | (127,520) |
| | | Charges for Services | <u>10,616</u> |
| | | Total | (173,534) |
| | | The issuance of long term debt provides current financial resources to the governmental funds while the repayment of principal of long-term debt consumes the current financial resources, but reduces long-term liabilities in the statement of net position. | |
| | | Bond and Capital Lease Principal | 1,573,272 |
| | | Proceeds from OPWC Loan | <u>(16,820)</u> |
| | | | 1,556,452 |
| | | In the statement of activities, interest accrued on outstanding bonds, bond premium, bond issuance costs, and the gain/loss on refunding are amortized over the term of the bonds, whereas in the governmental funds the expenditure is reported when the bonds are issued. | |
| | | Accrued Interest | 4,341 |
| | | Amortization of Bond Premium | 31,078 |
| | | Amortization of Loss on Refunding | <u>(51,500)</u> |
| | | | (16,081) |
| | | Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | (141,319) |
| | | The internal service fund used by management to charge the cost of health insurance to individual funds is not reported in the entity-wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. | (154,941) |
| | | <i>Change in Net Position of Governmental Activities</i> | <u><u>(\$551,849)</u></u> |

City of Middleburg Heights, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2014

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|---|---------------------------|---------------------------|---------------------------|---|
| | Original | Final | Actual | |
| Revenues | | | | |
| Property Taxes | \$1,452,544 | \$1,452,544 | \$1,462,992 | \$10,448 |
| Income Taxes | 13,604,570 | 13,604,570 | 14,199,023 | 594,453 |
| Other Local Taxes | 595,000 | 595,000 | 629,363 | 34,363 |
| Intergovernmental | 425,639 | 425,639 | 489,490 | 63,851 |
| Interest | 37,200 | 37,200 | 40,119 | 2,919 |
| Fines, Licenses and Permits | 1,038,870 | 1,038,870 | 953,586 | (85,284) |
| Charges for Services | 373,800 | 373,800 | 411,009 | 37,209 |
| Other | 338,500 | 338,500 | 437,888 | 99,388 |
| <i>Total Revenues</i> | <u>17,866,123</u> | <u>17,866,123</u> | <u>18,623,470</u> | <u>757,347</u> |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property: | | | | |
| Police | 5,224,482 | 5,224,482 | 5,116,460 | 108,022 |
| Fire | 3,921,025 | 3,921,025 | 3,779,514 | 141,511 |
| Safety Director | 67,010 | 67,010 | 66,397 | 613 |
| Public Health and Welfare | 175,866 | 175,866 | 144,398 | 31,468 |
| Community Development | 695,969 | 761,800 | 686,472 | 75,328 |
| Economic Development | 391,746 | 391,746 | 343,355 | 48,391 |
| Sanitation | 1,177,819 | 1,177,819 | 1,145,230 | 32,589 |
| General Government | 7,937,950 | 8,103,635 | 7,550,267 | 553,368 |
| <i>Total Expenditures</i> | <u>19,591,867</u> | <u>19,823,383</u> | <u>18,832,093</u> | <u>991,290</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>(1,725,744)</u> | <u>(1,957,260)</u> | <u>(208,623)</u> | <u>1,748,637</u> |
| Other Financing Sources (Uses) | | | | |
| Advances In | 140,000 | 140,000 | 140,000 | 0 |
| Advances Out | 0 | (395,000) | (395,000) | 0 |
| Transfers Out | (850,000) | (850,000) | (850,000) | 0 |
| <i>Total Other Financing Sources (Uses)</i> | <u>(710,000)</u> | <u>(1,105,000)</u> | <u>(1,105,000)</u> | <u>0</u> |
| <i>Net Change in Fund Balance</i> | <u>(2,435,744)</u> | <u>(3,062,260)</u> | <u>(1,313,623)</u> | <u>1,748,637</u> |
| <i>Fund Balance Beginning of Year</i> | 5,443,106 | 5,443,106 | 5,443,106 | 0 |
| Prior Year Encumbrances Appropriated | 463,292 | 463,292 | 463,292 | 0 |
| <i>Fund Balance End of Year</i> | <u><u>\$3,470,654</u></u> | <u><u>\$2,844,138</u></u> | <u><u>\$4,592,775</u></u> | <u><u>\$1,748,637</u></u> |

See accompanying notes to the basic financial statements

City of Middleburg Heights, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Recreation Fund
For the Year Ended December 31, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|------------------|------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Income Taxes | \$1,700,000 | \$1,700,000 | \$1,346,771 | (\$353,229) |
| Charges for Services | 1,337,200 | 1,337,200 | 1,373,528 | 36,328 |
| Other | 2,600 | 2,600 | 19,985 | 17,385 |
| <i>Total Revenues</i> | <u>3,039,800</u> | <u>3,039,800</u> | <u>2,740,284</u> | <u>(299,516)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Culture and Recreation | 3,101,750 | 3,101,750 | 2,839,498 | 262,252 |
| <i>Total Expenditures</i> | <u>3,101,750</u> | <u>3,101,750</u> | <u>2,839,498</u> | <u>262,252</u> |
| <i>Net Change in Fund Balance</i> | (61,950) | (61,950) | (99,214) | (37,264) |
| <i>Fund Balance Beginning of Year</i> | 150,000 | 150,000 | 150,000 | 0 |
| Prior Year Encumbrances Appropriated | 99,214 | 99,214 | 99,214 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$187,264</u> | <u>\$187,264</u> | <u>\$150,000</u> | <u>(\$37,264)</u> |

See accompanying notes to the basic financial statements

City of Middleburg Heights, Ohio

Statement of Fund Net Position

Proprietary Fund

December 31, 2014

| | <u>Governmental Activities</u> <u>Internal Service</u> <u>Fund - Health Insurance</u> |
|---------------------------------------|---|
| Assets | |
| <i>Current Assets</i> | |
| Equity in Pooled Cash and Investments | <u>\$319,358</u> |
| <i>Total Assets</i> | <u>319,358</u> |
| Liabilities | |
| <i>Current Liabilities</i> | |
| Claims Payable | <u>204,874</u> |
| <i>Total Liabilities</i> | <u>204,874</u> |
| Net Position | |
| Unrestricted | <u>114,484</u> |
| <i>Total Net Position</i> | <u><u>\$114,484</u></u> |

See accompanying notes to the basic financial statements

City of Middleburg Heights, Ohio
*Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2014*

| | Governmental Activities Internal Service Fund - Health Insurance |
|---------------------------------------|--|
| Operating Revenues | |
| Charges for Services | \$2,461,339 |
| <i>Total Operating Revenues</i> | 2,461,339 |
| Operating Expenses | |
| Contractual Services | 386,156 |
| Claims | 2,230,124 |
| <i>Total Operating Expenses</i> | 2,616,280 |
| <i>Change in Net Position</i> | (154,941) |
| <i>Net Position Beginning of Year</i> | 269,425 |
| <i>Net Position End of Year</i> | \$114,484 |

See accompanying notes to the basic financial statements

City of Middleburg Heights, Ohio
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2014

| | Governmental Activities Internal Service Fund - Health Insurance |
|--|--|
| <i>Increase (Decrease) In Cash and Investments</i> | |
| Cash Flows from Operating Activities | |
| Cash Received from Interfund Services | \$2,461,339 |
| Cash Payments to Suppliers for Services | (386,156) |
| Cash Payments for Claims | (2,114,146) |
| <i>Net Cash Flows From Operating Activities</i> | (38,963) |
| <i>Net (Decrease) In Cash and Investments</i> | (38,963) |
| <i>Cash and Investments Beginning of Year</i> | 358,321 |
| <i>Cash and Investments End of Year</i> | \$319,358 |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | |
| <i>Operating (Loss)</i> | (\$154,941) |
| Adjustments: | |
| Increase in Claims Payable | 115,978 |
| <i>Net Cash Provided By Operating Activities</i> | (\$38,963) |

See accompanying notes to the basic financial statements

City of Middleburg Heights, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2014

| | <u>Agency</u> |
|---------------------------------------|-------------------------|
| Assets | |
| Equity in Pooled Cash and Investments | \$193,413 |
| Cash in Segregated Accounts | <u>52,430</u> |
| Total Assets | <u><u>\$245,843</u></u> |
| | |
| Liabilities | |
| Deposits Held and Due to Others | <u><u>\$245,843</u></u> |

See accompanying notes to the basic financial statements

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Note 1 – Description of the City

The City of Middleburg Heights (the “City”) was incorporated as a village in 1927 and became a city in 1961. The City of Middleburg Heights (“The City”) is a charter municipal corporation, incorporated under the laws of the State of Ohio. The City operates under a “Mayor-Council” form of government and provides the following services: public safety (police and fire), highway and street maintenance, parks and recreation, public improvements, community development (planning and zoning), public health and certain social services, and general administrative services. Elected officials include seven council members and a mayor.

Note 2 - Summary of Significant Accounting Policies

The 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 more significant of the City’s accounting policies are described below.

A. Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City, this includes a police force, a fire fighting force, a service department, a building department, a recreation department, and a staff to provide essential support to these service providers.

The Mayor is an elected official who has a fiduciary responsibility for the collection and disbursement of Mayor’s Court fees and fines. This activity has been included in the City’s financial statements as an agency fund.

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 deficits of, or provide financial support to, the organization. Component units may also include organizations that are fiscally dependent on the City, in that the City approves the budget, the issuance of debt, or the levying of taxes. The City has no component units.

The City participates in several jointly governed organizations, including the Southwest General Health Center, the Woodvale Union Cemetery, the Southwest Council of Governments, the Northeast Ohio Public Energy Council, and the Suburban Water Regional Council of Governments. Refer to Note 18 for the City’s relationship to these entities.

B. Basis of Presentation

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

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

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 effect of inter-fund activity of the Health Insurance internal service fund has been eliminated from the government-wide financial statements to avoid the “double counting” of revenues and expenses. Interfund charges for services and net expenses are allocated to the various functions in proportion to the interfund chargeback.

The statement of net position presents the financial condition of the governmental 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. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues 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 governmental program 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 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. The internal service fund is presented in a single column on the proprietary fund statements. Fiduciary funds are reported by type.

C. 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. The City’s funds are classified as governmental, proprietary, or fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions 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 compared to 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 charter of the City and/or the general laws of Ohio.

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Recreation Fund The recreation fund is used to account for the revenues and expenditures relating to leisure time activities, principally the City's Community Center. The fund is financed primarily by membership fees and other fees for a variety of recreation programs. Income tax receipts are also allocated to this fund to help finance the recreation departments operations.

Bond Retirement Fund Established in 2010, the bond retirement fund is used to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal and interest and to account for the monies received from the levy of special assessments for the purpose of retiring the principal and interest on special assessment bonds.

Capital Improvements Fund The capital improvements fund accounts for the purchase of capital equipment and certain other capital improvements financed, in part, by at least ten percent of the first one percent of net income tax collections.

Streets/Infrastructure Improvements Fund The street infrastructure improvement fund accounts for the construction of streets and other infrastructure projects throughout the City. The fund is financed, in part, by ten percent of the first one percent of net income tax collections less applicable debt service.

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

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

Internal Service Fund Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund reports on a self-insurance program for employee health benefits.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust funds. Agency funds are purely custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for the activities of the Mayor's Court, a State Building Standards fee, various deposits, and a flexible spending account.

D. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the 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 the City are included on the Statement of Net Position, except for Fiduciary Funds. The Statement of Activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total 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 along with current liabilities and deferred inflows of resources generally are included on the

City of Middleburg Heights, Ohio
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balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

E. 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 as well as fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified 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 year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. (See Note 6.) 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 the 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, hotel/motel tax, admissions tax, cable TV franchise fees, ambulance fees, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), interest, grants and entitlements.

Deferred Outflows/Inflows of Resources In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent 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 include a deferral on refunding reported in the government-wide statement of net position. A deferral on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position reports 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 and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2014, but which were levied to

City of Middleburg Heights, Ohio
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finance year 2015 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, income taxes, charges for services, intergovernmental grants, and special assessments. These amounts are deferred and recognized as inflows of resources in the period the amounts become available.

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.

F. Cash and Investments

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through City records. The interest of each fund in the pool is presented as "equity in pooled cash and investments".

During fiscal year 2014, the portfolio of the City was limited to non-participating investment contracts (e.g., certificates of deposit) STARohio, STAR plus, negotiable certificates of deposit and Federal Agency Securities.

STAR Plus is a federally insured cash account instituted by the Federally Insured Cash Account (FICA) program. STAR Plus enables political subdivisions to generate a competitive yield on cash deposits in a network of FDIC-insured banks via a single, convenient account. STAR Plus offers attractive yields with no market or credit risk, weekly liquidity and penalty free withdrawals. All deposits with STAR Plus have full FDIC insurance, with no term commitment on deposits. As of December 31, 2014, the Net APY for STAR Plus was .20%.

Investments are reported at fair value, which is based on quoted market prices. Non-participating investment contracts such as non-negotiable certificates of deposit and repurchase agreements are reported at cost.

Investment procedures are restricted by provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2014 amounted to \$68,447 which includes \$816 assigned from other City funds.

Investments with an original maturity of three months or less and investments of the cash management pool are presented on the financial statements as cash and investments. Investments with an original maturity of more than three months that are not made from the pool are reported as "investments".

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2014, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
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H. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies.

I. Capital Assets

General capital assets are assets that are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital 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. The City reported infrastructure assets at the same time it implemented GASB Statement No. 34 as of the year ended December 31, 2003.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$5,000. The City's infrastructure consists of streets, water mains, sanitary sewers, storm sewers, traffic signals and sidewalks. 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 capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

| <u>Description</u> | <u>Estimated Lives</u> |
|---|------------------------|
| Land Improvements | 10-50 years |
| Buildings and Improvements | 10-50 years |
| Machinery and Equipment | 4-30 years |
| Streets | 40 years |
| Sanitary Sewers, Storm Sewers and Water Mains | 75 years |
| Furniture and Fixtures | 20 years |
| Traffic Signals | 20 years |
| Sidewalks | 40 years |

J. Interfund Balances

On the fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables". Interfund balance amounts are eliminated in the statement of net position. An "interfund receivable/payable" in the General and Capital Improvements funds are presented in 2014.

K. 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 City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees.

City of Middleburg Heights, Ohio
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Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those employees that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policies.

A liability for these amounts is reported in governmental funds only if they have matured, for example, unused reimbursable leave still outstanding following employee resignations and retirements.

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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 are recognized as a liability on the governmental fund financial statements when due. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Annual membership revenues for the City's Community Center have been recorded as unearned revenue to the extent that they had not been earned as of December 31, 2014.

M. Fund Balance

Fund balance is divided into five classifications bases primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

Non-spendable - The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criteria includes items that are not expected to be converted to cash.

Restricted – The Restricted classification includes amounts 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 or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means the City can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for purposes specified by the legislation.

Committed – The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council. The committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these

City of Middleburg Heights, Ohio
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constraints is not considered to be legally enforceable. 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 the General Fund, assigned amounts represent intended uses established by City Council or by a City official delegated that authority by ordinance.

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 first applies restricted resources when an expenditure is 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 can be used.

N. 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. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include State Highway, Police Pension, Fire Pension and Southwest General Hospital Funds.

The government-wide statement of net position reports \$4,857,128 of the restricted component of net position, none of which is restricted by enabling legislation. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available.

O. Interfund Activity

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

P. 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 are either unusual in nature or infrequent in occurrence. Neither item occurred in 2014.

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Q. Estimates

The preparation of 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.

R. 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 the self-insurance program. Operating expenses are necessary costs that have been incurred in order to provide the goods or services that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

S. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. 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 levels of personnel costs and other costs within each department for all funds. Adjustments to the budget can only be made within a department and then only within the aforementioned object levels by the Director of Finance, upon request by the department head and approval of the Mayor. All other budgetary modifications may only be made by passage of an ordinance by the City Council.

The certificate of estimated resources may be amended during the year if the Finance Director identifies changes to the initial projected revenue. 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 in effect at the time final appropriations were passed by Council.

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.

Note 3 – Changes in Accounting Principles

The GASB has issued Statement No. 69 "Government Combinations and Disposals of Government Operations." This Statement establishes accounting and financial reporting standards for mergers, acquisitions, and transfers of operations (i.e., government combinations). The Statement also provides guidance on how to determine the gain or loss on a disposal of government operations. This Statement applies to all state and local government entities. The requirements of this Statement should be applied prospectively and are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013 and have been implemented

City of Middleburg Heights, Ohio
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by the City.

The GASB has issued Statement No. 70, “Accounting and Financial Reporting for Non-exchange Financial Guarantees.” This Statement establishes accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specified conditions (i.e., non-exchange financial guarantees). The issuer of the guaranteed obligation can be a legally separate entity or individual, including a blended or discretely presented component unit. Guidance is provided for situations where a state or local government extends or receives a non-exchange financial guarantee. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2013 and have been implemented by the City.

Note 4 - 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 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 the Recreation Fund 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 the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as assigned, committed or restricted, net position (GAAP).
4. Investments reported at fair value (GAAP) rather than cost (budget).
5. Advances in and out are operating transactions (budget) versus balance sheet transactions (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General and Recreation funds.

| | <u>Net Change in Fund Balance</u> | |
|--|-----------------------------------|-------------------|
| | <u>General</u> | <u>Recreation</u> |
| GAAP Basis | (\$776,912) | (\$107,273) |
| Net Adjustment for Revenue Accruals | (30,852) | 21,058 |
| Fair Value Adjustment for Investments 2013 | 65,089 | 0 |
| Fair Value Adjustment for Investments 2014 | (35,016) | 0 |
| Advances In | 140,000 | 0 |
| Advances Out | (395,000) | 0 |
| Net Adjustment for Expenditure Accruals | 228,809 | 30,332 |

City of Middleburg Heights, Ohio
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| | | |
|--------------|---------------|------------|
| Encumbrances | (509,741) | (43,331) |
| Budget Basis | (\$1,313,623) | (\$99,214) |

Note 5 - Deposits and Investments

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

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

Inactive deposits are public deposits that Council has identified as not required for use within the current five-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 deposited with the 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.

The City's investment policies are governed by state statutes and its own investment policy which authorize the City to invest in obligations of the United States Treasury, United States government agencies and instrumentalities, bonds and other obligations of the State of Ohio and its political subdivisions, no-load Money Market Mutual Funds not containing derivatives, repurchase agreements, certificates of deposit, State Treasurer Asset Reserve of Ohio (STAROhio) and STAR Plus. Repurchase agreements are limited to 30 days, and the market value of the securities purchased under the agreement must exceed the principal value of the repurchase agreement by at least two percent and be marked to market daily.

Investments in collateral-backed mortgage obligations, derivatives, interest-only purchases, variable interest securities, reverse repurchase agreements, investment pools, except for STAROhio, and stocks, are prohibited, unless specifically authorized by council. 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.

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

City of Middleburg Heights, Ohio
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Deposits

Custodial credit risk is the risk that in the event of bank failure, the City’s deposits may not be returned to it. Protection of the City’s deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, by surety company bonds or by a single collateral pool established by the financial institution. The City has no deposit policy for custodial credit risk beyond the requirement of state statute. Chapter 135 of the Ohio Revised Code requires that any public depository receiving deposits pursuant to an award of City funds shall be required to pledge eligible securities as security for repayment of all public moneys.

At year-end, the carrying amount of the City’s deposits was \$5,021,846 and the bank balance was \$5,325,954. Of the bank balance \$1,700,858 was covered by Federal depository insurance, which includes \$1,351,212 held in a STAR Plus account. The remaining \$3,625,096 was uninsured. Of the remaining uninsured bank balance, \$3,625,096 was collateralized with securities held by the pledging institution’s agent, not in the City’s name, as allowed by the Ohio Revised Code.

Investments

Investments are reported at fair value. As of December 31, 2014, the City had the following investments:

| | Fair Value | Weighted Average Maturity (Days) |
|---|---------------|--|
| Federal Home Loan Bonds | \$352,013 | 874 |
| Federal National Mortgage Corporation Bonds | \$1,981,241 | 1005 |
| Federal Farm Credit Bureau Bonds | 1,485,791 | 1034 |
| FDIC Insured Negotiable CD's | 1,483,955 | 415 |
| City of Middleburg Heights Manuscript Bonds | 80,823 | 1796 |
| Total Portfolio | \$5,383,823 | 762 |

Interest Rate Risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The City’s investment policy addresses interest rate risk by requiring that the City’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term payments, thereby avoiding the need to sell securities on the open market prior to maturity. State law also limits security purchases to those that mature within five years unless matched to a specific obligation.

Custodial Risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. All financial institutions and broker/dealers who desire to become qualified for investment transactions with the City must meet a set of prescribed standards and be periodically reviewed.

Credit Risk is addressed by the City’s investment policy which requires that all investments are authorized by the Ohio Revised Code and that the portfolio be diversified both by types of investment and issuer. The Federal Home Loan Bank Bonds and the Federal Home Loan Mortgage Corporation Bonds carry a rating of AAA by Standard & Poor’s. STAROhio also carries a rating of AAAM by Standard & Poor’s.

City of Middleburg Heights, Ohio
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Concentration of Credit Risk is defined by the Governmental Accounting Standards Board as having invested five percent or more of the City’s portfolio in the securities of a single issuer. The City’s investment policy recommends diversification of the portfolio. One method utilized by the City to reduce the risk of loss due to default by a financial institution is limiting the amount of investments placed with any institution to no more than fifty percent of the City’s deposit/investment portfolio. The following is the City’s allocation as of December 31, 2014:

| Investment Issuer | Percentage of Investments |
|---|---------------------------|
| Federal Home Loan Bonds | 6.54% |
| Federal National Mortgage Corporation Bonds | 36.80% |
| Federal Farm Credit Bureau Bonds | 27.60% |
| FDIC Insured Negotiable CD's | 27.56% |
| City of Middleburg Heights Manuscript Bonds | 1.50% |
| Total | 100.00% |

Note 6 – Receivables

Receivables at December 31, 2014, consisted primarily of municipal income taxes, property and other local taxes, accounts, special assessments, interest, and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are deemed collectible in full.

Special assessments expected to be collected in more than one-year amount to \$454,486 in the Bond Retirement Fund. At December 31, 2014 the amount of delinquent special assessments was \$4,296.

A. Property Taxes

Property taxes include amounts levied against all real and public utility personal property located in the City. Property tax revenue received during 2014 for real and public utility property taxes represents collections of 2013 taxes.

2014 real property taxes are levied after October 1, 2014 on the assessed value as of January 1, 2014, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2014 real property taxes are collected in and intended to finance 2013 operations.

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. 2014 public utility property taxes, which became a lien December 31, 2013, are levied after October 1, 2014, and collected in 2013 with real property taxes.

The tax rate for all City operations for the year ended December 31, 2014, was \$5.45 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2014 property tax receipts were based are as follows:

| | |
|----------------------------------|---------------|
| Real Property | \$507,534,460 |
| Public Utility Tangible Property | 14,352,660 |
| Total Valuation | \$521,887,120 |

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

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the county, including the City. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes and outstanding delinquencies, which are measurable as of December 31, 2014 and for which there is an enforceable legal claim. In the General, Police Pension, Fire Pension, Bond Retirement and Southwest General Hospital Funds, the entire receivable has been offset by deferred inflows of resources since the current taxes were not levied to finance 2014 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

B. Municipal Income Taxes

In 2014, the City levied a municipal income tax of 2.00 percent on all income earned within the City as well as on income of residents earned outside of the City. In the case of income of residents earned outside of the city, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the Regional Income Tax Agency (RITA), on behalf of the City, at least quarterly. Corporations and other individual taxpayers are required to pay their estimated tax at least quarterly and file a final return annually. Taxes collected by RITA in one month are remitted to the City on the first (advance) and tenth business days (final settlement) of the following month. Income tax revenue is credited to the General Fund, Recreation Fund, General Obligation Bond Retirement Fund, Capital Improvements Fund, and Streets/Infrastructure Improvements Fund.

C. Intergovernmental Receivable

A summary of intergovernmental receivables follows:

| Governmental Activities | Amounts |
|--------------------------------------|-----------|
| Gasoline Taxes | \$347,000 |
| Local Government Funds | 134,422 |
| Homestead and Rollback | 116,727 |
| CAT Tax Reimbursement | 3,702 |
| Public Utility Reimbursement | 1,822 |
| Permissive Motor Vehicle License Tax | 10,002 |
| Liquor Permit | 7,426 |
| Prisoner Board and Care | 825 |
| Targeted Enforcement Grant | 949 |
| Berea Municipal Court | 3,314 |
| Total | \$626,189 |

Note 7 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2014, the City contracted with

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Travelers Insurance Agency for its Commercial Umbrella coverage. A summary of insurance coverage is as follows:

| Company | Type of Coverage | Coverage |
|-------------------------|--------------------------------------|--|
| Travelers Insurance Co. | Comprehensive general liability | \$1 million per occurrence/ \$2 million aggregate |
| Travelers Insurance Co. | Employee Benefits | \$1 million per occurrence/ \$3 million aggregate |
| Travelers Insurance Co. | Blanket building and contents | \$44,124,497 |
| Travelers Insurance Co. | Inland marine coverage | \$1,358,265 |
| Travelers Insurance Co. | Electronic Data Processing and Media | \$85,560 |
| Travelers Insurance Co. | Public Officials Liability | \$1 million per occurrence |
| Travelers Insurance Co. | Law Enforcement Liability | \$1 million per occurrence |
| Travelers Insurance Co. | Employment Practices Liability | \$1,000,000 |
| Travelers Insurance Co. | Commercial Articles | \$34,875 |
| Travelers Insurance Co. | Employee Dishonesty | \$100,000 |
| Travelers Insurance Co. | Commercial Automobile | \$1,000,000 |
| Travelers Insurance Co. | Commercial Umbrella | \$5,000,000 |
| Travelers Insurance Co. | Ohio Stop Gap | \$1,000,000 |
| Travelers Insurance Co. | Boiler and Machinery | \$44,124,497 |

Settled claims have not exceeded coverage in any of the past three years and there has not been a significant reduction in coverage from the prior year.

In 2014 the City provided two different medical plans for full time employees, council members and their families. A traditional plan with a Preferred Provider Organization is self funded and administered by a third party administrator. A Health Maintenance Organization plan was also offered and was fully insured. All covered employees also receive prescription, dental and vision benefits. Employees declining health care benefits can receive a monthly opt-out payment ranging from \$14 to \$100. Full time employees receive term life insurance benefits of \$50,000. Elected officials received term life insurance benefits of \$30,000.

Under the traditional medical plan, the preferred provider prices all claims which are then submitted to the third party administrator. The third party administrator reviews and processes the claims, which the City then pays. The City has purchased medical stop loss coverage of \$75,000 per individual and \$2,653,963 in aggregate. In 2014 the City funded the self-insurance internal service fund at \$648 per month for single coverage and \$1,619 per month for family coverage. These charges are paid by the fund from which the employees' compensation is paid.

The claims liability of \$204,874, as estimated and reported in the internal service fund at December 31, 2014, are based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims represent medical claims that are due within one year and are classified as a current liability.

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Changes in the claims liability for the last two years are as follows:

| | Estimated Claims Payable January 1st | Current Year Claims and Changes In Estimates | Claim Payments | Estimated Claims Payable December 31st |
|------|--|---|----------------|--|
| 2013 | \$129,092 | \$1,887,663 | (\$1,927,859) | \$88,896 |
| 2014 | \$88,896 | \$2,230,124 | (\$2,114,146) | \$204,874 |

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 8 – Capital Assets

Capital asset activity for the year ended December 31, 2014, was as follows:

| | Balance 12/31/2013 | Additions | Deletions | Balance 12/31/2014 |
|--|-----------------------|--------------------|---------------------|-----------------------|
| Governmental Activities | | | | |
| <i>Capital Assets not being Depreciated:</i> | | | | |
| Land | \$4,273,145 | \$1,198,674 | | \$5,471,819 |
| Construction-In-Progress | 12,026,110 | 2,188,594 | (12,625,885) | 1,588,819 |
| Total Capital Assets, not being Depreciated | <u>16,299,255</u> | <u>3,387,268</u> | <u>(12,625,885)</u> | <u>7,060,638</u> |
| <i>Capital Assets being Depreciated:</i> | | | | |
| Land Improvements | 1,226,443 | 12,526 | | 1,238,969 |
| Buildings and Improvements | 31,068,168 | 64,318 | | 31,132,486 |
| Furniture and Fixtures | 72,726 | 0 | | 72,726 |
| Machinery and Equipment | 9,371,655 | 784,635 | (127,639) | 10,028,651 |
| Infrastructure: | | | | |
| Streets | 14,040,360 | 9,429,898 | | 23,470,258 |
| Sidewalks | 634,478 | 386,012 | | 1,020,490 |
| Traffic Signals | 3,195,821 | 308,752 | | 3,504,573 |
| Water Mains | 1,948,146 | 630,401 | | 2,578,547 |
| Sanitary Sewers | 2,213,548 | 39,840 | | 2,253,388 |
| Storm Sewers | 3,329,408 | 1,176,673 | | 4,506,081 |
| Total Capital Assets being Depreciated | <u>67,100,753</u> | <u>12,833,055</u> | <u>(127,639)</u> | <u>79,806,169</u> |
| Less Accumulated Depreciation: | | | | |
| Land Improvements | (886,275) | (32,173) | | (918,448) |
| Buildings and Improvements | (10,533,207) | (675,629) | | (11,208,836) |
| Furniture and Fixtures | (46,680) | (3,636) | | (50,316) |
| Machinery and Equipment | (6,095,130) | (505,790) | 105,361 | (6,495,559) |
| Infrastructure: | | | | |
| Streets | (4,063,576) | (351,244) | | (4,414,820) |
| Sidewalks | (155,591) | (15,862) | | (171,453) |
| Traffic Signals | (1,944,958) | (159,791) | | (2,104,749) |
| Water Mains | (433,405) | (25,975) | | (459,380) |
| Sanitary Sewers | (551,602) | (29,514) | | (581,116) |
| Storm Sewers | (536,807) | (44,546) | | (581,353) |
| Total Accumulated Depreciation | <u>(25,247,231)</u> | <u>(1,844,160)</u> | <u>105,361</u> | <u>(26,986,030)</u> |

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

| | | | | |
|---|--------------|--------------|----------------|--------------|
| Total Capital Assets being Depreciated, Net | 41,853,522 | 10,988,895 | (22,278) | 52,820,139 |
| Governmental Activities Capital Assets, Net | \$58,152,777 | \$14,376,163 | (\$12,648,163) | \$59,880,777 |

* Depreciation expense was charged to governmental activities as follows:

| | |
|----------------------------|-------------|
| General Government | \$464,983 |
| Public Safety: | |
| Police | 134,732 |
| Fire | 210,900 |
| Streets and Highways | 626,932 |
| Culture and Recreation | 404,075 |
| Economic Development | 2,538 |
| Total Depreciation Expense | \$1,844,160 |

Note 9 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

All employees, other than non-administrative full-time police officers 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 in which members invest both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The Combined Plan is a cost-sharing multiple-employer defined benefit pension plan. Under the Combined plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Ohio Public Employees Retirement System, Attn: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. Employees were required to contribute 10.00 percent of their annual covered salary to fund pension obligations. The City contributed 14.00 percent of covered payroll. The City's required contributions to OPERS for the years ended December 31, 2014, 2013 and 2012 were \$970,367, \$931,842, and \$919,884, respectively. The full amount has been contributed for all three years.

B. Ohio Police and Fire Pension Fund

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

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

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

From January 1, 2014 through July 1, 2014 plan members were required to contribute 10.75 percent of their annual covered salary and from July 2nd through December 31st plan members contributed 11.50% of their annual covered salary, while employers are required to contribute 19.5 percent and 24.0 percent respectively for police officers and firefighters. The City's contributions to the OP&F for the years ended December 31, 2014, 2013 and 2012 were \$1,099,477, \$1,069,224, and \$1,039,163, respectively. The full amount has been contributed for 2012 and 2013. The City has contributed \$1,016,012 for 2014 with the remainder being reported as "intergovernmental payable" in the governmental activities column of the statement of net position.

Note 10 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional 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 healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefits 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 No. 45.

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

OPERS issues a stand-alone financial report which may be obtained by writing to the Ohio Public Employees Retirement System, Attn: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 1-800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014 state and local employers contributed at a rate of 14 percent. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB plan.

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care was 2.0% from January 1 through December 31, 2014. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's required contributions to OPERS for the years ended December 31, 2014, 2013 and 2012 were \$970,367, \$931,842, and \$919,884, respectively, of which \$138,568, \$66,534 and \$262,811, respectively, was allocated to the healthcare plan. The full amount has been contributed for all three years.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined postemployment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B premium, and long-term care to retirees, qualifying benefit recipients and their eligible dependents. OP&F provides access to post-retirement health care coverage to any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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

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

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% and 24.0% of covered payroll for police and fire employers, respectively. The Ohio revised Code states that the employer contribution rate may not exceed 19.5% of covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB plan.

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

The board of trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

retiree healthcare benefits. The portion of employer contributions allocated to healthcare was 5.0% of covered payroll from January 1, 2014 through December 31, 2014. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Sections 115 and Section 401(h).

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

The City's required contributions to OP&F for the years ended December 31, 2014, 2013 and 2012 were \$1,099,477, \$1,069,224, and \$1,039,163, respectively, of which \$17,361, \$66,534, and \$325,243, respectively, was allocated to the healthcare plan. The full amount has been contributed for 2013 and 2012. The City has contributed \$1,016,012 for 2014.

Note 11 - Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements, City ordinances and State laws. Vacation leave is earned at rates that vary depending upon length of service and standard workweek. Employees may use accumulated vacation after the completion of one year of service with the City. With limited exceptions, accumulated vacation must be used within one year of being earned.

Employees earn sick leave at a rate of 1.25 days per month. Sick leave accumulation is unlimited. Upon retirement or death, an employee can be paid one-third of their accumulated sick leave, subject to certain limits. Employees with a sick leave balance of at least 120 days may convert a percentage of the sick days accumulated during the most recent year into a cash payment.

Note 12 - Contingencies

The City of Middleburg Heights is party to various legal proceedings. However, City management is of the opinion that the ultimate disposition of these claims and legal proceedings will not have a material adverse effect on the overall financial condition of the City.

Note 13 – Fund Balance

Fund balance is classified as non-spendable, 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 below:

| Fund Balance | General | Recreation | Bond Retirement | Capital Improvements | Streets/ Infrastructure Improvements | Other Governmental Funds |
|------------------------|-----------|------------|-----------------|----------------------|---|--------------------------|
| Non-Spendable for: | | | | | | |
| Prepaid Items | \$114,914 | \$7,293 | \$0 | \$0 | \$0 | \$0 |
| Materials and Supplies | | | | | | |
| Inventory | 98,936 | 37,160 | | | | 286,992 |

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

| | | | | | | |
|---------------------------|-------------|-----------|-----------|-----------|-------------|-------------|
| Unclaimed Monies | 80,465 | | | | | |
| Total Non-Spendable | 294,315 | 44,453 | 0 | 0 | 0 | 286,992 |
| Restricted for: | | | | | | |
| Bond Retirement | | | 746,425 | | | |
| Recreation | | 101,539 | | | | |
| Street Construction | | | | | | 537,155 |
| State Highway | | | | | | 88,518 |
| Clerk of Court Computer | | | | | | 61,694 |
| Law Enforcement | | | | | | 145,002 |
| Police Pension | | | | | | 4,501 |
| Fire Pension | | | | | | 4,501 |
| Total Restricted | 0 | 101,539 | 746,425 | 0 | 0 | 841,371 |
| Committed to: | | | | | | |
| Capital Improvements | | | | 276,351 | | |
| Street/Infrastructure Imp | | | | | 2,552,038 | |
| Medical Transport | | | | | | 91,894 |
| Tree Planting | | | | | | 10,187 |
| Veteran's Memorial | | | | | | 7,114 |
| Total Committed | 0 | 0 | 0 | 276,351 | 2,552,038 | 109,195 |
| Assigned for: | | | | | | |
| Unpaid Obligations | 291,201 | | | | | |
| Unassigned: | 6,598,310 | 0 | 0 | 0 | 0 | 0 |
| Total Fund Balance: | \$7,183,826 | \$145,992 | \$746,425 | \$276,351 | \$2,552,038 | \$1,237,558 |

Note 14 - Long-Term Obligations

The original issue date, interest rate and issuance amount for each of the City's bonds is as follows:

| Debt Issue | Original Issue Date | Interest Rate | Original Issue Amount |
|---|---------------------|---------------|-----------------------|
| General Obligation Bonds | | | |
| Emergency Generator | 2002 | 1.60 - 4.50 % | 475,000 |
| Community & Service Center Refunding | 2008 | 3.00 - 4.00% | 12,180,000 |
| Street Improvement | 2013 | 1.50 - 3.00% | 5,860,000 |
| Special Assessments Bonds | | | |
| Claremont/Morningside Road Improvements | 1994 | 4.75 - 8.00% | 301,000 |
| Engle Road Improvements | 1998 | 3.35 - 5.125% | 814,000 |
| Hepburn Road Improvements | 1998 | 3.35 - 5.125% | 611,000 |
| Fowles Road Sanitary Sewer | 1999 | 6.00% | 216,000 |
| Engle Road Improvements | 2002 | 1.60 - 4.50 % | 210,000 |

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

The changes in long-term obligations during the year were as follows:

| | Outstanding 12/31/13 | Additions | (Reductions) | Outstanding 12/31/14 | Amounts Due in One Year |
|--|-------------------------|--------------------|----------------------|-------------------------|-------------------------------|
| General Obligation Bonds: | | | | | |
| Emergency Generator | \$255,000 | \$0 | (\$25,000) | \$230,000 | \$25,000 |
| Community & Service Center | | | | | |
| Refunding | 5,195,000 | | (1,140,000) | 4,055,000 | 1,155,000 |
| 2013 Street Improvements | 5,860,000 | | (255,000) | 5,605,000 | 255,000 |
| Unamortized Premium | 342,612 | | (31,078) | 311,534 | 0 |
| Total General Obligation Bonds | 11,652,612 | 0 | (1,451,078) | 10,201,534 | 1,435,000 |
| Special Assessment Bonds: | | | | | |
| Engle Road Improvements | 276,000 | | (50,000) | 226,000 | 55,000 |
| Engle Road Improvements | 105,000 | | (10,000) | 95,000 | 10,000 |
| Claremont/Morningside Road Imp. | 15,000 | | (15,000) | 0 | 0 |
| Hepburn Road Improvements | 207,000 | | (35,000) | 172,000 | 40,000 |
| Fowles Road Sanitary Sewer | 94,350 | | (13,526) | 80,824 | 14,338 |
| Total Special Assessment Bonds | 697,350 | 0 | (123,526) | 573,824 | 119,338 |
| Other Long-Term Liabilities | | | | | |
| 2010 Capital Lease - Salt Truck | 29,746 | | (29,746) | 0 | 0 |
| Compensated Absences | 2,776,836 | 1,468,739 | (1,327,420) | 2,918,155 | 1,623,487 |
| OPWC - Loan | 800,567 | 16,820 | 0 | 817,387 | 20,435 |
| Total Other Long-Term Liabilities | 3,607,149 | 1,485,559 | (1,357,166) | 3,735,542 | 1,643,922 |
| Total Long-Term Liabilities | \$15,957,111 | \$1,485,559 | (\$2,931,770) | \$14,510,900 | \$3,198,260 |

General obligation bonds General obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. General obligation bonds are to be repaid from both property taxes and municipal income taxes approved for that purpose.

Special assessment bonds The special assessment bonds are backed by the full faith and credit of the City and will be paid from the special assessment bond retirement fund from the proceeds of special assessments levied against benefited property owners. In the event that a property owner would fail to pay the assessment, the City would make the payment.

Refunded bonds In 2008, the City defeased a general obligation bond issue by placing the proceeds of new bonds in an irrevocable escrow account to provide for all future debt service payments on the old bonds. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the statement of net position. As of December 31, 2014 the amount of defeased debt outstanding on this issue amounted to \$4,112,000.

OPWC Loan - In 2005, the Cities of Middleburg Heights, Berea and Brook Park, along with Cuyahoga County entered into an agreement that involves various improvements between Bagley Road and State Route 237. The City of Berea entered into an agreement with the Ohio Public Works Commission (OPWC) in the amount of \$1,900,900 to help fund the construction costs. The City of Middleburg Heights is obligated to pay annual debt service payments of 43 percent to the City of Berea. The City of Berea in turn makes the entire debt service payment to OPWC. The Ohio Public Works Commission (OPWC) loan is for 20 years at zero percent paid from the capital improvement fund. The final amortization schedule is now incorporated in the following amortization schedule.

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

The City's overall legal debt margin was \$54,798,148 at December 31, 2014. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2014, are as follows:

| Year | General Obligation Bonds | | Special Assessment Bonds | |
|--------------|--------------------------|--------------------|--------------------------|-----------------|
| | Principal | Interest | Principal | Interest |
| 2015 | 1,435,000 | 308,762 | 119,338 | 26,387 |
| 2016 | 1,295,000 | 263,513 | 130,198 | 20,970 |
| 2017 | 1,250,000 | 222,000 | 116,110 | 15,064 |
| 2018 | 1,230,000 | 181,025 | 135,077 | 9,760 |
| 2019 | 305,000 | 138,425 | 28,101 | 3,561 |
| 2020-2024 | 1,560,000 | 576,550 | 45,000 | 4,050 |
| 2025-2029 | 1,675,000 | 344,000 | | |
| 2030-2034 | 1,140,000 | 78,650 | | |
| 2035-2039 | | | | |
| Total | \$9,890,000 | \$2,112,925 | \$573,824 | \$79,792 |

| Year | OPWC Loan | | Totals | |
|--------------|------------------|------------|---------------------|--------------------|
| | Principal | Interest | Principal | Interest |
| 2015 | 20,435 | | 1,574,773 | \$335,149 |
| 2016 | 40,869 | | 1,466,068 | \$284,483 |
| 2017 | 40,869 | | 1,406,979 | \$237,064 |
| 2018 | 40,869 | | 1,405,946 | \$190,785 |
| 2019 | 40,869 | | 373,970 | \$141,986 |
| 2020-2024 | 204,347 | | 1,809,347 | \$580,600 |
| 2025-2029 | 204,347 | | 1,879,347 | \$344,000 |
| 2030-2034 | 204,347 | | 1,344,347 | \$78,650 |
| 2035-2039 | 20,434 | | 20,434 | \$0 |
| Total | \$817,387 | \$0 | \$11,281,211 | \$2,192,717 |

Conduit debt obligations In October of 2009, the City authorized \$6,400,000 for a Master Lease-Purchase agreement dated November 1, 2009 with National City Equipment Finance for the acquisition of various hospital facilities for the Southwest General Health Center. The City is not obligated in any way to repay this debt.

In December of 2011, the City issued \$63,045,000 of Hospital Facilities Revenue and Refunding Bonds, Series 2011, for the purpose of providing funds to pay for the costs of hospital facilities to be used by Southwest General Health Center and currently refund the Hospital Improvement Refunding Revenue Bonds, Series 1995. The City is not obligated in any way to repay this debt.

In December of 2012, the City issued \$87,514,300 of Hospital Facilities Revenue and Refunding Bonds, Series 2012A, and certain lease purchase obligations for the purpose of providing funds to pay for the costs of hospital facilities to be used by Southwest General Health Center. The City is not obligated in any way to repay this debt.

December 31, 2014, the aggregate principal amount of conduit debt obligations outstanding is \$147,333,800.

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Note 15 – Capital Leases

The final payment of \$30,825 for the 2010 salt truck lease was made in 2014. The City did not enter into any new capital leases in 2014 and there were no other capital asset lease activities.

Note 16 - Contractual Commitments

The City had the following contractual commitments outstanding at December 31, 2014:

| Project | Remaining on Contract |
|-----------------------------------|--------------------------|
| Airport Monitoring | \$21,139 |
| Street Improvement Program - 2013 | 257,733 |
| Street Improvement Program - 2014 | 1,098,693 |
| Bagley Road and OPV Bridge | 3,000 |
| Drainage Ditch Englewood | 94,500 |
| Big Creek Water Sanitary Sewers | 30,321 |
| | \$1,505,386 |

Note 17 – Interfund Transfers and Balances

During calendar year 2014, a transfer of \$850,000 was made from the General Fund to the Street Construction Fund. This transfer was made to provide additional resources to fund current operations. At December 31, 2014 an advance and an inter-fund receivable/payable of \$395,000 from the General Fund to the Capital Improvements Fund has been recorded to provide resources for the purchase of real estate for economic development and governmental purposes.

Note 18 - Jointly Governed Organizations

A. Southwest General Health Center

The Southwest General Health Center is an Ohio non-profit corporation providing health services to the communities of Berea, Brook Park, Middleburg Heights, Olmsted Falls, Strongsville, and Columbia Township. Each of these governments supports the hospital through property tax levies and has representation on the Board of Trustees.

The Health Center is governed by a Board of Trustees consisting of the following: one person who is a member of the legislative body from each of the political subdivisions, one person residing in each political subdivision who is not a member of the legislative body, three people who are residents of any of the participating political subdivisions, the president of the corporation, the president of the medical staff, the vice president of the medical staff, and the executive vice president of the corporation. The legislative bodies of each political subdivision elect their members to serve on the Board of Trustees of the Health Center. The Board exercises total control over the operation of the Health Center including budgeting, appropriating, contracting and designating management. Each City's degree of control is limited to its representation on the Board. The Southwest General Hospital special revenue fund accounts for property tax resources that are distributed to the Health Center. In 2014, the City of Middleburg Heights remitted \$167,166 to the Health Center.

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

B. Woodvale Union Cemetery

The Woodvale Union Cemetery is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Woodvale Union Cemetery provides burial grounds and burial services to the public. The Cemetery is a jointly governed organization among the cities of Middleburg Heights and Berea. A joint council consisting of the council members from the member communities governs the Cemetery. The joint council elects and appoints the members of the Board of Trustees. The Board consists of the following: one elected member of the legislative body from each of the political subdivisions, and one appointed resident from either of the political subdivisions who is not a member of the legislative body. The joint council exercises total control over the operation of the Cemetery including budgeting, appropriating, and contracting. Each City's degree of control is limited to its representation on the Board. In 2014, the City of Middleburg Heights contributed \$10,000 for operating expenses to the Cemetery.

C. 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 16 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 2014, the City of Middleburg Heights contributed \$15,000 to the Council. The Council's financial statements may be obtained by contacting the Southwest Council of Governments, 11 Berea Commons, Berea, Ohio.

D. 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 electricity. NOPEC is currently comprised of 174 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity 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 eight-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 can be obtained by contacting Ronald McVoy, Board Chairman, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

E. Suburban Water Regional Council of Governments

The City is a member of the Suburban Water Regional Council of Governments. The organization is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. The Council was formed to represent municipal corporation members in communications, understandings, uniform approaches and exchange of information between the council and the City of Cleveland with respect to water service, system and local operations, rates, maintenance and capital improvements. There are no dues or fees assessed against the members of the council. The Council consists of 70 communities.

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

The Council's Board is comprised of 18 trustees elected from nine regional groups. The Board oversees and manages the operation of the Council. The degree of control exercised by each community is limited to its representation in the Council and on the Board. Financial information can be obtained by contacting the Office of the Executive Secretary of the Cuyahoga County Mayors and City Managers Association, 10107 Brecksville Road, Brecksville, Ohio 44141.

Combining Statements and Individual Fund Schedules – Non-major Governmental Funds

Nonmajor Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources that are non-spendable, committed or restricted for specified purposes, other than for debt service or capital projects.

Street Construction Fund To account for the portion of state gasoline taxes and motor vehicle license fees restricted for street maintenance and repair.

State Highway Fund To account for the portion of state gasoline taxes and motor vehicle license fees restricted for maintenance of State highways within the City.

Clerk of Court Computer Fund To account for the portion of court costs paid by each offender restricted for procurement and maintenance of computer services for the office of the Clerk of the Municipal Court.

Law Enforcement Fund Required by State law, to account for court fees obtained from DUI cases, as well as resources obtained from drug fines and seized contraband. Expenditures are restricted for law enforcement purposes.

Medical Transport Fund To account for the collection of proceeds from our emergency medical care transport units and related expenditures.

Police Pension Fund To account for property taxes levied for the payment of current employer contributions to the state administered police disability and pension fund.

Fire Pension Fund To account for property taxes levied for the payment of current employer contributions to the state administered fire fighters disability and pension fund.

Tree Planting Fund To account for fees charged to developers and builders to plant trees on tree lawns.

Veteran's Memorial Fund To account for donations to build a Veteran's Memorial in the City.

Southwest General Hospital Fund To account for property taxes levied for the maintenance and support of the Southwest General Health Center.

City of Middleburg Heights, Ohio

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2014

| | Nonmajor Special Revenue Funds | Total Nonmajor Governmental Funds |
|---|---|--|
| Assets and Deferred | | |
| Outflows of Resources | | |
| Assets: | | |
| Equity in Pooled Cash and Investments | \$868,817 | \$868,817 |
| Materials and Supplies Inventory | 286,992 | 286,992 |
| Accounts Receivable | 51,287 | 51,287 |
| Intergovernmental Receivable | 379,526 | 379,526 |
| Property Taxes Receivable | 391,488 | 391,488 |
| <i>Total Assets</i> | <u>1,978,110</u> | <u>1,978,110</u> |
| Total Assets and Deferred | | |
| Outflows of Resources | | |
| | <u>\$1,978,110</u> | <u>\$1,978,110</u> |
| Liabilities, Deferred Inflows of | | |
| Resources and Fund Balances | | |
| Liabilities: | | |
| Accounts Payable | \$29,328 | \$29,328 |
| Accrued Wages | 32,581 | 32,581 |
| Intergovernmental Payable | 18,101 | 18,101 |
| <i>Total Liabilities</i> | <u>80,010</u> | <u>80,010</u> |
| Deferred Inflows of Resources: | | |
| Property Taxes | 373,307 | 373,307 |
| Unavailable Revenue-Delinquent Property Taxes | 18,181 | 18,181 |
| Unavailable Revenue-Other | 269,054 | 269,054 |
| <i>Total Deferred Inflows of Resources</i> | <u>660,542</u> | <u>660,542</u> |
| Fund Balances | | |
| Non-Spendable | 286,992 | 286,992 |
| Restricted | 841,371 | 841,371 |
| Committed | 109,195 | 109,195 |
| <i>Total Fund Balances</i> | <u>1,237,558</u> | <u>1,237,558</u> |
| Total Liabilities, Deferred Inflows of | | |
| Resources and Fund Balances | | |
| | <u>\$1,978,110</u> | <u>\$1,978,110</u> |

City of Middleburg Heights, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2014

| | Nonmajor Special Revenue Funds | Total Nonmajor Governmental Funds |
|---|---|--|
| Revenues | | |
| Property Taxes | \$416,529 | \$416,529 |
| Intergovernmental | 897,361 | 897,361 |
| Interest | 148 | 148 |
| Fines, Licenses and Permits | 8,506 | 8,506 |
| Charges for Services | 165,251 | 165,251 |
| Other | 89,506 | 89,506 |
| <i>Total Revenues</i> | <u>1,577,301</u> | <u>1,577,301</u> |
| Expenditures | | |
| Current: | | |
| Security of Persons and Property: | | |
| Police | 145,240 | 145,240 |
| Fire | 221,992 | 221,992 |
| Public Health and Welfare | 167,249 | 167,249 |
| Streets and Highways | 1,794,482 | 1,794,482 |
| General Government | 6,763 | 6,763 |
| Capital Outlay | 352,748 | 352,748 |
| <i>Total Expenditures</i> | <u>2,688,474</u> | <u>2,688,474</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>(1,111,173)</u> | <u>(1,111,173)</u> |
| Other Financing Sources | | |
| Transfers In | 850,000 | 850,000 |
| <i>Total Other Financing Sources</i> | <u>850,000</u> | <u>850,000</u> |
| <i>Net Change in Fund Balances</i> | (261,173) | (261,173) |
| <i>Fund Balances Beginning of Year</i> | <u>1,498,731</u> | <u>1,498,731</u> |
| <i>Fund Balances End of Year</i> | <u><u>\$1,237,558</u></u> | <u><u>\$1,237,558</u></u> |

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City of Middleburg Heights, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2014

| | Street Construction | State Highway | Clerk of Court Computer | Law Enforcement | Medical Transport |
|---|------------------------|------------------|----------------------------|--------------------|----------------------|
| Assets and Deferred | | | | | |
| Outflows of Resources | | | | | |
| Assets: | | | | | |
| Equity in Pooled Cash and Investments | \$481,886 | \$78,111 | \$61,694 | \$144,932 | \$75,891 |
| Materials and Supplies Inventory | 217,853 | 69,139 | | | |
| Accounts Receivable | | | | | 51,287 |
| Intergovernmental Receivable | 330,227 | 26,775 | | 70 | |
| Property Taxes Receivable | | | | | |
| <i>Total Assets</i> | <u>1,029,966</u> | <u>174,025</u> | <u>61,694</u> | <u>145,002</u> | <u>127,178</u> |
| Total Assets and Deferred | | | | | |
| Outflows of Resources | <u>\$1,029,966</u> | <u>\$174,025</u> | <u>\$61,694</u> | <u>\$145,002</u> | <u>\$127,178</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | \$25,048 | | | | \$4,280 |
| Accrued Wages | 30,873 | | | | 1,708 |
| Intergovernmental Payable | 17,170 | | | | 931 |
| <i>Total Liabilities</i> | <u>73,091</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>6,919</u> |
| Deferred Inflows of Resources: | | | | | |
| Property Taxes | | | | | |
| Unavailable Revenue-Delinquent Property Taxes | | | | | |
| Unavailable Revenue-Other | 201,867 | 16,368 | | | 28,365 |
| <i>Total Deferred Inflows of Resources</i> | <u>201,867</u> | <u>16,368</u> | <u>0</u> | <u>0</u> | <u>28,365</u> |
| Fund Balances: | | | | | |
| Non-Spendable | 217,853 | 69,139 | | | |
| Restricted | 537,155 | 88,518 | 61,694 | 145,002 | |
| Committed | | | | | 91,894 |
| <i>Total Fund Balances</i> | <u>755,008</u> | <u>157,657</u> | <u>61,694</u> | <u>145,002</u> | <u>91,894</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$1,029,966</u> | <u>\$174,025</u> | <u>\$61,694</u> | <u>\$145,002</u> | <u>\$127,178</u> |

City of Middleburg Heights, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2014

| | Police Pension | Fire Pension | Tree Planting | Veteran's Memorial | Southwest General Hospital | Total Nonmajor Special Revenue Funds |
|---|-------------------|------------------|------------------|-----------------------|----------------------------------|---|
| Assets and Deferred | | | | | | |
| Outflows of Resources | | | | | | |
| Assets: | | | | | | |
| Equity in Pooled Cash and Investments | \$4,501 | \$4,501 | \$10,187 | \$7,114 | \$0 | \$868,817 |
| Materials and Supplies Inventory | | | | | | 286,992 |
| Accounts Receivable | | | | | | 51,287 |
| Intergovernmental Receivable | 8,043 | 8,043 | | | 6,368 | 379,526 |
| Property Taxes Receivable | 137,077 | 137,077 | | | 117,334 | 391,488 |
| <i>Total Assets</i> | <u>149,621</u> | <u>149,621</u> | <u>10,187</u> | <u>7,114</u> | <u>123,702</u> | <u>1,978,110</u> |
| Total Assets and Deferred | | | | | | |
| Outflows of Resources | <u>\$149,621</u> | <u>\$149,621</u> | <u>\$10,187</u> | <u>\$7,114</u> | <u>\$123,702</u> | <u>\$1,978,110</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | | | |
| Liabilities: | | | | | | |
| Accounts Payable | | | | | | \$29,328 |
| Accrued Wages | | | | | | 32,581 |
| Intergovernmental Payable | | | | | | 18,101 |
| <i>Total Liabilities</i> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>80,010</u> |
| Deferred Inflows of Resources: | | | | | | |
| Property Taxes | 130,711 | 130,711 | | | 111,885 | 373,307 |
| Unavailable Revenue-Delinquent Property Taxes | 6,366 | 6,366 | | | 5,449 | 18,181 |
| Unavailable Revenue-Other | 8,043 | 8,043 | | | 6,368 | 269,054 |
| <i>Total Deferred Inflows of Resources</i> | <u>145,120</u> | <u>145,120</u> | <u>0</u> | <u>0</u> | <u>123,702</u> | <u>660,542</u> |
| Fund Balances: | | | | | | |
| Non-Spendable | | | | | | 286,992 |
| Restricted | 4,501 | 4,501 | | | | 841,371 |
| Committed | | | 10,187 | 7,114 | | 109,195 |
| <i>Total Fund Balances</i> | <u>4,501</u> | <u>4,501</u> | <u>10,187</u> | <u>7,114</u> | <u>0</u> | <u>1,237,558</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$149,621</u> | <u>\$149,621</u> | <u>\$10,187</u> | <u>\$7,114</u> | <u>\$123,702</u> | <u>\$1,978,110</u> |

City of Middleburg Heights, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2014

| | Street Construction | State Highway | Clerk of Court Computer | Law Enforcement | Medical Transport |
|---|------------------------|------------------|----------------------------|--------------------|----------------------|
| Revenues | | | | | |
| Property Taxes | \$0 | \$0 | \$0 | \$0 | \$0 |
| Intergovernmental | 784,494 | 63,607 | | | |
| Interest | 91 | 43 | | 12 | |
| Fines, Licenses and Permits | | | 4 | 8,502 | |
| Charges for Services | 4,260 | | | | 160,291 |
| Other | 89,173 | | | | 333 |
| <i>Total Revenues</i> | <u>878,018</u> | <u>63,650</u> | <u>4</u> | <u>8,514</u> | <u>160,624</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| Security of Persons and Property: | | | | | |
| Police | | | | 157 | |
| Fire | | | | | 76,909 |
| Public Health and Welfare | | | | | |
| Streets and Highways | 1,721,243 | 73,239 | | | |
| General Government | | | 6,763 | | |
| Capital Outlay | | | | | 352,748 |
| <i>Total Expenditures</i> | <u>1,721,243</u> | <u>73,239</u> | <u>6,763</u> | <u>157</u> | <u>429,657</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>(843,225)</u> | <u>(9,589)</u> | <u>(6,759)</u> | <u>8,357</u> | <u>(269,033)</u> |
| Other Financing Sources | | | | | |
| Transfers In | 850,000 | | | | |
| <i>Total Other Financing Sources</i> | <u>850,000</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Net Change in Fund Balances</i> | 6,775 | (9,589) | (6,759) | 8,357 | (269,033) |
| <i>Fund Balances Beginning of Year</i> | <u>748,233</u> | <u>167,246</u> | <u>68,453</u> | <u>136,645</u> | <u>360,927</u> |
| <i>Fund Balances End of Year</i> | <u>\$755,008</u> | <u>\$157,657</u> | <u>\$61,694</u> | <u>\$145,002</u> | <u>\$91,894</u> |

(continued)

City of Middleburg Heights, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2014

| | Police Pension | Fire Pension | Tree Planting | Veteran's Memorial | Southwest General Hospital | Total Nonmajor Special Revenue Funds |
|---|-------------------|-----------------|------------------|-----------------------|----------------------------------|---|
| Revenues | | | | | | |
| Property Taxes | \$131,014 | \$131,014 | \$0 | \$0 | \$154,501 | \$416,529 |
| Intergovernmental | 18,256 | 18,256 | | | 12,748 | 897,361 |
| Interest | | | | 2 | | 148 |
| Fines, Licenses and Permits | | | | | | 8,506 |
| Charges for Services | | | 700 | | | 165,251 |
| Other | | | | | | 89,506 |
| <i>Total Revenues</i> | <u>149,270</u> | <u>149,270</u> | <u>700</u> | <u>2</u> | <u>167,249</u> | <u>1,577,301</u> |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Security of Persons and Property: | | | | | | |
| Police | 145,083 | | | | | 145,240 |
| Fire | | 145,083 | | | | 221,992 |
| Public Health and Welfare | | | | | 167,249 | 167,249 |
| Streets and Highways | | | | | | 1,794,482 |
| General Government | | | | | | 6,763 |
| Capital Outlay | | | | | | 352,748 |
| <i>Total Expenditures</i> | <u>145,083</u> | <u>145,083</u> | <u>0</u> | <u>0</u> | <u>167,249</u> | <u>2,688,474</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>4,187</u> | <u>4,187</u> | <u>700</u> | <u>2</u> | <u>0</u> | <u>(1,111,173)</u> |
| Other Financing Sources | | | | | | |
| Transfers In | | | | | | 850,000 |
| <i>Total Other Financing Sources</i> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>850,000</u> |
| <i>Net Change in Fund Balances</i> | 4,187 | 4,187 | 700 | 2 | 0 | (261,173) |
| <i>Fund Balances Beginning of Year</i> | <u>314</u> | <u>314</u> | <u>9,487</u> | <u>7,112</u> | <u>0</u> | <u>1,498,731</u> |
| <i>Fund Balances End of Year</i> | <u>\$4,501</u> | <u>\$4,501</u> | <u>\$10,187</u> | <u>\$7,114</u> | <u>\$0</u> | <u>\$1,237,558</u> |

**Individual Fund Schedules of Revenues, Expenditures and
Changes in Fund Balance-Budget (Non-GAAP Basis) and Actual**

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2014

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|---------------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | Actual | |
| Revenues | | | | |
| Property Taxes | \$1,452,544 | \$1,452,544 | \$1,462,992 | \$10,448 |
| Income Taxes | 13,604,570 | 13,604,570 | 14,199,023 | 594,453 |
| Other Local Taxes | 595,000 | 595,000 | 629,363 | 34,363 |
| Intergovernmental | 425,639 | 425,639 | 489,490 | 63,851 |
| Interest | 37,200 | 37,200 | 40,119 | 2,919 |
| Fines, Licenses and Permits | 1,038,870 | 1,038,870 | 953,586 | (85,284) |
| Charges for Services | 373,800 | 373,800 | 411,009 | 37,209 |
| Other | 338,500 | 338,500 | 437,888 | 99,388 |
| <i>Total Revenues</i> | <u>17,866,123</u> | <u>17,866,123</u> | <u>18,623,470</u> | <u>757,347</u> |
| Expenditures | | | | |
| Current: | | | | |
| Public Safety: | | | | |
| Police: | | | | |
| Personal Services | 4,652,114 | 4,652,114 | 4,651,711 | 403 |
| Other | 572,368 | 572,368 | 464,750 | 107,618 |
| Total Police | <u>5,224,482</u> | <u>5,224,482</u> | <u>5,116,461</u> | <u>108,021</u> |
| Fire: | | | | |
| Personal Services | 3,515,474 | 3,515,474 | 3,443,640 | 71,834 |
| Other | 405,551 | 405,551 | 335,874 | 69,677 |
| Total Fire | <u>3,921,025</u> | <u>3,921,025</u> | <u>3,779,514</u> | <u>141,511</u> |
| Safety Director: | | | | |
| Personal Services | 66,435 | 66,435 | 66,346 | 89 |
| Other | 575 | 575 | 51 | 524 |
| Total Safety Director | <u>67,010</u> | <u>67,010</u> | <u>66,397</u> | <u>613</u> |
| Total Public Safety | <u>9,212,517</u> | <u>9,212,517</u> | <u>8,962,372</u> | <u>250,145</u> |
| Public Health and Welfare: | | | | |
| Senior Bus: | | | | |
| Other | 105,542 | 105,542 | 99,355 | 6,187 |
| Total Senior Bus | <u>105,542</u> | <u>105,542</u> | <u>99,355</u> | <u>6,187</u> |
| Senior Programs | | | | |
| Personal Services | 46,706 | 46,706 | 31,240 | 15,466 |
| Other | 23,618 | 23,618 | 13,802 | 9,816 |
| Total Senior Programs | <u>70,324</u> | <u>70,324</u> | <u>45,042</u> | <u>25,282</u> |
| Total Public Health and Welfare | <u>\$175,866</u> | <u>\$175,866</u> | <u>\$144,397</u> | <u>\$31,469</u> |

(continued)

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2014

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|-----------------------------|------------------|-----------|-----------|---|
| | Original | Final | Actual | |
| Community Development: | | | | |
| Planning and Zoning: | | | | |
| Personal Services | \$94,782 | \$94,782 | \$89,635 | \$5,147 |
| Other | 3,900 | 3,900 | 2,803 | 1,097 |
| Total Planning and Zoning | 98,682 | 98,682 | 92,438 | 6,244 |
| Building: | | | | |
| Personal Services | 504,783 | 567,114 | 508,404 | 58,710 |
| Other | 29,629 | 33,129 | 30,085 | 3,044 |
| Total Building | 534,412 | 600,243 | 538,489 | 61,754 |
| Engineer: | | | | |
| Other | 62,875 | 62,875 | 55,544 | 7,331 |
| Total Engineer | 62,875 | 62,875 | 55,544 | 7,331 |
| Total Community Development | 695,969 | 761,800 | 686,471 | 75,329 |
| Economic Development: | | | | |
| Personal Services | 144,112 | 144,112 | 143,584 | 528 |
| Other | 247,634 | 247,634 | 199,771 | 47,863 |
| Total Economic Development | 391,746 | 391,746 | 343,355 | 48,391 |
| Sanitation: | | | | |
| Other | 1,177,819 | 1,177,819 | 1,145,230 | 32,589 |
| Total Refuse Removal | 1,177,819 | 1,177,819 | 1,145,230 | 32,589 |
| Total Sanitation | 1,177,819 | 1,177,819 | 1,145,230 | 32,589 |
| General Government: | | | | |
| Mayor's Court: | | | | |
| Personal Services | 200,300 | 204,050 | 199,010 | 5,040 |
| Other | 65,569 | 65,569 | 53,423 | 12,146 |
| Total Mayor's Court | 265,869 | 269,619 | 252,433 | 17,186 |
| Mayor: | | | | |
| Personal Services | 490,913 | 490,913 | 484,504 | 6,409 |
| Other | 25,834 | 25,834 | 23,686 | 2,148 |
| Total Mayor | \$516,747 | \$516,747 | \$508,190 | \$8,557 |

(continued)

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2014

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|-------------------------------------|---------------------|---------------------|---------------------|---|
| | Original | Final | Actual | |
| Finance: | | | | |
| Personal Services | \$572,295 | \$572,295 | \$570,948 | \$1,347 |
| Other | 41,293 | 41,293 | 35,783 | 5,510 |
| Total Finance | 613,588 | 613,588 | 606,731 | 6,857 |
| Law: | | | | |
| Personal Services | 299,432 | 299,432 | 298,828 | 604 |
| Other | 79,625 | 89,625 | 74,933 | 14,692 |
| Total Law | 379,057 | 389,057 | 373,761 | 15,296 |
| Service: | | | | |
| Personal Services | 2,948,920 | 2,948,920 | 2,854,440 | 94,480 |
| Other | 345,999 | 390,999 | 365,783 | 25,216 |
| Total Service | 3,294,919 | 3,339,919 | 3,220,223 | 119,696 |
| Facilities Maintenance: | | | | |
| Personal Services | 468,516 | 468,516 | 459,740 | 8,776 |
| Other | 352,954 | 352,954 | 308,116 | 44,838 |
| Total Facilities Maintenance | 821,470 | 821,470 | 767,856 | 53,614 |
| Council: | | | | |
| Personal Services | 377,104 | 377,104 | 375,091 | 2,013 |
| Other | 23,825 | 23,825 | 11,782 | 12,043 |
| Total Council | 400,929 | 400,929 | 386,873 | 14,056 |
| Boards and Commissions: | | | | |
| Personal Services | 3,130 | 3,130 | 1,291 | 1,839 |
| Other | 8,950 | 8,950 | 4,818 | 4,132 |
| Total Boards and Commissions | 12,080 | 12,080 | 6,109 | 5,971 |
| City Hall: | | | | |
| Personal Services | 100,000 | 100,000 | 29,811 | 70,189 |
| Other | 819,901 | 926,836 | 710,407 | 216,429 |
| Total City Hall-Gen. Govt. | 919,901 | 1,026,836 | 740,218 | 286,618 |
| Statutory Accounts: | | | | |
| Other | 713,390 | 713,390 | 687,874 | 25,516 |
| Total Statutory Accounts | 713,390 | 713,390 | 687,874 | 25,516 |
| Total General Government | 7,937,950 | 8,103,635 | 7,550,268 | 553,367 |
| <i>Total Expenditures</i> | <i>\$19,591,867</i> | <i>\$19,823,383</i> | <i>\$18,832,093</i> | <i>\$991,290</i> |

(continued)

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|---------------|-------------|---|
| | Original | Final | | |
| <i>Excess of Revenues Over (Under) Expenditures</i> | (\$1,725,744) | (\$1,957,260) | (\$208,623) | \$1,748,637 |
| Other Financing Sources (Uses) | | | | |
| Advances In | 140,000 | 140,000 | 140,000 | 0 |
| Advances Out | (850,000) | (850,000) | (850,000) | 0 |
| Transfers Out | (850,000) | (850,000) | (850,000) | 0 |
| <i>Total Other Financing Sources (Uses)</i> | (710,000) | (1,105,000) | (1,105,000) | 0 |
| <i>Net Change in Fund Balance</i> | (2,435,744) | (3,062,260) | (1,313,623) | 1,748,637 |
| <i>Fund Balance Beginning of Year</i> | 5,443,106 | 5,443,106 | 5,443,106 | 0 |
| Prior Year Encumbrances Appropriated | 463,292 | 463,292 | 463,292 | 0 |
| <i>Fund Balance End of Year</i> | \$3,470,654 | \$2,844,138 | \$4,592,775 | \$1,748,637 |

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Recreation Fund
For the Year Ended December 31, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Income Taxes | \$1,700,000 | \$1,700,000 | \$1,346,771 | (\$353,229) |
| Charges for Services | 1,337,200 | 1,337,200 | 1,373,528 | 36,328 |
| Other | 2,600 | 2,600 | 19,985 | 17,385 |
| <i>Total Revenues</i> | <u>3,039,800</u> | <u>3,039,800</u> | <u>2,740,284</u> | <u>(299,516)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Culture and Recreation: | | | | |
| Personal Services | 2,133,286 | 2,133,286 | 2,057,583 | 75,703 |
| Other | 968,464 | 968,464 | 781,915 | 186,549 |
| <i>Total Expenditures</i> | <u>3,101,750</u> | <u>3,101,750</u> | <u>2,839,498</u> | <u>262,252</u> |
| <i>Net Change in Fund Balance</i> | (61,950) | (61,950) | (99,214) | (37,264) |
| <i>Fund Balance Beginning of Year</i> | 150,000 | 150,000 | 150,000 | 0 |
| Prior Year Encumbrances Appropriated | 99,214 | 99,214 | 99,214 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$187,264</u> | <u>\$187,264</u> | <u>\$150,000</u> | <u>(\$37,264)</u> |

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Bond Retirement Fund
For the Year Ended December 31, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------------------------|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Property Taxes | \$216,798 | \$216,798 | \$218,357 | \$1,559 |
| Income Taxes | 1,525,837 | 1,525,837 | 1,525,837 | \$0 |
| Special Assessments | 180,000 | 180,000 | 173,538 | (6,462) |
| Intergovernmental | 47,640 | 47,640 | 47,728 | 88 |
| Interest | 5,661 | 5,661 | 5,661 | 0 |
| <i>Total Revenues</i> | <u>1,975,936</u> | <u>1,975,936</u> | <u>1,971,121</u> | <u>(4,815)</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government: | | | | |
| Other | 12,300 | 12,300 | 1,834 | 10,466 |
| Debt Service: | | | | |
| Principal Retirement | 1,543,526 | 1,543,526 | 1,543,526 | 0 |
| Interest and Fiscal Charges | 387,243 | 387,243 | 384,111 | 3,132 |
| <i>Total Expenditures</i> | <u>1,943,069</u> | <u>1,943,069</u> | <u>1,929,471</u> | <u>13,598</u> |
| <i>Net Change in Fund Balance</i> | 32,867 | 32,867 | 41,650 | 8,783 |
| <i>Fund Balance Beginning of Year</i> | <u>456,687</u> | <u>456,687</u> | <u>456,687</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u>\$489,554</u> | <u>\$489,554</u> | <u>\$498,337</u> | <u>\$8,783</u> |

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvements Fund
For the Year Ended December 31, 2014

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Income Taxes | \$884,465 | \$884,465 | \$897,958 | \$13,493 |
| Charges for Services | 13,000 | 13,000 | 1,840 | (11,160) |
| Other | 25,000 | 25,000 | 29,884 | 4,884 |
| <i>Total Revenues</i> | <u>922,465</u> | <u>922,465</u> | <u>929,682</u> | <u>7,217</u> |
| Expenditures | | | | |
| Capital Outlay | 917,929 | 1,425,754 | 1,264,516 | 161,238 |
| <i>Total Expenditures</i> | <u>917,929</u> | <u>1,425,754</u> | <u>1,264,516</u> | <u>161,238</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>4,536</u> | <u>(503,289)</u> | <u>(334,834)</u> | <u>168,455</u> |
| Other Financing Sources (Uses) | | | | |
| Sale of Capital Assets | 0 | 0 | 20,054 | 20,054 |
| Advances In | 0 | 395,000 | 395,000 | 0 |
| Advances Out | (140,000) | (140,000) | (140,000) | 0 |
| <i>Total Other Financing Sources</i> | <u>(140,000)</u> | <u>255,000</u> | <u>275,054</u> | <u>20,054</u> |
| <i>Net Change in Fund Balance</i> | <u>(135,464)</u> | <u>(248,289)</u> | <u>(59,780)</u> | <u>188,509</u> |
| <i>Fund Balance Beginning of Year</i> | 241,887 | 241,887 | 241,887 | 0 |
| Prior Year Encumbrances Appropriated | 222,903 | 222,903 | 222,903 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$329,326</u> | <u>\$216,501</u> | <u>\$405,010</u> | <u>\$188,509</u> |

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Infrastructure Improvement Fund
For the Year Ended December 31, 2014

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---|-------------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Income Taxes | \$528,628 | \$528,628 | \$542,120 | \$13,492 |
| Charges for Services | 0 | 0 | 9,581 | 9,581 |
| Interest | 8,000 | 8,000 | 6,167 | (1,833) |
| Other | 12,500 | 12,500 | 94,554 | 82,054 |
| <i>Total Revenues</i> | <u>549,128</u> | <u>549,128</u> | <u>652,422</u> | <u>103,294</u> |
| Expenditures | | | | |
| Current: | | | | |
| Capital Outlay | 3,983,927 | 4,136,427 | 4,097,819 | 38,608 |
| Total Capital Outlay | <u>3,983,927</u> | <u>4,136,427</u> | <u>4,097,819</u> | <u>38,608</u> |
| <i>Total Expenditures</i> | <u>3,983,927</u> | <u>4,136,427</u> | <u>4,097,819</u> | <u>38,608</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>(3,434,799)</u> | <u>(3,587,299)</u> | <u>(3,445,397)</u> | <u>141,902</u> |
| <i>Net Change in Fund Balance</i> | (3,434,799) | (3,587,299) | (3,445,397) | 141,902 |
| <i>Fund Balance Beginning of Year</i> | 3,689,979 | 3,689,979 | 3,689,979 | 0 |
| Prior Year Encumbrances Appropriated | <u>853,927</u> | <u>853,927</u> | <u>853,927</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u>\$1,109,107</u> | <u>\$956,607</u> | <u>\$1,098,509</u> | <u>\$141,902</u> |

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction Fund
For the Year Ended December 31, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|-------------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Intergovernmental | \$772,000 | \$772,000 | \$768,625 | (\$3,375) |
| Interest | 300 | 300 | 91 | (209) |
| Charges for Services | 12,000 | 12,000 | 4,260 | (7,740) |
| Other | 25,000 | 25,000 | 89,173 | 64,173 |
| <i>Total Revenues</i> | <u>809,300</u> | <u>809,300</u> | <u>862,149</u> | <u>52,849</u> |
| Expenditures | | | | |
| Current: | | | | |
| Transportation: | | | | |
| Streets and Highways: | | | | |
| Personal Services | 849,136 | 849,136 | 843,421 | 5,715 |
| Other | 1,139,621 | 1,139,621 | 1,060,053 | 79,568 |
| <i>Total Expenditures</i> | <u>1,988,757</u> | <u>1,988,757</u> | <u>1,903,474</u> | <u>85,283</u> |
| <i>Excess of Revenues Under Expenditures</i> | <u>(1,179,457)</u> | <u>(1,179,457)</u> | <u>(1,041,325)</u> | <u>138,132</u> |
| Other Financing Sources | | | | |
| Transfers In | 850,000 | 850,000 | 850,000 | 0 |
| <i>Net Change in Fund Balance</i> | (329,457) | (329,457) | (191,325) | 138,132 |
| <i>Fund Balance Beginning of Year</i> | 421,337 | 421,337 | 421,337 | 0 |
| Prior Year Encumbrances Appropriated | 167,621 | 167,621 | 167,621 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$259,501</u> | <u>\$259,501</u> | <u>\$397,633</u> | <u>\$138,132</u> |

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2014

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|-----------------|-----------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Intergovernmental | \$62,000 | \$62,000 | \$62,321 | \$321 |
| Interest | 125 | 125 | 43 | (82) |
| Other | 2,000 | 2,000 | 0 | (2,000) |
| <i>Total Revenues</i> | <u>64,125</u> | <u>64,125</u> | <u>62,364</u> | <u>(1,761)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Transportation: | | | | |
| Streets and Highways: | | | | |
| Other | 195,000 | 195,000 | 190,980 | 4,020 |
| <i>Net Change in Fund Balance</i> | (130,875) | (130,875) | (128,616) | 2,259 |
| <i>Fund Balance Beginning of Year</i> | 78,086 | 78,086 | 78,086 | 0 |
| Prior Year Encumbrances Appropriated | 80,000 | 80,000 | 80,000 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$27,211</u> | <u>\$27,211</u> | <u>\$29,470</u> | <u>\$2,259</u> |

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Clerk of Courts Computer Fund
For the Year Ended December 31, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------------------------|-------------------------|-----------------|-----------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Fines, Licenses and Permits | \$0 | \$0 | \$4 | \$4 |
| Expenditures | | | | |
| Current: | | | | |
| General Government: | | | | |
| Other | 7,800 | 7,800 | 6,763 | 1,037 |
| <i>Net Change in Fund Balance</i> | (7,800) | (7,800) | (6,759) | 1,041 |
| <i>Fund Balance Beginning of Year</i> | 68,453 | 68,453 | 68,453 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$60,653</u> | <u>\$60,653</u> | <u>\$61,694</u> | <u>\$1,041</u> |

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Fund
For the Year Ended December 31, 2014

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Interest | \$20 | \$20 | \$12 | (\$8) |
| Fines, Licenses and Permits | 3,600 | 3,600 | 8,432 | 4,832 |
| <i>Total Revenues</i> | <u>3,620</u> | <u>3,620</u> | <u>8,444</u> | <u>4,824</u> |
| Expenditures | | | | |
| Public Safety: | | | | |
| Other | 2,000 | 33,000 | 30,298 | 2,702 |
| Capital Outlay | 0 | 0 | 157 | (157) |
| Total Transportation | <u>2,000</u> | <u>33,000</u> | <u>30,455</u> | <u>2,545</u> |
| <i>Total Expenditures</i> | <u>2,000</u> | <u>33,000</u> | <u>30,455</u> | <u>2,545</u> |
| <i>Net Change in Fund Balance</i> | 1,620 | (29,380) | (22,011) | 7,369 |
| <i>Fund Balance Beginning of Year</i> | <u>136,644</u> | <u>136,644</u> | <u>136,644</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u>\$138,264</u> | <u>\$107,264</u> | <u>\$114,633</u> | <u>\$7,369</u> |

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Medical Transport Fund
For the Year Ended December 31, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------------------------|-------------------------|------------------------|------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Charges for Services | \$142,500 | \$142,500 | \$161,466 | \$18,966 |
| Intergovernmental | 3,000 | 3,000 | 0 | (3,000) |
| Other | 0 | 0 | 333 | 333 |
| <i>Total Revenues</i> | <u>145,500</u> | <u>145,500</u> | <u>161,799</u> | <u>16,299</u> |
| Expenditures | | | | |
| Current: | | | | |
| Transportation: | | | | |
| Public Safety: | | | | |
| Personal Services | 36,568 | 36,568 | 35,920 | 648 |
| Other | 55,049 | 55,049 | 44,516 | 10,533 |
| Capital Outlay | 357,400 | 357,400 | 355,717 | 1,683 |
| <i>Total Expenditures</i> | <u>449,017</u> | <u>449,017</u> | <u>436,153</u> | <u>12,864</u> |
| <i>Net Change in Fund Balance</i> | (303,517) | (303,517) | (274,354) | 29,163 |
| <i>Fund Balance Beginning of Year</i> | 41,080 | 41,080 | 41,080 | 0 |
| Prior Year Encumbrances Appropriated | <u>302,749</u> | <u>302,749</u> | <u>302,749</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$40,312</u></u> | <u><u>\$40,312</u></u> | <u><u>\$69,475</u></u> | <u><u>\$29,163</u></u> |

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|-----------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Property Taxes | \$130,079 | \$130,079 | \$131,014 | \$935 |
| Intergovernmental | 18,203 | 18,203 | 18,256 | 53 |
| <i>Total Revenues</i> | <u>148,282</u> | <u>148,282</u> | <u>149,270</u> | <u>988</u> |
| Expenditures | | | | |
| Current: | | | | |
| Public Safety: | | | | |
| Personal Services | 145,000 | 145,000 | 145,000 | 0 |
| Other | 135 | 135 | 83 | 52 |
| <i>Total Expenditures</i> | <u>145,135</u> | <u>145,135</u> | <u>145,083</u> | <u>52</u> |
| <i>Net Change in Fund Balance</i> | 3,147 | 3,147 | 4,187 | 1,040 |
| <i>Fund Balance Beginning of Year</i> | <u>314</u> | <u>314</u> | <u>314</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$3,461</u></u> | <u><u>\$3,461</u></u> | <u><u>\$4,501</u></u> | <u><u>\$1,040</u></u> |

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Pension Fund
For the Year Ended December 31, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|-----------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Property Taxes | \$130,079 | \$130,079 | \$131,014 | \$935 |
| Intergovernmental | 18,203 | 18,203 | 18,256 | 53 |
| <i>Total Revenues</i> | <u>148,282</u> | <u>148,282</u> | <u>149,270</u> | <u>988</u> |
| Expenditures | | | | |
| Current: | | | | |
| Public Safety: | | | | |
| Personal Services | 145,000 | 145,000 | 145,000 | 0 |
| Other | 135 | 135 | 83 | 52 |
| <i>Total Expenditures</i> | <u>145,135</u> | <u>145,135</u> | <u>145,083</u> | <u>52</u> |
| <i>Net Change in Fund Balance</i> | 3,147 | 3,147 | 4,187 | 1,040 |
| <i>Fund Balance Beginning of Year</i> | <u>314</u> | <u>314</u> | <u>314</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$3,461</u></u> | <u><u>\$3,461</u></u> | <u><u>\$4,501</u></u> | <u><u>\$1,040</u></u> |

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Tree Planting Fund
For the Year Ended December 31, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------------------------|-------------------------|---------------------|------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Charges for Services | <u>\$2,000</u> | <u>\$700</u> | <u>\$700</u> | <u>\$0</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government: | | | | |
| Other | <u>11,000</u> | <u>9,700</u> | <u>0</u> | <u>9,700</u> |
| <i>Net Change in Fund Balance</i> | <u>(9,000)</u> | <u>(9,000)</u> | <u>700</u> | <u>9,700</u> |
| <i>Fund Balance Beginning of Year</i> | <u>9,487</u> | <u>9,487</u> | <u>9,487</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$487</u></u> | <u><u>\$487</u></u> | <u><u>\$10,187</u></u> | <u><u>\$9,700</u></u> |

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Veteran's Memorial Fund
For the Year Ended December 31, 2014

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|---------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Interest | \$0 | \$0 | \$2 | \$2 |
| Other | 510 | 510 | 0 | (510) |
| <i>Total Revenues</i> | <u>510</u> | <u>510</u> | <u>2</u> | <u>(508)</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government: | | | | |
| Other | 7,010 | 7,010 | 0 | 7,010 |
| <i>Net Change in Fund Balance</i> | (6,500) | (6,500) | 2 | 6,502 |
| <i>Fund Balance Beginning of Year</i> | <u>7,112</u> | <u>7,112</u> | <u>7,112</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$612</u></u> | <u><u>\$612</u></u> | <u><u>\$7,114</u></u> | <u><u>\$6,502</u></u> |

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Southwest General Hospital Fund
For the Year Ended December 31, 2014

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Property Taxes | \$155,273 | \$154,501 | \$154,501 | \$0 |
| Intergovernmental | 12,703 | 12,748 | 12,748 | 0 |
| <i>Total Revenues</i> | <u>167,976</u> | <u>167,249</u> | <u>167,249</u> | <u>0</u> |
| Expenditures | | | | |
| Current: | | | | |
| Public Health and Welfare: | | | | |
| Other | 165,000 | 167,249 | 167,249 | 0 |
| <i>Net Change in Fund Balance</i> | 2,976 | 0 | 0 | 0 |
| <i>Fund Balance Beginning of Year</i> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$2,976</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u> |

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Health Insurance Fund
For the Year Ended December 31, 2014

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|-------------------------|-------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Charges for Services | \$2,463,600 | \$2,463,600 | \$2,461,339 | (\$2,261) |
| Expenditures | | | | |
| General Government: | | | | |
| Other | <u>2,490,000</u> | <u>2,560,000</u> | <u>2,500,302</u> | <u>59,698</u> |
| <i>Net Change in Fund Balance</i> | (26,400) | (96,400) | (38,963) | 57,437 |
| <i>Fund Balance Beginning of Year</i> | <u>358,321</u> | <u>358,321</u> | <u>358,321</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$331,921</u></u> | <u><u>\$261,921</u></u> | <u><u>\$319,358</u></u> | <u><u>\$57,437</u></u> |

Combining Statements – Agency Funds

To account for assets held by the city as an agent for individuals, private organizations, other governmental units, and other funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Flexible Spending Account Fund To account for voluntary employee payroll deductions, used by the employee to pay for eligible Medical and Dependent Care expenses with pre-tax dollars, pursuant to Section 125 of the Internal Revenue Code.

Board of Building Standard Fee Fund To account for state building fees collected from builders and disbursed to the State Board of Building Standards.

Mayor's Court Fund To account for funds received and disbursed by the Mayor's Court pursuant to the laws of the State.

Deposits Fund To account for various deposits from contractors, builders, residents, or others to insure compliance with various City ordinances.

City of Middleburg Heights, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended December 31, 2014

| | Ending Balance 12/31/13 | Additions | Deductions | Ending Balance 12/31/14 |
|--|-------------------------------|-----------|------------|-------------------------------|
| <i>Flexible Spending Account</i> | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Investments | \$8,928 | \$56,309 | \$57,020 | \$8,217 |
| Liabilities | | | | |
| Deposits Held and Due to Others | \$8,928 | \$56,309 | \$57,020 | \$8,217 |
| <i>Board of Buildings Standards Fee</i> | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Investments | \$228 | \$2,335 | \$2,421 | \$142 |
| Liabilities | | | | |
| Deposits Held and Due to Others | \$228 | \$2,335 | \$2,421 | \$142 |
| <i>Mayor's Court</i> | | | | |
| Assets | | | | |
| Cash in Segregated Accounts | \$43,595 | \$781,315 | \$772,480 | \$52,430 |
| Liabilities | | | | |
| Deposits Held and Due to Others | \$43,595 | \$781,315 | \$772,480 | \$52,430 |
| <i>Deposits</i> | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Investments | \$159,689 | \$94,420 | \$69,055 | \$185,054 |
| Liabilities | | | | |
| Deposits Held and Due to Others | \$159,689 | \$94,420 | \$69,055 | \$185,054 |
| <i>Total - All Agency Funds</i> | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Investments | \$168,845 | \$153,064 | \$128,496 | \$193,413 |
| Cash in Segregated Accounts | \$43,595 | \$781,315 | \$772,480 | \$52,430 |
| Total Assets | \$212,440 | \$934,379 | \$900,976 | \$245,843 |
| Liabilities | | | | |
| Deposits Held and Due to Others | \$212,440 | \$934,379 | \$900,976 | \$245,843 |

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Statistical Section



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Statistical Section

This part of the City of Middleburg Heights, Ohio’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

Financial Trends – These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.

| | |
|--|----|
| <i>Net Position by Component-Last Ten Years</i> | 83 |
| <i>Changes in Net Position-Last Ten Years</i> | 84 |
| <i>Fund Balances, Governmental Funds- Last Ten Years</i> | 86 |
| <i>Changes in Fund Balances, Governmental Funds-Last Ten Years</i> | 88 |

Revenue Capacity – These schedules contain information to help the reader assess the City’s most significant local revenue sources, the income tax and the property tax.

| | |
|---|----|
| <i>Tax Revenues by Source, Governmental Funds-Last Ten Years</i> | 90 |
| <i>Income Tax Revenue Base and Collections-Last Ten Years</i> | 91 |
| <i>Principal Taxpayers-Current Year and Nine Years Ago</i> | 92 |
| <i>Property Tax Rates-All Direct and Overlapping Governments</i> | 93 |
| <i>Assessed and Estimated Actual Value of Taxable Property-Last Ten Years</i> | 94 |
| <i>Property Tax Levies and Collections-Real and Public Utility Taxes-Last Ten Years</i> | 95 |

Debt Capacity – These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.

| | |
|--|----|
| <i>Ratios of General Bonded Debt and Legal Debt Margins-Last Ten Years</i> | 96 |
| <i>Computation of Direct and Overlapping Debt</i> | 98 |

Economic and Demographic Information – These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place.

| | |
|--|-----|
| <i>Demographic and Economic Statistics-Last Ten Years</i> | 99 |
| <i>Principal Employers-Current Year and Nine Years Ago</i> | 100 |

Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.

| | |
|--|-----|
| <i>Full-time City Employees by Function/Program-Last Ten Years</i> | 101 |
| <i>Operating Indicators by Function/Program-Last Ten Years</i> | 102 |
| <i>Capital Asset Statistics by Function/Program-Last Ten Years</i> | 104 |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

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City of Middleburg Heights, Ohio
Net Position by Component
Last Ten Years
(accrual basis of accounting)

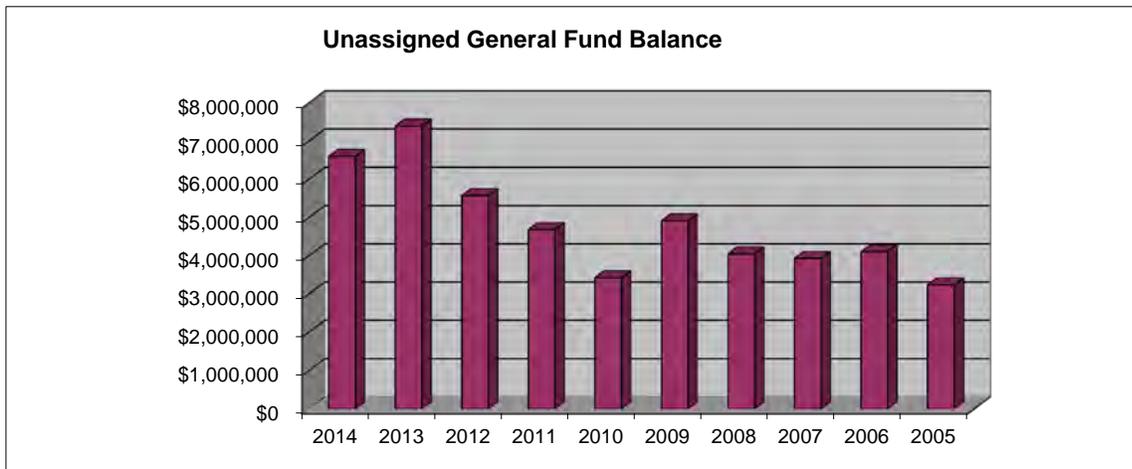
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Governmental Activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$49,424,631 | \$48,813,578 | \$49,174,710 | \$47,345,795 | \$45,336,826 | \$43,670,819 | \$35,941,389 | \$33,862,810 | \$32,770,521 | \$31,196,151 |
| Restricted for: | | | | | | | | | | |
| Capital Projects | 2,943,829 | 5,177,947 | 989,661 | 1,020,901 | 1,105,143 | 849,193 | 1,202,622 | 1,529,607 | 1,596,987 | 551,559 |
| Debt Service | 1,465,640 | 1,588,993 | 1,548,018 | 1,988,524 | 2,824,066 | 2,870,466 | 3,083,637 | 3,237,703 | 3,312,729 | 3,939,645 |
| Other Purposes | 447,659 | 448,796 | 409,375 | 452,608 | 482,196 | 492,426 | 469,104 | 396,550 | 368,712 | 398,548 |
| Unrestricted | 6,207,760 | 5,012,054 | 6,692,960 | 6,006,694 | 5,344,333 | 5,796,309 | 4,575,931 | 4,868,489 | 4,760,416 | 4,085,445 |
| Total Net Position | \$60,489,519 | \$61,041,368 | \$58,814,724 | \$56,814,522 | \$55,092,564 | \$53,679,213 | \$45,272,683 | \$43,895,159 | \$42,809,365 | \$40,171,348 |

City of Middleburg Heights, Ohio
Changes in Net Position
Last Ten Years
(accrual basis of accounting)

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Security of Persons and Property: | | | | | | | | | | |
| Police | \$630,532 | \$671,898 | \$664,237 | \$684,320 | \$620,746 | \$642,294 | \$683,545 | \$760,864 | \$672,077 | \$679,012 |
| Fire | 545,110 | 530,050 | 503,394 | 512,706 | 462,126 | 434,991 | 426,413 | 394,681 | 384,615 | 355,800 |
| Public Health and Welfare | 20,441 | 22,075 | 25,508 | 23,924 | 22,980 | 16,515 | 1,733 | 5,929 | 2,739 | 0 |
| Culture and Recreation | 1,378,918 | 1,399,464 | 1,344,899 | 1,243,202 | 1,211,993 | 1,177,233 | 1,172,304 | 1,121,296 | 1,105,925 | 1,054,775 |
| Community Development | 155,356 | 819,185 | 409,400 | 233,664 | 144,288 | 185,671 | 186,603 | 353,339 | 354,273 | 329,658 |
| Economic Development | 4,991 | 6,443 | 4,784 | 4,275 | 5,768 | 3,000 | 1,500 | 1,750 | 500 | 0 |
| Streets and Highways | 11,687 | 11,854 | 10,017 | 8,058 | 18,482 | 10,875 | 24,426 | 0 | 758 | 4,867 |
| General Government | 191,457 | 181,832 | 212,840 | 178,816 | 176,929 | 165,561 | 148,066 | 164,540 | 227,337 | 174,977 |
| Operating Grants and Contributions | 832,490 | 929,590 | 848,150 | 842,714 | 862,290 | 849,270 | 875,100 | 862,363 | 938,974 | 761,102 |
| Capital Grants and Contributions | 249,438 | 752,693 | 1,238,019 | 1,289,377 | 1,183,203 | 7,258,633 | 162,694 | 184,981 | 1,138,124 | 1,153,013 |
| Total Governmental Activities Program Revenues | 4,020,420 | 5,325,084 | 5,261,248 | 5,021,056 | 4,708,805 | 10,744,043 | 3,682,384 | 3,849,743 | 4,825,322 | 4,513,204 |
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Security of Persons and Property: | | | | | | | | | | |
| Police | 5,485,696 | 5,064,507 | 4,981,352 | 4,919,272 | 5,143,489 | 4,806,928 | 4,727,460 | 4,441,487 | 4,234,859 | 4,341,528 |
| Fire | 4,185,034 | 3,924,687 | 3,923,428 | 3,801,258 | 3,726,461 | 3,696,714 | 3,639,936 | 3,588,665 | 3,260,065 | 3,208,411 |
| Safety Director | 68,014 | 64,010 | 61,957 | 58,909 | 59,728 | 57,850 | 55,867 | 53,720 | 50,592 | 48,360 |
| Public Health and Welfare | 310,506 | 311,680 | 307,505 | 330,767 | 362,515 | 339,612 | 284,520 | 263,939 | 256,254 | 246,274 |
| Culture and Recreation | 3,305,049 | 3,148,384 | 3,193,469 | 3,176,067 | 3,237,956 | 3,280,588 | 3,163,391 | 3,159,631 | 3,013,378 | 3,080,371 |
| Community Development | 702,208 | 603,864 | 555,959 | 534,590 | 552,358 | 579,608 | 620,457 | 645,709 | 589,575 | 632,819 |
| Economic Development | 328,977 | 402,294 | 326,237 | 305,201 | 325,270 | 286,350 | 164,696 | 163,873 | 95,056 | 0 |
| Streets and Highways | 2,953,029 | 3,298,197 | 2,664,848 | 2,786,636 | 3,140,956 | 3,052,119 | 3,011,490 | 2,679,466 | 2,089,356 | 2,642,158 |
| Sanitation | 1,135,741 | 1,080,775 | 1,075,455 | 1,091,845 | 933,094 | 948,225 | 939,330 | 948,598 | 851,522 | 767,324 |
| General Government | 8,108,809 | 7,424,687 | 7,297,006 | 7,186,714 | 7,089,138 | 7,321,308 | 7,159,940 | 6,871,475 | 6,132,310 | 6,308,086 |
| Interest and Fiscal Charges | 401,271 | 520,272 | 511,361 | 457,423 | 527,452 | 580,827 | 474,061 | 836,386 | 905,016 | 974,678 |
| Total Governmental Activities Expenses | 26,984,334 | 25,843,357 | 24,898,577 | 24,648,682 | 25,098,417 | 24,950,129 | 24,241,148 | 23,652,949 | 21,477,983 | 22,250,009 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |

City of Middleburg Heights, Ohio
Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

| | 2014 | 2013 | 2012 | 2011 |
|---|----------------------------|----------------------------|---------------------------|---------------------------|
| General Fund | | | | |
| Nonspendable | 294,315 | \$231,762 | \$171,906 | \$123,363 |
| Assigned | 291,201 | 336,772 | 415,065 | 266,188 |
| Unassigned | <u>6,598,310</u> | <u>7,392,204</u> | <u>5,573,277</u> | <u>4,684,103</u> |
| <i>Total General Fund</i> | <u>7,183,826</u> | <u>7,960,738</u> | <u>6,160,248</u> | <u>5,073,654</u> |
| All Other Governmental Funds | | | | |
| Nonspendable | 331,445 | 191,522 | 249,040 | 208,718 |
| Restricted | 1,689,335 | 1,914,948 | 1,744,505 | 1,930,548 |
| Committed | <u>2,937,584</u> | <u>5,425,408</u> | <u>937,834</u> | <u>1,230,419</u> |
| <i>Total All Other Governmental Funds</i> | <u>4,958,364</u> | <u>7,531,878</u> | <u>2,931,379</u> | <u>3,369,685</u> |
| <i>Total Governmental Funds</i> | <u><u>\$12,142,190</u></u> | <u><u>\$15,492,616</u></u> | <u><u>\$9,091,627</u></u> | <u><u>\$8,443,339</u></u> |



Note: Gasb 54 was implemented for years 2003 - 2010 and the amounts are unaudited

| 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| \$122,612 | \$138,642 | \$137,211 | \$141,197 | \$145,094 | \$131,661 |
| 246,735 | 271,315 | 229,568 | 186,616 | 135,025 | 216,652 |
| 3,424,467 | 4,911,804 | 4,051,436 | 3,929,119 | 4,099,457 | 3,237,376 |
| 3,793,814 | 5,321,761 | 4,418,215 | 4,256,932 | 4,379,576 | 3,585,689 |
| 263,459 | 277,412 | 195,881 | 199,136 | 150,461 | 135,409 |
| 2,519,190 | 2,446,356 | 2,418,999 | 2,437,342 | 2,284,900 | 2,739,523 |
| 1,461,609 | 1,009,860 | 1,194,834 | 1,841,166 | 1,803,760 | 838,818 |
| 4,244,258 | 3,733,628 | 3,809,714 | 4,477,644 | 4,239,121 | 3,713,750 |
| \$8,038,072 | \$9,055,389 | \$8,227,929 | \$8,734,576 | \$8,618,697 | \$7,299,439 |

Note: Gasb 54 was implemented for years 2003 - 2010 and the amounts are unaudited

City of Middleburg Heights, Ohio
Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

| | 2014 | 2013 | 2012 | 2011 |
|---|----------------------|--------------------|-------------------|-------------------|
| Revenues | | | | |
| Property Taxes | 2,097,879 | 2,140,815 | \$2,217,751 | \$2,299,773 |
| Income Taxes | 18,412,558 | 18,214,580 | 17,287,724 | 16,726,038 |
| Other Local Taxes | 635,656 | 629,209 | 588,245 | 524,929 |
| Intergovernmental | 1,421,965 | 1,949,745 | 1,799,116 | 2,544,924 |
| Special Assessments | 173,538 | 186,528 | 189,768 | 215,663 |
| Interest | 80,535 | (12,318) | 69,863 | 74,330 |
| Fines, Licenses and Permits | 967,832 | 1,647,011 | 1,255,426 | 1,076,206 |
| Charges for Services | 1,963,858 | 1,979,092 | 1,938,131 | 1,785,024 |
| Other | 671,816 | 814,859 | 508,892 | 337,743 |
| Total Revenues | <u>26,425,637</u> | <u>27,549,521</u> | <u>25,854,916</u> | <u>25,584,630</u> |
| Expenditures | | | | |
| Current: | | | | |
| Security of Persons and Property | 9,248,436 | 8,543,082 | 8,538,832 | 8,395,875 |
| Public Health and Welfare | 310,506 | 311,680 | 307,505 | 330,767 |
| Culture and Recreation | 2,826,499 | 2,729,357 | 2,742,285 | 2,771,542 |
| Community Development | 684,122 | 592,322 | 546,761 | 532,084 |
| Economic Development | 323,845 | 395,327 | 323,904 | 304,620 |
| Streets and Highways | 1,794,482 | 1,607,261 | 1,671,530 | 1,691,980 |
| Sanitation | 1,135,741 | 1,080,775 | 1,075,455 | 1,091,845 |
| General Government | 7,391,588 | 6,829,343 | 6,692,911 | 6,620,502 |
| Capital Outlay | 4,122,536 | 3,404,849 | 1,324,813 | 1,494,121 |
| Debt Service: | | | | |
| Principal Retirement | 1,573,272 | 1,302,122 | 1,647,732 | 1,988,289 |
| Interest and Fiscal Charges | 385,190 | 367,352 | 335,900 | 408,146 |
| Bond Issuance Costs | | 118,745 | | |
| Total Expenditures | <u>29,796,217</u> | <u>27,282,215</u> | <u>25,207,628</u> | <u>25,629,771</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>(3,370,580)</u> | <u>267,306</u> | <u>647,288</u> | <u>(45,141)</u> |
| Other Financing Sources (Uses) | | | | |
| General Obligation Bonds Issued | | 5,860,000 | | |
| Refunding Bonds Issued | | | | |
| Premium on Debt Issuance | | 263,033 | | |
| Payment to Refunded Bond Escrow Agent | | | | |
| Sale of Capital Assets | 20,054 | 10,650 | 1,000 | 303,539 |
| Inception of Capital Lease | | | | |
| Loan Proceeds | | | | 146,869 |
| Transfers In | 850,000 | 805,528 | 925,000 | 850,000 |
| Transfers Out | (850,000) | (805,528) | (925,000) | (850,000) |
| Total Other Financing Sources (Uses) | <u>20,054</u> | <u>6,133,683</u> | <u>1,000</u> | <u>450,408</u> |
| Net Change in Fund Balances | <u>(\$3,350,526)</u> | <u>\$6,400,989</u> | <u>\$648,288</u> | <u>\$405,267</u> |
| Debt Service as a percentage of noncapital expenditures | 14.43% | 6.91% | 7.94% | 9.39% |

| 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|-------------|-------------|--------------|-------------|-------------|---------------|
| \$2,244,665 | \$2,398,978 | \$2,400,470 | \$2,506,371 | \$2,399,205 | \$2,321,783 |
| 16,184,484 | 15,810,195 | 16,176,983 | 15,421,461 | 13,754,427 | 12,914,040 |
| 514,964 | 494,692 | 577,467 | 554,088 | 569,575 | 542,499 |
| 2,878,977 | 4,452,591 | 2,652,042 | 2,136,074 | 3,259,702 | 2,101,960 |
| 218,592 | 155,908 | 213,368 | 177,035 | 223,391 | 220,757 |
| 62,294 | 158,609 | 339,326 | 537,883 | 456,495 | 287,866 |
| 899,685 | 970,642 | 999,295 | 1,234,800 | 1,116,500 | 1,138,066 |
| 1,762,696 | 1,677,224 | 1,669,275 | 1,545,425 | 1,594,664 | 1,450,352 |
| 368,072 | 407,770 | 480,379 | 358,957 | 309,760 | 286,986 |
| 25,134,429 | 26,526,609 | 25,508,605 | 24,472,094 | 23,683,719 | 21,264,309 |
| 8,776,924 | 8,049,713 | 7,928,650 | 7,522,883 | 7,055,890 | 7,220,518 |
| 362,515 | 338,927 | 280,413 | 259,832 | 252,147 | 242,167 |
| 2,844,270 | 2,800,812 | 2,708,975 | 2,614,153 | 2,554,708 | 2,631,011 |
| 544,812 | 597,099 | 613,927 | 626,627 | 570,045 | 638,449 |
| 321,510 | 280,958 | 150,505 | 161,916 | 86,653 | |
| 1,758,271 | 1,563,244 | 1,729,497 | 1,581,516 | 1,322,841 | 1,758,966 |
| 933,094 | 948,225 | 939,330 | 948,598 | 851,522 | 767,324 |
| 6,771,287 | 6,765,399 | 6,371,715 | 6,166,876 | 5,609,843 | 5,814,271 |
| 2,131,384 | 2,144,886 | 2,703,366 | 1,735,992 | 1,446,315 | 745,997 |
| 1,973,229 | 1,925,422 | 2,276,598 | 1,900,036 | 1,833,587 | 1,783,106 |
| 477,982 | 531,253 | 460,452 | 841,476 | 908,485 | 977,988 |
| | | 194,549 | | | |
| 26,854,935 | 25,945,938 | 26,357,977 | 24,359,905 | 22,492,036 | 22,579,797 |
| (1,112,824) | 580,671 | (849,372) | 112,189 | 1,191,683 | (1,315,488) |
| | | 12,180,000 | | | |
| | | 187,315 | 690 | | |
| | | (12,171,866) | | | |
| 1,807 | 800 | 10,000 | 3,000 | 7,475 | 29,778 |
| 143,700 | 195,989 | 137,276 | | 120,100 | |
| 607,682 | | | | | |
| 2,118,585 | 850,000 | 850,000 | 750,000 | 1,488,000 | 850,000 |
| (2,118,585) | (850,000) | (850,000) | (750,000) | (1,488,000) | (850,000) |
| 753,189 | 196,789 | 342,725 | 3,690 | 127,575 | 29,778 |
| (\$967,317) | \$777,460 | (\$506,647) | \$115,879 | \$1,319,258 | (\$1,285,710) |
| 9.31% | 12.55% | 10.40% | 11.64% | 12.27% | 12.45% |

City of Middleburg Heights, Ohio
Tax Revenues by Source, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

| Year | Property Taxes | Income Taxes | Other Local Taxes | Total |
|-------|----------------|--------------|-------------------|--------------|
| 2014 | \$2,097,879 | \$18,412,558 | \$635,656 | \$21,146,093 |
| 2013 | 2,140,815 | 18,214,580 | 629,209 | 20,984,604 |
| 2012 | 2,217,751 | 17,287,724 | 588,245 | 20,093,720 |
| 2011 | 2,299,773 | 16,726,038 | 524,929 | 19,550,740 |
| 2010 | 2,244,665 | 16,184,484 | 514,964 | 18,944,113 |
| 2009 | 2,398,978 | 15,810,195 | 494,692 | 18,703,865 |
| 2008 | 2,400,470 | 16,176,983 | 577,467 | 19,154,920 |
| 2007* | 2,506,371 | 15,421,461 | 554,088 | 18,481,920 |
| 2006 | 2,399,205 | 13,754,427 | 569,575 | 16,723,207 |
| 2005 | 2,321,783 | 12,914,040 | 542,499 | 15,778,322 |

* Beginning in 2007 a change in the income tax rate from 1.75% to 2.00% for Capital Improvements, Debt Retirement and General Municipal Functions was passed by the voters.

City of Middleburg Heights, Ohio
Income Tax Revenue Base and Collections (Cash Basis)
Last Ten Years

| Tax Year | Tax Rate | Total Tax Collected | Taxes from Withholding | Percentage of Taxes from Withholding | Taxes from Individuals | Percentage of Taxes from Individuals | Taxes from Net Profits | Percentage of Taxes from Net Profits |
|-----------------|-----------------|----------------------------|-------------------------------|---|-------------------------------|---|-------------------------------|---|
| 2014 | 2.00% | \$18,238,485 | \$14,976,670 | 82.1% | \$1,031,715 | 5.7% | \$2,230,099 | 12.2% |
| 2013 | 2.00% | 18,011,584 | 14,540,186 | 80.7% | 989,719 | 5.5% | 2,481,680 | 13.8% |
| 2012 | 2.00% | 17,430,871 | 14,322,468 | 82.2% | 941,263 | 5.4% | 2,167,140 | 12.4% |
| 2011 | 2.00% | 16,097,705 | 13,272,250 | 82.4% | 995,822 | 6.2% | 1,829,633 | 11.4% |
| 2010 | 2.00% | 15,663,489 | 12,922,672 | 82.5% | 923,354 | 5.9% | 1,817,462 | 11.6% |
| 2009 | 2.00% | 15,538,504 | 12,986,724 | 83.6% | 939,809 | 6.0% | 1,611,971 | 10.4% |
| 2008 | 2.00% | 15,934,338 | 12,922,443 | 81.1% | 959,605 | 6.0% | 2,052,290 | 12.9% |
| 2007* | 2.00% | 14,954,277 | 12,551,335 | 83.9% | 883,312 | 5.9% | 1,519,630 | 10.2% |
| 2006 | 1.75% | 13,426,469 | 11,102,728 | 82.7% | 777,397 | 5.8% | 1,546,344 | 11.5% |
| 2005 | 1.75% | 12,441,974 | 10,426,199 | 83.8% | 792,071 | 6.4% | 1,223,704 | 9.8% |

* Beginning in 2007 a change in the income tax rate from 1.75% to 2.00% for Capital Improvements, Debt Retirement and General Municipal Functions was passed by the voters.

Source: Regional Income Tax Agency "Period 12 Totals" - remitted to the City Between February Year One and January Year Two.

City of Middleburg Heights, Ohio
Principal Taxpayers
Current Year and Nine Years Ago (Cash Basis)

The following are the principal income taxpayers in the City of Middleburg Heights, ranked in order of payroll withholding:

| 2014 | | |
|------------------|-------------|---------------------------------------|
| | Rank | Taxpayer |
| | 1 | Southwest General Hospital |
| | 2 | United Parcel Service |
| | 3 | Quadax Inc. |
| | 4 | HyComp LLC. |
| | 5 | Amerimark Direct LLC. |
| | 6 | Codonics Inc. |
| | 7 | Ohio Anesthesia Group Inc. |
| | 8 | MetroHealth System |
| | 9 | C.H. Robinson International Inc. |
| | 10 | Zin Technologies |
| 2005 | | |
| 2014 Rank | Rank | Taxpayer |
| 1 | 1 | Southwest General Hospital |
| 2 | 2 | United Parcel Service |
| | 3 | Advanstar Communications Incorporated |
| | 4 | Sears Roebuck and Company |
| | 5 | Berea City School District |
| | 6 | Sunnyside Automotive Incorporated |
| | 7 | Ken-Mac Metals Incorporated |
| | 8 | Polaris Joint Vocational School |
| | 9 | Brewer Garrett Company |
| | 10 | Airborne Freight Corporation |

Source: Regional Income Tax Agency

Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholdings by taxpayer.

City of Middleburg Heights, Ohio
Property Tax Rates - All Direct and Overlapping Governments
(Per \$1,000 of Assessed Value)
Last Ten Years

| Tax Year/ Collection Year | City of Middleburg Heights | | | | | | Polaris JVS & Berea | | Total |
|---------------------------------|----------------------------|-------------------------|---------------------------|-------------------------|------------------------------------|-------|------------------------|------------------------|--------|
| | General Fund | Debt Service Fund | Police Pension Fund | Fire Pension Fund | Southwest Community Hospital | Total | School District | Cuyahoga County (1) | |
| 2005/2006 | 2.95 | 0.90 | 0.30 | 0.30 | 1.00 | 5.45 | 72.10 | 20.30 | 97.85 |
| 2006/2007 | 2.95 | 0.90 | 0.30 | 0.30 | 1.00 | 5.45 | 77.30 | 20.20 | 102.95 |
| 2007/2008 | 2.95 | 0.90 | 0.30 | 0.30 | 1.00 | 5.45 | 77.30 | 20.20 | 102.95 |
| 2008/2009 | 2.95 | 0.90 | 0.30 | 0.30 | 1.00 | 5.45 | 77.30 | 20.60 | 103.35 |
| 2009/2010 | 2.95 | 0.90 | 0.30 | 0.30 | 1.00 | 5.45 | 77.40 | 20.60 | 103.45 |
| 2010/2011 | 3.35 | 0.50 | 0.30 | 0.30 | 1.00 | 5.45 | 77.30 | 20.90 | 103.65 |
| 2011/2012 | 3.35 | 0.50 | 0.30 | 0.30 | 1.00 | 5.45 | 77.40 | 20.80 | 103.65 |
| 2012/2013 | 3.35 | 0.50 | 0.30 | 0.30 | 1.00 | 5.45 | 81.30 | 20.80 | 107.55 |
| 2013/2014 | 3.35 | 0.50 | 0.30 | 0.30 | 1.00 | 5.45 | 81.20 | 22.53 | 109.18 |
| 2014/2015 | 3.35 | 0.50 | 0.30 | 0.30 | 1.00 | 5.45 | 81.10 | 23.43 | 109.98 |

(1) Rate for Cuyahoga County includes the Library, Cleveland Metro Park, Cuyahoga Community College and the Cleveland-Cuyahoga Port Authority.

Source: Cuyahoga County Fiscal Officer

City of Middleburg Heights, Ohio
Assessed and Estimated Actual Value of Taxable Property
Last Ten Years

| Tax Year/ Collection Year | Real Property (1) | | | Personal Property (1) | | | Public Utility Property (1) | | | Total | | | Ratio of Total Assessed | | Total Direct Tax Rate Mills |
|---------------------------------|-------------------|------------------------------|-------------------|------------------------------|-------------------|------------------------------|-----------------------------|------------------------------|-------------------|------------------------------|------------------------------|------------------------------|---|---|--------------------------------------|
| | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | Estimated Actual Value | Estimated Actual Value | Value To Total Estimated Actual Value | Value To Total Estimated Actual Value | |
| 2005/2006 | \$494,600,890 | \$1,413,145,400 | \$45,922,606 | \$199,663,504 | \$11,822,630 | \$13,434,807 | \$552,346,126 | \$1,626,243,711 | | | | | 34.0% | | 5.45 |
| 2006/2007 | 538,328,450 | 1,538,081,285 | 38,632,772 | 206,041,450 | 11,795,370 | 13,403,829 | 588,756,592 | 1,757,526,564 | | | | | 33.5% | | 5.45 |
| 2007/2008 | 542,446,760 | 1,549,847,885 | 26,697,752 | 213,582,016 | 9,997,300 | 11,360,568 | 579,141,812 | 1,774,790,469 | | | | | 32.6% | | 5.45 |
| 2008/2009 | 544,498,220 | 1,555,709,200 | 14,219,539 | 227,512,624 | 10,284,260 | 11,686,659 | 569,002,019 | 1,794,908,483 | | | | | 31.7% | | 5.45 |
| 2009/2010 | 520,228,840 | 1,486,368,114 | - | - | 10,739,770 | 12,204,284 | 530,968,610 | 1,498,572,398 | | | | | 35.4% | | 5.45 |
| 2010/2011 | 519,254,880 | 1,483,585,371 | - | - | 10,990,360 | 12,489,045 | 530,245,240 | 1,496,074,416 | | | | | 35.4% | | 5.45 |
| 2011/2012 | 519,580,370 | 1,484,515,342 | - | - | 11,396,260 | 12,950,295 | 530,976,630 | 1,497,465,637 | | | | | 35.5% | | 5.45 |
| 2012/2013 | 489,803,670 | 1,399,439,057 | - | - | 12,277,670 | 13,951,898 | 502,081,340 | 1,413,390,955 | | | | | 35.5% | | 5.45 |
| 2013/2014 | 492,306,950 | 1,406,591,286 | - | - | 13,374,710 | 15,198,534 | 505,681,660 | 1,421,789,820 | | | | | 35.6% | | 5.45 |
| 2014/2015 | 507,534,460 | 1,450,098,457 | - | - | 14,352,660 | 16,309,841 | 521,887,120 | 1,466,408,298 | | | | | 35.6% | | 5.45 |

(1) The percentages for all tax years were 35% for all Real Property and 88% for Public Utility Property.

Source: Cuyahoga County Fiscal Officer

City of Middleburg Heights, Ohio
Property Tax Levies and Collections - Real and Public Utility Taxes
Last Ten Years

| Tax Year/ Collection Year | Current Levy (1) | Current Collections | Percent of Current Levy Collected | Collection Including Delinquencies (1) | Total Collections As Percent of Current Levy | Accumulated Delinquency |
|--|-----------------------------|--------------------------------|--|---|---|------------------------------------|
| 2004/2005 | \$2,453,253 | \$2,277,192 | 92.8 | \$2,340,210 | 95.4 | \$111,224 |
| 2005/2006 | 2,423,430 | 2,299,832 | 94.9 | 2,363,723 | 97.5 | 84,041 |
| 2006/2007 | 2,619,454 | 2,501,316 | 95.5 | 2,550,730 | 97.4 | 90,448 |
| 2007/2008 | 2,712,622 | 2,574,035 | 94.9 | 2,655,520 | 97.9 | 124,972 |
| 2008/2009 | 2,645,923 | 2,539,405 | 96.0 | 2,623,494 | 99.2 | 115,126 |
| 2009/2010 | 2,537,015 | 2,450,568 | 96.6 | 2,500,072 | 98.5 | 159,157 |
| 2010/2011 | 2,535,734 | 2,448,667 | 98.6 | 2,544,126 | 100.0 | 148,230 |
| 2011/2012 | 2,543,961 | 2,406,690 | 94.6 | 2,487,191 | 97.8 | 114,714 |
| 2012/2013 | 2,413,806 | 2,306,080 | 95.5 | 2,373,140 | 98.3 | 93,953 |
| 2013/2014 | 2,428,438 | 2,258,226 | 93.0 | 2,326,575 | 95.8 | 99,881 |

(1) Includes homestead/rollback taxes assessed locally but distributed through the State. This reimbursement from the State is a form of Local Property Tax relief which the City accounts for as Intergovernmental Revenue.

Source: Cuyahoga County Fiscal Officer

City of Middleburg Heights, Ohio
Ratios of General Bonded Debt and Legal Debt Margins
Last Ten Years

| | 2014 | 2013 | 2012 |
|--|---------------------|---------------------|---------------------|
| General Obligation Bonds | 10,201,534 | 11,652,612 | 6,565,000 |
| Percent of estimated actual property value | 0.70% | 0.82% | 0.46% |
| Per Capita | \$639.76 | \$730.75 | \$411.70 |
| Special Assessment Bonds | 573,824 | 697,350 | 815,110 |
| Bond Anticipation Notes | | | |
| OPWC Loans | 817,387 | 800,567 | 754,551 |
| Capital Leases | | 29,746 | 99,107 |
| Total Gross Indebtedness | <u>11,592,745</u> | <u>13,180,275</u> | <u>8,233,768</u> |
| Percentage of Personal Income | 2.41% | 2.74% | 1.71% |
| Per Capita | \$727.00 | \$826.56 | \$516.35 |
| Less: | | | |
| Special Assessment Bonds | (573,824) | (697,350) | (815,110) |
| Community & Service Center Refunding Bonds | (4,055,000) | (5,195,000) | (6,285,000) |
| Service Center Bonds | | | |
| OPWC Loans | (817,387) | (800,567) | (754,551) |
| Capital Leases | | (29,746) | (99,107) |
| Bond Retirement Fund Balance | <u>(746,425)</u> | <u>(732,000)</u> | <u>(615,483)</u> |
| Total Net Debt Applicable to Debt Limit | <u>5,400,109</u> | <u>5,725,612</u> | <u>(335,483)</u> |
| Overall Legal Debt Limit | | | |
| 10 1/2% of Assessed Valuation | <u>54,798,148</u> | <u>53,096,574</u> | <u>52,718,541</u> |
| Legal Debt Margin Within 10 1/2% Limitations | <u>\$49,398,039</u> | <u>\$47,370,962</u> | <u>\$53,054,024</u> |
| Legal Debt Margin as a Percentage of the Debt Limit | 90.15% | 89.22% | 100.64% |
| Unvoted Debt Limitation | | | |
| 5 1/2% of Assessed Valuation | \$28,703,792 | \$27,812,491 | \$27,614,474 |
| Net Unvoted Indebtedness Authorized by Council | 11,592,745 | 13,180,275 | 8,233,768 |
| Less: | | | |
| Special Assessment Bonds | (573,824) | (697,350) | (815,110) |
| Community & Service Center Refunding Bonds | (4,055,000) | (5,195,000) | (6,285,000) |
| Service Center Bonds | | | |
| OPWC Loans | (817,387) | (800,567) | (754,551) |
| Capital Leases | | (29,746) | (99,107) |
| General Obligation Bond Retirement Fund Balance | <u>(746,425)</u> | <u>(732,000)</u> | <u>(615,483)</u> |
| Net Debt Within 5 1/2% Limitations | <u>5,400,109</u> | <u>5,725,612</u> | <u>(335,483)</u> |
| Unvoted Legal Debt Margin Within 5 1/2% Limitations | <u>\$23,303,683</u> | <u>\$22,086,879</u> | <u>\$27,949,957</u> |
| Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation | 81.19% | 79.41% | 101.21% |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

| 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 7,985,153 | 9,730,327 | 11,456,736 | \$13,154,922 | \$14,796,884 | \$16,423,178 | \$18,110,804 |
| 0.53% | 0.65% | 0.76% | 0.73% | 0.83% | 0.93% | 1.11% |
| \$500.76 | \$610.20 | \$737.15 | \$846.41 | \$952.06 | \$1,056.70 | \$1,165.28 |
| 947,096 | 1,098,379 | 1,227,784 | 1,364,806 | 1,509,480 | 1,647,282 | 1,763,243 |
| 754,551 | 335,000 | 500,000 | | | | |
| 194,701 | 607,682 | | | | | |
| 194,701 | 286,533 | 260,247 | 154,473 | 69,160 | 90,100 | |
| 9,881,501 | 12,057,921 | 13,444,767 | 14,674,201 | 16,375,524 | 18,160,560 | 19,874,047 |
| 2.05% | 2.50% | 3.43% | 3.75% | 4.18% | 4.64% | 5.07% |
| \$619.69 | \$756.17 | \$865.06 | \$944.16 | \$1,053.63 | \$1,168.48 | \$1,278.73 |
| (947,096) | (1,098,379) | (1,227,784) | (1,364,806) | (1,509,480) | (1,647,282) | (1,763,243) |
| (7,685,000) | (9,205,000) | (10,565,000) | (11,915,000) | (8,853,500) | (9,783,500) | (10,703,500) |
| | | | | (4,258,500) | (4,708,500) | (5,128,500) |
| (754,551) | (607,682) | | | | | |
| (194,701) | (286,533) | (260,247) | (154,473) | (69,160) | (90,100) | |
| (907,696) | (1,586,109) | (739,402) | (825,810) | (842,882) | (780,071) | (1,331,605) |
| 300,153 | (725,782) | 652,334 | 414,112 | 842,002 | 1,151,107 | 947,199 |
| 55,752,546 | 55,675,750 | 55,751,704 | 59,745,212 | 60,809,890 | 61,819,442 | 57,996,343 |
| \$55,452,393 | \$56,401,532 | \$55,099,370 | \$59,331,100 | \$59,967,888 | \$60,668,335 | \$57,049,144 |
| 99.46% | 101.30% | 98.83% | 99.31% | 98.62% | 98.14% | 98.37% |
| \$29,203,715 | \$29,163,488 | \$29,203,274 | \$31,295,111 | \$31,852,800 | \$32,381,613 | \$30,379,037 |
| 9,881,501 | 12,057,921 | 13,444,767 | 14,674,201 | 16,375,524 | 18,160,560 | 19,874,047 |
| (947,096) | (1,098,379) | (1,227,784) | (1,364,806) | (1,509,480) | (1,647,282) | (1,763,243) |
| (7,685,000) | (9,205,000) | (10,565,000) | (11,915,000) | (8,853,500) | (9,783,500) | (10,703,500) |
| | | | | (4,258,500) | (4,708,500) | (5,128,500) |
| (754,551) | (607,682) | | | | | |
| (194,701) | (286,533) | (260,247) | (154,473) | (69,160) | (90,100) | |
| (194,701) | (1,586,109) | (739,402) | (825,810) | (842,882) | (780,071) | (1,331,605) |
| 105,452 | (725,782) | 652,334 | 414,112 | 842,002 | 1,151,107 | 947,199 |
| \$29,098,263 | \$29,889,270 | \$28,550,940 | \$30,880,999 | \$31,010,798 | \$31,230,506 | \$29,431,838 |
| 99.64% | 102.49% | 97.77% | 98.68% | 97.36% | 96.45% | 96.88% |

City of Middleburg Heights, Ohio
Computation of Direct and Overlapping Debt
December 31, 2014

| Jurisdiction | Debt Outstanding | Percentage Applicable To City of Middleburg Heights © | Amount Applicable To City of Middleburg Heights |
|-------------------------------------|-----------------------------|--|--|
| Direct: | | | |
| General Obligation Bonds | \$ 10,201,534 (a) | 100.00% | \$ 10,201,534 |
| Special Assessment Bonds | 573,824 (a) | 100.00% | 573,824 |
| Total Direct Debt | <u>\$ 10,775,358</u> | | <u>\$ 10,775,358</u> |
| Overlapping: | | | |
| Berea School District | \$10,030,000 (b) | 39.04% | \$3,915,712 |
| Cuyahoga County | 262,275,000 (b) | 1.88% | 4,930,770 |
| Greater Cleveland Regional Transit | 102,840,000 (b) | 1.88% | 1,933,392 |
| Total Overlapping Debt | <u>375,145,000</u> | | <u>10,779,874</u> |
| Total Direct and Overlapping | <u>\$ 385,920,358</u> | | <u>\$ 21,555,232</u> |

(a) Total General Obligation Debt Outstanding, including Special Assessment Debt with a government commitment. Source: City of Middleburg Heights, Finance Department

(b) Gross General Obligation Debt Outstanding. Source: Cuyahoga County Fiscal Officer

(c) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.

City of Middleburg Heights, Ohio
Demographic and Economic Statistics
Last Ten Years

| Year | Population (1) | | Total Personal Income (2) | Per Capita Personal Income (1) | | Median Household Income (1) | Unemployment Rate (3) | |
|------|----------------|---|------------------------------|--------------------------------------|---|-----------------------------------|--------------------------|------|
| 2014 | 15,946 | b | \$481,792,444 | \$30,214 | b | \$66,337 | b | 5.6% |
| 2013 | 15,946 | b | 481,792,444 | 30,214 | b | 66,337 | b | 7.1% |
| 2012 | 15,946 | b | 481,792,444 | 30,214 | b | 66,337 | b | 7.1% |
| 2011 | 15,946 | b | 481,792,444 | 30,214 | b | 66,337 | b | 7.7% |
| 2010 | 15,946 | b | 481,792,444 | 30,214 | b | 66,337 | b | 9.2% |
| 2009 | 15,542 | a | 391,673,942 | 25,201 | a | 60,015 | a | 9.0% |
| 2008 | 15,542 | a | 391,673,942 | 25,201 | a | 60,015 | a | 6.6% |
| 2007 | 15,542 | a | 391,673,942 | 25,201 | a | 60,015 | a | 5.9% |
| 2006 | 15,542 | a | 391,673,942 | 25,201 | a | 60,015 | a | 5.4% |
| 2005 | 15,542 | a | 391,673,942 | 25,201 | a | 60,015 | a | 6.5% |

(1) Source: U.S. Bureau of the Census

(a) 2000 Federal Census

(b) 2010 Federal Census

(2) Source: Computation of per capita personal income multiplied by population

(3) Source: Ohio Bureau of Employment Services,
U.S. Department of Labor, Bureau of Labor Statistics for Cleveland MSA

City of Middleburg Heights, Ohio
Principal Employers
Current Year and Nine Years Ago

| 2014 | | |
|--------------------------------|------------|---|
| Employer | Employees | Percentage of Total City Employment |
| Southwest General Hospital | 2,494 | 17.45% |
| United Parcel Service | 1,905 | 13.33% |
| Amerimark | 643 | 4.50% |
| Quadax | 593 | 4.15% |
| Sears Roebuck & Company | 470 | 3.29% |
| Middleburg-Legacy Place LLC | 414 | 2.90% |
| Polaris Joint Vocational | 377 | 2.64% |
| Berea City School District | 266 | 1.86% |
| UPS Supply Chain Solutions Inc | 264 | 1.85% |
| Sunnyside Automotive Inc | 248 | 1.74% |
| Total | 7,674 | 53.69% |
| Total City Employment | 14,292 | |

| 2005 | | |
|------------------------------------|------------|---|
| Employer | Employees | Percentage of Total City Employment |
| Southwest General Hospital | 2,915 | 15.51% |
| United Parcel Service | 2,472 | 13.15% |
| Sears Roebuck & Company | 605 | 3.22% |
| City of Middleburg Heights | 438 | 2.33% |
| Transamerica Holdings | 395 | 2.10% |
| Polaris Joint Vocational | 384 | 2.04% |
| Berea City School District | 295 | 1.57% |
| Codonics, Inc. | 231 | 1.23% |
| Advanstar Communications | 125 | 0.67% |
| Cardiovascular Medicine Associates | 33 | 0.18% |
| Total | 7,893 | 41.99% |
| Total City Employment | 18,796 | |

Source: Regional Income Tax Agency. Total City Employment based upon estimate from the Regional Income Tax Agency withholding information.

City of Middleburg Heights, Ohio
Full-Time City Employees by Function/Program
Last Ten Years

| Function/Program | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government: | | | | | | | | | | |
| Council | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Finance | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Law | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Mayor's Court | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Mayor's Office | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Public Service | 34 | 34 | 34 | 34 | 34 | 34 | 33 | 33 | 32 | 33 |
| Community Development: | | | | | | | | | | |
| Planning & Zoning | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Building | 5 | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 |
| Economic Development: | | | | | | | | | | |
| | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0 |
| Public Safety: | | | | | | | | | | |
| Police | 38 | 38 | 38 | 38 | 41 | 38 | 38 | 38 | 38 | 39 |
| Fire | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 26 | 26 | 26 |
| Culture and Recreation: | | | | | | | | | | |
| Programs | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Recreation Center | 9 | 9 | 9 | 9 | 9 | 11 | 11 | 11 | 11 | 11 |
| Streets and Highways: | | | | | | | | | | |
| Street Department | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 11 | 12 |
| Totals: | <u>141</u> | <u>140</u> | <u>140</u> | <u>141</u> | <u>144</u> | <u>143</u> | <u>143</u> | <u>142</u> | <u>142</u> | <u>144</u> |

Source: City of Middleburg Heights, Finance Department

City of Middleburg Heights, Ohio
Operating Indicators by Function/Program
Last Ten Years

| Operating Indicators by Function/Program | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|--|-------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|
| Fire | | | | | | | | | | |
| Emergency Responses | 2,853 | 2,821 | 2,758 | 2,770 | 2,553 | 2,498 | 2,647 | 2,565 | 2,431 | 2,471 |
| Ambulance runs | 2,206 | 2,155 | 2,084 | 2,036 | 1,904 | 1,823 | 1,848 | 1,711 | 1,606 | 1,755 |
| Fire Runs | 647 | 666 | 674 | 734 | 649 | 675 | 799 | 854 | 825 | 716 |
| Fire Safety Inspections/Re-Inspections | 280 | 317 | 266 | 170 | 338 | 453 | 370 | 387 | 230 | 267 |
| Fire Protection Systems Inspected | 50 | 61 | 51 | 48 | 111 | 226 | 211 | 331 | 129 | 208 |
| Building/Fire Protection Plan Received | 187 | 156 | 147 | 139 | 139 | 138 | 177 | 300 | 275 | 261 |
| Number of Community Program Hours | 285.75 | 170 | 237 | 200 | 382 | 440 | 261 | 180 | 218 | 220 |
| Hydrants Tested | 1,100 | 1,100 | 1,100 | 1,100 | 1,100 | 1,100 | 1,100 | 1,100 | 1,100 | 1,100 |
| Public Service | | | | | | | | | | |
| Snowfall in inches ¹ | 83.73 | 58 | 30.8 | 69.5 | 59.8 | 66.7 | 85.3 | 62.3 | 34.6 | 108.4 |
| Tons of salt used | 7,300 | 5,800 | 3,200 | 5,796 | 7,326 | 5,000 | 6,000 | 7,286 | 3,255 | 7,500 |
| Asphalt used in road maintenance (tons) | 266 | 267.5 | 155.5 | 351.5 | 317.5 | 447 | 149.5 | 191 | 117.0 | 160.5 |
| Concrete used in road maintenance (yards) | 281.5 | 326 | 345.5 | 286.75 | 458.5 | 210 | 314.5 | 376.5 | 272.0 | 389.5 |
| Number of Trees removed | 135 | 109 | 160 | 122 | 84 | 53 | 115 | 158 | 78 | 88 |
| Number of Trees planted | 124 | 120 | 201 | 134 | 198 | 155 | 119 | 154 | 99 | 102 |
| Senior citizen driveway plowing participants | 1,146 | 1,104 | 1,119 | 1,155 | 1,127 | 1,112 | 1,119 | 1,100 | 1,100 | 1,071 |
| Building | | | | | | | | | | |
| Number of Permits issued by type: | | | | | | | | | | |
| Building Permits | 147 | 223 | 211 | 196 | 166 | 148 | 186 | 269 | 255 | 273 |
| Electrical Permits | 147 | 184 | 185 | 225 | 156 | 142 | 177 | 220 | 226 | 244 |
| Plumbing Permits | 102 | 126 | 105 | 121 | 92 | 78 | 96 | 131 | 125 | 139 |
| HVAC Permits | 134 | 152 | 133 | 131 | 125 | 102 | 127 | 142 | 153 | 188 |
| Miscellaneous Permits | 559 | 693 | 710 | 734 | 616 | 631 | 633 | 676 | 674 | 673 |
| Inspections performed | 1,700 | 2,265 | 2,180 | 1,956 | 1,671 | 1,577 | 1,000 | 2,705 | 2,743 | 3,285 |
| Estimated value of construction | \$5,113,017 | \$68,254,025 | \$40,949,916 | \$15,993,740 | \$4,940,229 | \$10,141,903 | \$16,361,351 | \$34,020,291 | \$21,074,047 | \$24,200,342 |
| Number of Plans examined | 68 | 120 | 106 | 134 | 98 | 54 | 124 | 136 | 80 | 59 |
| Court | | | | | | | | | | |
| Number of court cases | 5,228 | 5,750 | 6,559 | 6,831 | 6,247 | 6,836 | 7,243 | 8,341 | 7,256 | 7,990 |
| Number of tickets | 5,220 | 4,773 | 5,421 | 5,602 | 5,236 | 5,672 | 5,990 | 6,785 | 5,885 | 6,437 |
| Number of Transferred Cases | 231 | 264 | 273 | 283 | 259 | 303 | 294 | 385 | 359 | 551 |
| Number of Waivers taken at Violations Bureau (Estimated) | 1,140 | 1,012 | 1,474 | 1,539 | 1,722 | 2,072 | 2,274 | 2,654 | 2,315 | 2,619 |
| Number of Court Appearances (Estimated prior to 2005) | 1,177 | 1,161 | 1,228 | 1,471 | 1,330 | 1,438 | 1,268 | 1,260 | 1,391 | 1,515 |
| Number of Waivers received by Mail | 1,182 | 1,140 | 1,488 | 1,506 | 1,882 | 2,072 | 2,274 | 2,654 | 2,315 | 2,619 |
| Number of Phone Calls Received | | | | | | | | | | |
| Number of Waivers received online | 1,565 | 1,342 | 1,259 | 1,083 | 282 | n/a | n/a | n/a | n/a | n/a |

City of Middleburg Heights, Ohio
Operating Indicators by Function/Program (continued)
Last Ten Years

| Operating Indicators by Function/Program | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Council | | | | | | | | | | |
| Number of Ordinances & resolutions | 80 | 80 | 100 | 105 | 91 | 100 | 111 | 123 | 83 | 133 |
| Finance | | | | | | | | | | |
| Number of checks processed (excluding payroll) | 3,437 | 3,501 | 3,461 | 3,624 | 3,486 | 3,578 | 3,644 | 3,756 | 3,561 | 3,474 |
| Number of Purchase orders issued | 3,103 | 3,628 | 3,128 | 3,230 | 3,122 | 3,251 | 3,197 | 3,400 | 3,264 | 3,504 |
| Number of W-2 forms issued | 445 | 430 | 440 | 429 | 434 | 426 | 435 | 420 | 420 | 438 |
| City W-2 Wages (in Millions) ² | \$12.18 | \$11.82 | \$11.58 | \$11.72 | \$11.80 | \$11.51 | \$11.10 | \$10.63 | \$10.34 | \$10.22 |
| Mayor's Office | | | | | | | | | | |
| Newsletters mailed (Winter and Summer issues) ³ | 8,413 | 8,413 | 8,413 | 8,413 | 8,386 | 8,384 | 8,494 | 8,377 | 15,642 | 16,110 |
| Recreation | | | | | | | | | | |
| Number of Memberships | 8,223 | 8,347 | 7,894 | 7,788 | 7,834 | 7,681 | 7,944 | 7,829 | 7,658 | 7,239 |
| Learn to Swim enrollment | 1,200 | 1,281 | 1,301 | 1,362 | 1,356 | 1,358 | 1,419 | 1,481 | 1,344 | 1,418 |
| Enrollment in athletics programs | 2,224 | 2,302 | 1,718 | 1,761 | 1,803 | 1,928 | 1,910 | 2,072 | 1,973 | 2,029 |
| Number of Rental Events | 1,826 | 3,089 | 3,151 | 2,967 | 2,172 | 1,783 | 1,800 | 1,595 | 1,549 | 1,429 |
| Enrollment in classes, programs, and special events | 18,517 | 17,215 | 19,805 | 14,603 | 13,352 | 10,674 | 10,542 | 9,756 | 5,312 | 5,213 |
| Law | | | | | | | | | | |
| Number of new litigations filed (traffic & criminal cases) | 523 | 560 | 604 | 552 | 525 | 628 | 615 | 689 | 659 | 1,266 |
| Number of Municipal Court cases heard and disposed | 589 | 603 | 635 | 589 | 586 | 682 | 661 | 706 | 812 | 1,151 |
| Planning & Zoning | | | | | | | | | | |
| Number of Planning commission agenda items | 58 | 77 | 82 | 82 | 68 | 52 | 79 | 94 | 73 | 72 |
| Civil Service | | | | | | | | | | |
| Number of Exams given | 56 | 42 | 41 | 57 | 96 | 97 | 57 | 73 | 37 | 123 |

1 - National Weather Service, Cleveland, OH - Hopkins International Airport

2 - The 2004 payroll included 27 pay periods as opposed to the normal 26 pay periods.

3- Prior to 2007, newsletters were mailed bi-annually to residents, beginning in 2007 newsletters were mailed annually.

Source: All other data not specifically footnoted was compiled by the departments of the City of Middleburg Heights.

City of Middleburg Heights, Ohio
Capital Asset Statistics by Function/Program
Last Ten Years

| Function/Program | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| General Government: | | | | | | | | | | |
| Other Departmental Vehicles | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 7 | 6 | 6 |
| City Hall Square Footage | 18,746 | 18,746 | 18,746 | 18,746 | 18,746 | 18,746 | 18,746 | 18,746 | 18,746 | 18,746 |
| Police: | | | | | | | | | | |
| Number of Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of Vehicles | 25 | 25 | 23 | 23 | 25 | 23 | 23 | 29 | 22 | 21 |
| Square Footage of Building | 13,400 | 13,400 | 13,400 | 13,400 | 13,400 | 13,400 | 13,400 | 13,400 | 13,400 | 13,400 |
| Fire: | | | | | | | | | | |
| Number of Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of Vehicles | 11 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Square Footage of Building | 19,730 | 19,730 | 19,730 | 19,730 | 19,730 | 19,730 | 19,730 | 19,730 | 19,730 | 19,730 |
| Culture and Recreation: | | | | | | | | | | |
| Number of Parks | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Number of Vehicles | 1 | 1 | 2 | 2 | 1 | 1 | 1 | 2 | 2 | 3 |
| Recreation Center Square Footage | 83,768 | 83,768 | 83,768 | 83,768 | 83,768 | 83,768 | 83,768 | 83,768 | 83,768 | 83,768 |
| Public Service: | | | | | | | | | | |
| Number of Vehicles | 47 | 45 | 44 | 42 | 45 | 43 | 45 | 42 | 41 | 44 |
| Service Center Square Footage | 62,445 | 62,445 | 62,445 | 62,445 | 62,445 | 62,445 | 62,445 | 62,445 | 62,445 | 62,445 |
| Streets (miles) | 65 | 65 | 65 | 65 | 65 | 65 | 65 | 65 | 65 | 65 |
| Senior Transportation: | | | | | | | | | | |
| Number of Vehicles | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |

Source: City of Middleburg Heights, Finance Department



Dave Yost • Auditor of State

CITY OF MIDDLEBURG HEIGHTS

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 2, 2015**