



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2021

———— THE *M*IDDLE OF EVERYTHING! ————



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FOR THE YEAR ENDED DECEMBER 31, 2021

ISSUED BY THE DEPARTMENT OF FINANCE

JASON STEWART, CPA
DIRECTOR

NICHOLAS VITALONE, CPA
ASSISTANT DIRECTOR

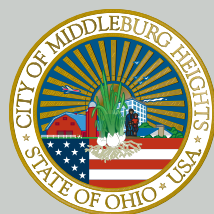
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City of Middleburg Heights, Ohio
Annual Comprehensive Financial Report
For the Year Ended December 31, 2021
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Finance Department
CITY OF MIDDLEBURG HEIGHTS

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



Matthew Castelli
Mayor

Jason Stewart, CPA
Director of Finance

June 9, 2022

Honorable Mayor Matthew Castelli,
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 one hundred fifty days of the close of each fiscal year. This report is published to fulfill that requirement for the fiscal year ended December 31, 2021.

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.

Rea & Associates, Inc has issued an unmodified opinion on the City of Middleburg Heights' financial statements for the year ended December 31, 2021. 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 2020 federal census was 16,004. 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/housing 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. See Note 18 for a description of 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 over 30 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

The City's location is one of its greatest assets. Proximity to Cleveland Hopkins Airport and easy access to three interstate highways has contributed to the economic stability of the City. Due to the City's location, progressive economic incentives, zoning policies and economic development efforts, the City has realized the continued creation and retention of jobs. The City continues its proactive business retention and expansion program to better help businesses stay and grow in the City.

The City has experienced significant growth (over 250%) in real property valuation over the past 30 years. During that growth the City has maintained a fairly balanced real property portfolio of 60% residential and 40% commercial property values.

The City's major industries include a significant number of freight and package delivery, education, hotel, retail, and government employers, rendering the City not reliant on the success or failure of a single industry.

The City's business community is comprised of over 1,300 diverse businesses with over 22,000 employees. Almost every industry is represented in the City. The City's top employers continue to grow and thrive.

The City has taken a proactive approach to creating an atmosphere conducive to the success and economic health of private enterprises, and to preserving jobs while creating opportunities for future economic growth that will benefit the City. Despite the COVID-19 Pandemic, the City's business community continued on a path of growth with new projects and businesses.

- In the past two years the City has seen the completion of notable redevelopment projects and the opening of new businesses. Among these include a new commercial building on Bagley Road at Engle Road for IHOP, Tropical Smoothie Café, and Jersey Mike's Subs. Directly across the street on Bagley Road was the redevelopment of the former Gene Norris Pontiac dealership site which included Raising Cane's, CLEAn Express Auto Wash, and a future commercial building. These projects reflect a \$5 million investment.
- Fat Head's Brewery and Restaurant expanded into its new location in August 2018, allowing Fat Head's to become the second largest craft beer brewer in Northeast Ohio. The success of the developer in completely filling the 125,000 square-foot Fat Head's building has prompted that developer to construct a new 300,000 square-foot facility just north of the Fat Head's building. Construction was completed in Fall 2021, facilitating the addition of two new businesses to the City, one of which is a new same-day Amazon fulfillment center.
- Construction was also completed in 2021 on a new 126,000 square foot distribution center building on Commerce Parkway. That facility is leased to two freight and package delivery companies. One company was new to the City, and the building also facilitated the retention and expansion of an existing business in the City. This project reflects an \$11 million investment.

- The Plaza on Pearl will be developed on five acres of land situated between Get Air Trampoline Park and Maserati of Cleveland. This new plaza will be anchored by India Grocers. The new facility will facilitate its move to the City and will triple the footprint of its current grocery store. This project reflects a \$6 million investment, and the grocery store alone is expected to create 20-30 new jobs in the City. Construction for this project began in Spring 2022.
- In 2020, the City completed the Southland Development Planning Study. The vision formulated in this study calls for the creation of a main street downtown feel which will completely revitalize the Southland area. The City has been awarded a Transportation for Livable Communities Initiative grant from the Northeast Ohio Areawide Coordinating Agency and is actively pursuing additional grant funding to make this a vision a reality. The study has been very well received by property owners in the Southland Business District and has already created redevelopment interest in the area. Included in this initiative, the City has been aggressively encouraging the redevelopment of the former Sears property at Southland Shopping Center. The City has met with leadership of Seritage which owns the Sears property as well as the commercial real estate brokers representing the property. The City's administration has conveyed to them that the redevelopment of the former Sears property is a priority for the City, and that the City wants to be a partner in the redevelopment of the site to ensure the continued viability of the Southland Shopping Center.
- The redevelopment of the Southland Shopping Center Business District is underway as the former B&B Appliance shopping center (Pearl Plaza) is expected to be demolished in February 2022 and replaced by four new retail buildings totaling approximately 45,000 square feet. These new buildings are centrally located within a retail trade area highly accessible to residents and visitors of the City. The total investment in the project will exceed \$14 million.

Long Term Financial Planning: 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 Custodial 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.

The City has adopted a comprehensive set of financial policies including policies related to budgeting, purchasing, capital assets, cash management, investments, debt, internal controls, planning, and reporting. The City has a formal minimum fund balance policy; the City's goal is to strive to maintain a minimum 15-20% fund balance reserve amongst all operating 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. The City has also 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 excellent Aa2 credit rating.

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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2020. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

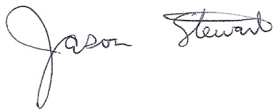
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized ACFR, whose contents conform to program standards. The ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

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 twenty-six 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 Annual Comprehensive 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". The signature is written in dark ink and is positioned above the printed name.

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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

City of Middleburg Heights, Ohio
Listing of Principal City Officials
As of December 31, 2021

ELECTED OFFICIALS

Mayor..... Matthew Castelli
Council President..... David Bortolotto
Councilman At-Large..... Dan Sage
Councilman At-Large Tim Ali
Councilman Ward 1 Bill Meany
Councilman Ward 2 Matthew G. McGregor
Councilman Ward 3 Michael Ference
Councilman Ward 4 John J. Grech

APPOINTED OFFICIALS

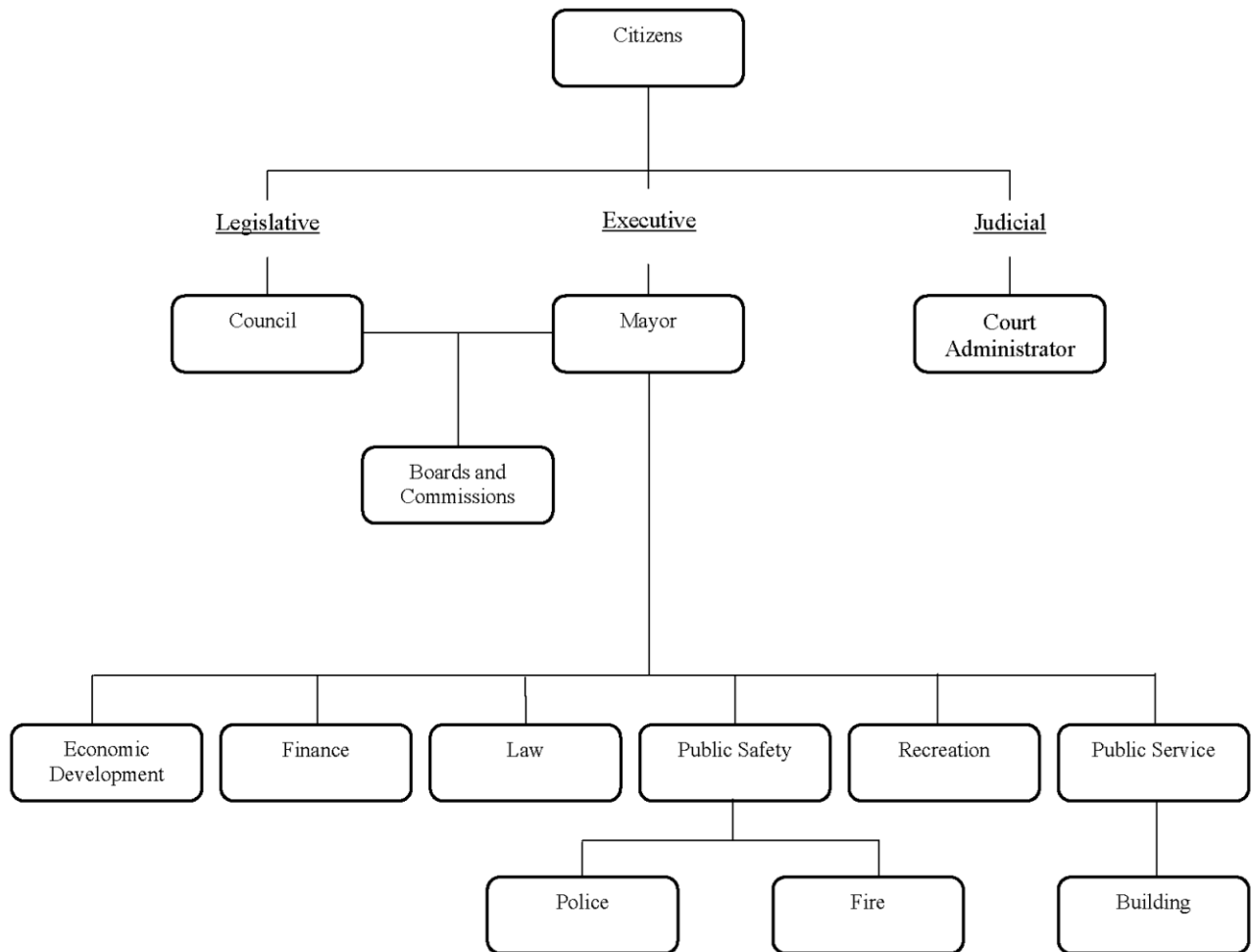
Director of Finance Jason Stewart, CPA
Assistant Finance Director Nicholas Vitalone, CPA
Director of Economic Development Charles Bichara
Director of Public Service..... James P. Herron
Chief Building Official Norman H. Herwerden
Director of Recreation..... Mark J. Elliott
Director of Law..... Santo Incorvaia
Chief of Police Edward J. Tomba
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, 2021

SPECIAL BOARDS AND COMMISSIONS

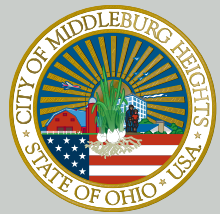
Planning Commission	Anthony Crea
Planning Commission	Dave Herwerden
Planning Commission	Christina Elffers
Planning Commission	Con Sullivan
Planning Commission	Eric Smearman
Planning Commission.....	Ryan Lange
Board of Zoning and Building Appeals.....	Jason DiMarco
Board of Zoning and Building Appeals.....	Kathy Oros
Board of Zoning and Building Appeals	Becky Russo
Board of Zoning and Building Appeals	Mark Thomay
Board of Zoning and Building Appeals.....	Paul Fredrick
Board of Zoning and Building Appeals (Alternate).....	Steve Holecko
Civil Service.....	Tom Miranda
Civil Service	David DeGrandis
Civil Service	Jim Sheppard
Secretary - Civil Service	Sherri Menoes
Secretary - Boards and Commissions	Kimberly Earley

City of Middleburg Heights, Ohio
Organizational Chart
For the Year Ended December 31, 2021





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INDEPENDENT AUDITOR'S REPORT

To City Council and Management
City of Middleburg Heights
Cuyahoga County, Ohio
15700 Bagley Road
Middleburg Heights, OH 44130

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of December 31, 2021, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and recreation fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Pension and other Post-Employment Benefit schedules as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of

management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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 City's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Medina, Ohio
June 9, 2022

City of Middleburg Heights
Management's Discussion and Analysis
For the Year Ended December 31, 2021
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, 2021. 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 2021 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 \$51,379,868 (*net position*).
- Total Net Position increased by \$7,124,351 which represents a 16.1 percent increase from 2020 net position. Unrestricted net position increased by \$8,397,192 or 24.6 percent in 2021.
- Total Assets and deferred outflows of the City increased \$5,173,281 which represents a 4.7 percent increase from 2020 balances.
- Total Capital Assets decreased by \$166,925 or .2 percent from 2020.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$21,588,148 an increase of \$4,961,551 or 29.8 percent from 2020 balances. Equity in Pooled Cash and Investments in the governmental funds increased by \$5,492,244 or 40.8 percent from 2020, and was primarily the result of the issuance of notes for \$11,800,000 with unspent proceeds at year end for projects in process.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$11,136,659 or 48.8 percent of total general fund expenditures and other financing uses.
- Total long-term outstanding debt increased from \$14,948,367 to \$19,232,164. This was a 28.7 percent increase from the 2020 balance. This was due to the issuance of \$11.8 million in various purpose bond anticipation notes.

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 four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements and 4) required supplementary information. This report also contains other supplementary information in addition to the basic financial statements themselves.

City of Middleburg Heights
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

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.

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 17 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 2021, the City of Middleburg Heights maintained 19 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 the Streets/Infrastructure Improvement Fund; all of

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which are considered to be major funds. Data from the other 14 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.

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 25 to 27 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 statements can be found on pages 28 to 29 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 30 to 72 of this report.

Required Supplementary Information As a result of implementing GASB 68, GASB 71 and GASB 75, these tables give additional information to support the data reported in the government-wide financial statements. The tables can be found on pages 73 to 82 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 83 to 118 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 2021?" 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

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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
- 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 2021 compared to 2020.

Table 1 Net Position

	Governmental Activities	
	2021	2020
Assets		
Current and Other Assets	\$33,602,074	\$26,714,552
Capital Assets, Net	75,655,701	75,822,626
<i>Total Assets</i>	<u>109,257,775</u>	<u>102,537,178</u>
 <i>Deferred Outflows of Resources</i>		
Pension	3,555,159	4,285,347
Other Post Employment Benefits	2,008,140	2,825,268
<i>Total Deferred Outflows of Resources</i>	<u>5,563,299</u>	<u>7,110,615</u>
 Liabilities		
Current Liabilities	2,763,672	1,614,484
Long-term Liabilities		
Due within One Year	2,605,077	2,684,485
Due in More Than One Year	45,388,722	52,005,596
<i>Total Liabilities</i>	<u>50,757,471</u>	<u>56,304,565</u>
 <i>Deferred Inflows of Resources</i>		
Property Tax	2,721,725	2,451,737
Pension	5,849,528	4,453,232
Other Post Employment Benefits	4,112,482	2,182,742
<i>Total Deferred Inflows of Resources</i>	<u>12,683,735</u>	<u>9,087,711</u>

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Net Position

Net Investment in Capital Assets	64,794,337	68,763,555
Restricted for:		
Capital Projects	6,089,483	3,657,095
Debt Service	2,480,361	2,544,722
Other Purposes	3,804,970	3,476,620
Unrestricted (Deficit)	<u>(25,789,283)</u>	<u>(34,186,475)</u>
<i>Total Net Position</i>	<u><u>\$51,379,868</u></u>	<u><u>\$44,255,517</u></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 \$51,379,868 at the close of the most recent fiscal year.

The largest portion of the City's net position 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.

Total assets and deferred outflows increased by \$5,173,281 from 2020, while the City's total liabilities and deferred inflows decreased by \$1,951,070. As a result, the total net position of the City's governmental activities increased by \$7,124,351. In addition, unspent proceeds from the issuance of notes of more than \$3.4 million were the primary reason the City's cash balances increased as construction projects will be completed in subsequent years. The addition of a net OPEB asset, significant decrease in the net OPEB liability and increase in deferred inflows for OPEB is related to OPERS changes previously discussed in the financial highlights.

For governmental activities, the changes reflected in NPL, NOL and deferred outflows/inflows of resources relating to pension and OPEB are based on estimates at the plan level. For additional details on GASB 68 and 75, see aforementioned discussion.

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 2021.

Governmental Activities

Table 2 Changes in Net Position

	Governmental Activities	Governmental Activities
	<u>2021</u>	<u>2020</u>
Revenues		
Program Revenues:		
Charges for Services	\$2,205,856	\$2,247,926
Operating Grants and Contributions	1,278,162	2,199,309
Capital Grants and Contributions	<u>567,544</u>	<u>1,670,966</u>

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Total Program Revenues	4,051,562	6,118,201
General Revenues:		
Property Taxes & Other Local Taxes	3,037,466	2,789,844
Income Taxes	23,800,195	21,188,280
Grants and Entitlements	624,566	577,995
Investment Income	64,329	211,018
Miscellaneous	2,287,744	2,515,580
Total General Revenues	29,814,300	27,282,717
Total Revenues	33,865,862	33,400,918
Program Expenses		
General Government	5,855,516	10,259,818
Security of Persons and Property:		
Police	6,112,722	6,221,397
Fire	4,588,732	4,660,546
Public Health Services	289,200	256,598
Culture and Recreation	1,578,667	3,055,653
Community Development	525,245	1,151,692
Economic Development	760,949	579,966
Streets and Highways	5,354,727	4,316,103
Sanitation	1,373,640	1,219,782
Interest and Fiscal Charges	302,113	193,700
Total Program Expenses	26,741,511	31,915,255
Increase (decrease) in Net Position	7,124,351	1,485,663
Net Position Beginning of Year	44,255,517	42,769,854
Net Position End of Year	\$51,379,868	\$44,255,517

Governmental activities increased the City's net position by \$7,124,351. Discussion of the reasons for the increase 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.

Income tax revenue for 2021 was \$23,800,195, which was a increase of 12.3% from the previous year. Of the \$33,865,862 in total revenues, income tax accounted for 70.3% of the total. Property and other local taxes were \$3,037,466, which was a increase of 8.9% from 2020, and accounted for 9.0% of total revenues. Operating grants and contributions, capital grants and contributions, general revenues from grants and entitlements account for 7.3% of total revenues, and charges for services, investment income, and other revenue make up the remaining 13.4%. Income tax increases of \$2.6 million from 2020 were

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the primary reason overall revenues increased. See financial highlights for explanation of significant decrease in expenses. The large decrease being reported for general government and culture and recreation was caused by the switch from reporting a net OPEB liability to a net OPEB asset due to changes in accruals related to implementation of GASB 75. All other revenue categories offset each with increases and decreases from 2020. The City finance department monitors its sources of revenues very closely for fluctuations.

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2021 and was reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. For fiscal year 2018, the City adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting net OPEB asset and deferred outflows related to pension and OPEB.

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

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

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

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

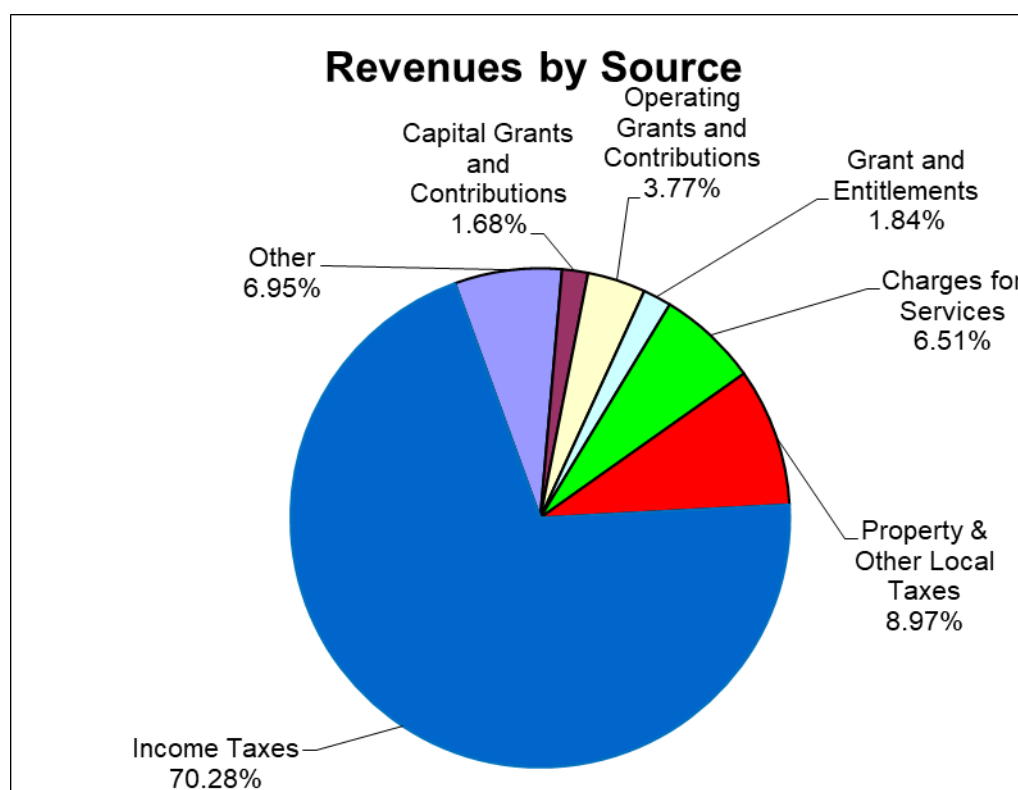
The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce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

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parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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



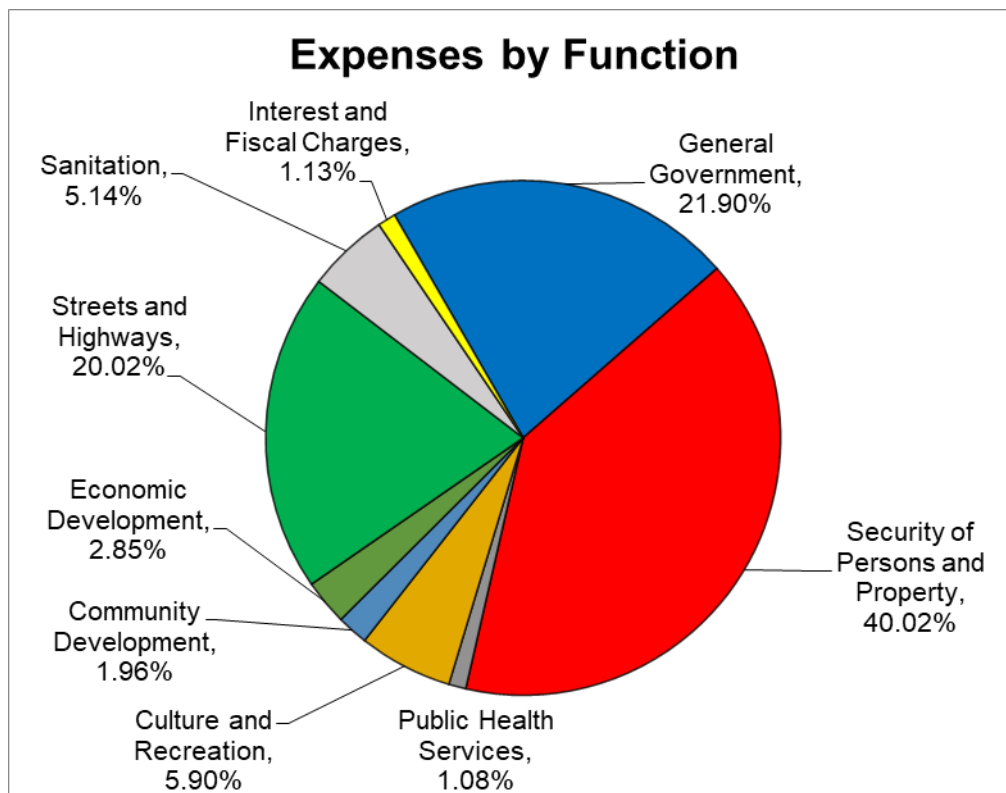
Total program expenses decreased by \$5,173,744 or 16.2% as compared to 2021. The large decrease being reported for general government and culture and recreation was caused by the switch from reporting a net OPEB liability to a net OPEB asset due to changes in accruals related to implementation of GASB 75.

Total program expenses for 2021 were \$26,741,511. Security of Persons and Property, which included the police and fire departments accounted for program expenses of \$10,701,454, which represents 40% of total City expenses for the year 2021. Security of persons and property were flat from 2020. Culture and Recreation expenses of \$1,578,667 accounted for 5.9%. Culture and recreation expenses consist largely

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of costs to operate the City's Community Center and depreciation expense on the building. Restrictions imposed by the Covid-19 pandemic continue to curtail the community center operations. However, the City was able to cut both operating and personnel costs to more than offset losses in revenue. Street and highway expenses of \$5,354,727 accounted for 20%.

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 19. These funds are accounted for by using the modified accrual basis of accounting.

As of December 31, 2021, the City's governmental funds reported combined ending fund balances of \$21,588,148 an increase of \$4,961,551 in comparison with the prior year. Of that amount, \$11,136,659 constitutes unassigned fund balances, which is available for spending at the government's discretion. The

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non-spendable fund balances are not easily converted to cash and are comprised of inventory, unclaimed monies and prepaid expenditures accounted for \$733,323.

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 \$11,861,826 of which \$11,136,659 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 \$22,838,447. Unassigned fund balance represents 48.8% (41.9% in 2020) of total General Fund expenditures and other financing uses, while total fund balance represents 51.9 % (46.1% in 2020) of that same amount.

During the current fiscal year, the fund balance of the City's General Fund increased by \$2,216,926. The increase can be primarily attributed to an increase of 10% or \$2.3 million in General Fund Revenues. Expenditures had a corresponding increase due to public safety wages not being offset with Federal Coronavirus Relief dollars. In addition, transfers out declined by \$500,000 in 2021. Overall General Fund revenues increased to \$25.1 million in 2021.

The balance in the Recreation Fund decreased by \$167,764. This decrease in fund balance can be attributed to current year expenditures exceeding revenues. Operations continued to be curtailed and have been slow to recover from the Covid 19 pandemic as both revenues and expenditures remain flat. The City was able to successfully operate with limited revenues in 2021.

The Bond Retirement Fund increased by \$9,587. Debt service requirements are properly matched with funding sources leaving fund balance flat from 2020. In addition, premium on the issuance of notes helped keep the fund balance positive.

The Capital Improvements Fund operations increased by \$3,574,353. The City issued notes of \$6,900,000 to fund a new police station and various community center capital projects. Significant proceeds were not expended by year end. In addition, the sale of capital assets helped bolster fund balance.

The Street/Infrastructure Improvements Fund decreased by \$1,090,614 which was largely the result of completing several infrastructure projects. In addition, financing costs from maturing notes were paid. The City issued notes of \$4,900,000 for various street resurfacing projects.

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 2021 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 and other financing sources were \$20.6 million and final budgeted revenues and other financing sources were \$23.5 million and actual revenues and other financing sources were \$24.5 million. The City's ending unencumbered cash balance in the General Fund was \$2,284,580 above the final budgeted amount.

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The difference between the General Fund's original budget for expenditures and other uses of \$24,162,748 and the final amended budget of \$26,251,253 was \$2,088,505 or 8.6%. Some of the larger revisions was a \$555,805 advance for police station project, Indian Creek Project \$435,000 and \$255,000 for the Big Creek Parkway Project. Actual expenditures and other uses were \$24,912,405 or \$1,338,848, (5.4%) less than the final amended budget. The final budget for wages and fringe benefits was \$16,417,917 of which \$15,841,108 or 96.5% was spent leaving a positive variance of \$576,809. 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 \$9,833,336 of which \$9,071,297 or 92.3% was actually spent leaving a positive variance of \$762,039.

Capital Assets and Debt Administration

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

	Governmental Activities	
	2021	2020
Land	\$8,722,156	\$7,535,975
Land Improvements	358,019	321,679
Buildings and Improvements	17,824,061	17,960,876
Machinery and Equipment	3,867,094	3,457,121
Furniture and Fixtures	55,218	59,386
Infrastructure		
Streets	28,627,830	18,991,815
Sidewalks	1,401,664	768,935
Traffic Signals	1,300,361	390,810
Water Mains	3,281,155	2,236,237
Sanitary Sewers	2,513,418	2,004,764
Storm Sewers	7,052,238	4,474,906
Construction in Progress	652,487	17,620,122
Total Net Capital Assets	<u>\$75,655,701</u>	<u>\$75,822,626</u>

Total net capital assets of the City as of December 31, 2021 were \$75,655,701. Capital assets are \$166,925 less than in 2020. The slight decrease in the city's capital assets came as a result of capital projects in construction in progress being completed in 2021 coupled with an offset of current year depreciation. The projects include: a) Completion of the Bagley/Pleasant Valley Road Widening project and the Sprague Road Widening project b) Completion of Bartholomew Drive and Middlebrook Blvd. reconstruction projects 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, 2021, the City had \$22,446,609 in bonds, bond anticipation notes, capital lease obligations, compensated absences and OPWC loans outstanding with \$2,605,077 due within one year.

Table 4 Outstanding Long-Term Obligations at Year End

	Governmental Activities	
	2021	2020
General Obligation Bonds	\$3,977,103	\$4,330,476
Special Assessment Bonds	2,090,648	2,156,425
Bond Anticipation Notes	11,800,000	6,750,000
Capital Lease Obligations	833,115	1,139,298
Compensated Absences	3,214,445	3,409,977
OPWC - Loan	531,298	572,168
Total	<u>\$22,446,609</u>	<u>\$18,358,344</u>

The General Obligation Bonds are composed of Emergency Generator bonds issued in 2002 and the Refunded Street Infrastructure improvement bonds that were issued in October 2020 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, American Veterans Parkway and the Engle Road 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.

Bond anticipation notes consist of various improvements notes issued to convert the old library to a new police station, improvements to the Community Center, and street improvements.

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 \$66.2 million on December 31, 2021.

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 and the first global pandemic in 100 years without laying off staff, without cuts in service, and without raising taxes. Continued 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.

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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.

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City of Middleburg Heights, Ohio

Statement of Net Position

December 31, 2021

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$20,320,547
Accounts Receivable	642,559
Accrued Interest Receivable	2,727
Intergovernmental Receivable	838,461
Prepaid Items	326,879
Materials and Supplies Inventory	309,458
Income Tax Receivable	5,393,036
Property Taxes Receivable	2,830,492
Other Local Taxes Receivable	50,030
Special Assessments Receivable	2,068,625
Net OPEB Asset	819,260
Nondepreciable Capital Assets	9,374,644
Depreciable Capital Assets, Net	66,281,057
<i>Total Assets</i>	<i>109,257,775</i>
Deferred Outflows of Resources	
Pension	3,555,159
Other Post Employment Benefits	2,008,140
<i>Total Deferred Outflows of Resources</i>	<i>5,563,299</i>
Liabilities	
Accounts Payable	757,022
Accrued Wages	586,138
Retainage Payable	47,517
Intergovernmental Payable	265,875
Accrued Interest Payable	11,103
Claims Payable	98,095
Unearned Revenue	997,922
Long-Term Liabilities:	
Due Within One Year	2,605,077
Due In More Than One Year:	
Net Pension Liability	23,082,637
Net OPEB Liability	2,464,553
Other Amounts	19,841,532
<i>Total Liabilities</i>	<i>50,757,471</i>
Deferred Inflows of Resources	
Property Taxes	2,721,725
Pension	5,849,528
Other Post Employment Benefits	4,112,482
<i>Total Deferred Inflows of Resources</i>	<i>12,683,735</i>
Net Position	
Net Investment in Capital Assets	64,794,337
Restricted for:	
Capital Projects	6,089,483
Debt Service	2,480,361
Streets and Highways	2,471,249
Recreation	387,878
Police and Fire	880,354
Other Purposes	65,489
Unrestricted (Deficit)	(25,789,283)
<i>Total Net Position</i>	<i>\$51,379,868</i>

See accompanying notes to the basic financial statements

City of Middleburg Heights, Ohio
Statement of Activities
For the Year Ended December 31, 2021

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Security of Persons and Property:					
Police	\$6,112,722	\$273,229	\$0	\$0	(\$5,839,493)
Fire	4,588,732	717,807			(3,870,925)
Public Health and Welfare	289,200	10,826			(278,374)
Culture and Recreation	1,578,667	508,455			(1,070,212)
Community Development	525,245	501,839			(23,406)
Economic Development	760,949	3,500			(757,449)
Streets and Highways	5,354,727	16,475	1,278,162	567,544	(3,492,546)
Sanitation	1,373,640				(1,373,640)
General Government	5,855,516	173,725			(5,681,791)
Interest and Fiscal Charges	302,113				(302,113)
<i>Total Governmental Activities</i>	<u>\$26,741,511</u>	<u>\$2,205,856</u>	<u>\$1,278,162</u>	<u>\$567,544</u>	<u>(22,689,949)</u>
General Revenues					
Property and Other Local Taxes Levied for:					
General Purposes					2,495,560
Debt Service					51,369
Police and Fire Pension					308,246
Public Health and Welfare					182,291
Income Tax Levied for:					
General Purposes					19,702,296
Debt Service					369,256
Recreation					1,788,060
Capital Outlay					1,940,583
Grants and Entitlements not Restricted to Specific Programs					624,566
Investment Earnings					64,329
Miscellaneous					<u>2,287,744</u>
<i>Total General Revenues</i>					<u>29,814,300</u>
Change in Net Position					7,124,351
<i>Net Position Beginning of Year</i>					<u>44,255,517</u>
<i>Net Position End of Year</i>					<u><u>\$51,379,868</u></u>

See accompanying notes to the basic financial statements

City of Middleburg Heights, Ohio

Balance Sheet

Governmental Funds

December 31, 2021

	General	Recreation	Bond Retirement	Capital Improvements	Streets/ Infrastructure Improvements
Assets:					
Equity in Pooled Cash and Investments	\$7,165,681	\$232,517	\$324,807	\$5,956,617	\$1,782,038
Materials and Supplies Inventory	118,389	24,624			
Accrued Interest Receivable	2,727				
Accounts Receivable	456,910				
Interfund Receivable	1,745,805				
Intergovernmental Receivable	254,811		2,890		
Prepaid Items	293,357	33,041			
Income Taxes Receivable	4,352,444	522,698	85,426	258,947	173,521
Property Taxes Receivable	2,175,549		58,015		
Other Local Taxes Receivable	50,030				
Special Assessments Receivable			2,065,000		3,625
Total Assets	<u>\$16,615,703</u>	<u>\$812,880</u>	<u>\$2,536,138</u>	<u>\$6,215,564</u>	<u>\$1,959,184</u>
Liabilities:					
Accounts Payable	\$361,490	\$36,518	\$0	\$204,850	\$87,093
Accrued Wages	492,864	59,115			
Interfund Payable				555,805	1,190,000
Intergovernmental Payable	229,969	23,523			
Retainage Payable					47,517
Unearned Revenue		189,663			
Total Liabilities	<u>1,084,323</u>	<u>308,819</u>	<u>0</u>	<u>760,655</u>	<u>1,324,610</u>
Deferred Inflows of Resources:					
Property Taxes	2,091,640		55,777		
Unavailable Revenue - Delinquent Property Taxes	83,909		2,238		
Unavailable Revenue - Income taxes	929,473	111,623	18,243	55,299	37,056
Unavailable Revenue - Other	564,532		2,067,890		3,625
Total Deferred Inflows of Resources	<u>3,669,554</u>	<u>111,623</u>	<u>2,144,148</u>	<u>55,299</u>	<u>40,681</u>
Fund Balances:					
Nonspendable	508,732	57,665			
Restricted		334,773	391,990		
Committed				5,399,610	593,893
Assigned	216,435				
Unassigned	11,136,659				
Total Fund Balances	<u>11,861,826</u>	<u>392,438</u>	<u>391,990</u>	<u>5,399,610</u>	<u>593,893</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$16,615,703</u>	<u>\$812,880</u>	<u>\$2,536,138</u>	<u>\$6,215,564</u>	<u>\$1,959,184</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, 2021*

Other Governmental Funds	Total Governmental Funds		
		Total Governmental Fund Balances	\$21,588,148
		<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
\$3,486,568	\$18,948,228	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	75,655,701
166,445	309,458		
	2,727		
185,649	642,559	The net pension liability and net OPEB liability are not due and payable in the current period, therefore, the liability and related deferred inflows/ outflows are not reported in the governmental funds:	
	1,745,805	Net Pension Asset	819,260
580,760	838,461	Deferred Outflows - Pension/OPEB	5,563,299
481	326,879	Deferred Inflows - Pension/OPEB	(9,962,010)
	5,393,036	Net Pension Liability	(23,082,637)
596,928	2,830,492	Net OPEB Liability	(2,464,553)
	50,030	Total	(29,126,641)
	2,068,625		
<u>\$5,016,831</u>	<u>\$33,156,300</u>		
		Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
\$67,071	\$757,022	Delinquent Property Taxes	108,767
34,159	586,138	Income Taxes	1,151,694
	1,745,805	Intergovernmental	592,934
12,383	265,875	Special Assessments	2,068,625
	47,517	Charges for Services	524,128
808,259	997,922	Total	4,446,148
<u>921,872</u>	<u>4,400,279</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.	1,274,224
574,308	2,721,725		
22,620	108,767		
	1,151,694		
549,640	3,185,687	Accrued interest payable on long-term debt is not due and payable in the current period and therefore is not reported in the funds.	(11,103)
<u>1,146,568</u>	<u>7,167,873</u>		
		Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
166,926	733,323	General Obligation Bonds	(3,977,103)
2,219,330	2,946,093	Special Assessment Bonds	(2,090,648)
562,135	6,555,638	Bond Anticipation Notes	(11,800,000)
	216,435	OPWC Loan	(531,298)
	11,136,659	Capital Leases	(833,115)
		Compensated Absences	(3,214,445)
2,948,391	21,588,148	Total	(22,446,609)
<u>\$5,016,831</u>	<u>\$33,156,300</u>	Net Position of Governmental Activities	<u>\$51,379,868</u>

City of Middleburg Heights, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General	Recreation	Bond Retirement	Capital Improvements	Streets/ Infrastructure Improvements
Revenues					
Property Taxes	\$1,926,427	\$0	\$51,365	\$0	\$0
Payment in Lieu of Taxes					
Income Taxes	19,937,174	1,835,897	378,415	1,169,936	791,523
Other Local Taxes	568,999				
Intergovernmental	563,437		5,084	422,407	145,137
Special Assessments			130,236		
Interest	53,956				
Fines, Licenses and Permits	919,983				
Charges for Services	509,714	508,455			
Other	575,683	7,988		163,077	698,525
<i>Total Revenues</i>	<u>25,055,373</u>	<u>2,352,340</u>	<u>565,100</u>	<u>1,755,420</u>	<u>1,635,185</u>
Expenditures					
Current:					
Security of Persons and Property					
Police	5,893,279				
Fire	4,289,648				
Public Health and Welfare	94,900				
Culture and Recreation		2,520,104			
Community Development	1,032,153				
Economic Development	470,013				
Streets and Highways					
Sanitation	1,373,640				
General Government	8,484,814		37,090		
Capital Outlay				2,209,699	3,394,980
Debt Service:					
Principal Retirement			405,000	2,937,154	4,140,870
Interest and Fiscal Charges			150,523	74,668	89,949
TIF Service Payments					
<i>Total Expenditures</i>	<u>21,638,447</u>	<u>2,520,104</u>	<u>592,613</u>	<u>5,221,521</u>	<u>7,625,799</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>3,416,926</u>	<u>(167,764)</u>	<u>(27,513)</u>	<u>(3,466,101)</u>	<u>(5,990,614)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets				40,454	
Premium on Sale of Notes			37,100		
Issuance of debt				6,900,000	4,900,000
Transfers In				100,000	
Transfers Out	(1,200,000)				
<i>Total Other Financing Sources (Uses)</i>	<u>(1,200,000)</u>	<u>0</u>	<u>37,100</u>	<u>7,040,454</u>	<u>4,900,000</u>
<i>Net Change in Fund Balances</i>	<u>2,216,926</u>	<u>(167,764)</u>	<u>9,587</u>	<u>3,574,353</u>	<u>(1,090,614)</u>
<i>Fund Balances Beginning of Year</i>	<u>9,644,900</u>	<u>560,202</u>	<u>382,403</u>	<u>1,825,257</u>	<u>1,684,507</u>
<i>Fund Balances End of Year</i>	<u>\$11,861,826</u>	<u>\$392,438</u>	<u>\$391,990</u>	<u>\$5,399,610</u>	<u>\$593,893</u>

See accompanying notes to the basic financial statements

		City of Middleburg Heights, Ohio <i>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, 2021</i>	
Other Governmental Funds	Total Governmental Funds		
		Net Change in Fund Balances - Total Governmental Funds	\$4,961,551
		<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
\$490,704	\$2,468,496	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.	
74,736	74,736	Capital Asset Additions	2,620,292
	24,112,945	Capital Asset Deletions	(260,396)
	568,999	Accum Depr on Disposals	253,151
1,298,907	2,434,972	Current Year Depreciation	(2,779,972)
318,524	448,760	Total	(166,925)
10,373	64,329	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
17,456	937,439	Delinquent Property Taxes	(29)
208,936	1,227,105	Income Tax	(312,750)
27,775	1,473,048	Intergovernmental	35,300
		Special Assessments	(95,475)
		Charges for Services	71,787
		Total	(301,167)
2,447,411	33,810,829	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	7,461,183
		Issuance of Debt	(11,800,000)
		OPWC Loan Principal	40,870
		Total	(4,297,947)
		In the statement of activities, interest accrued on outstanding bonds, bond premium, 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	1,441
		Amortization of Bond Premium	14,150
		Total	15,591
		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.	
			195,532
		Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	
		Pension	2,259,214
		OPEB	29,849
		Except for amounts reported as deferred inflows/outflows, changes in the net pension liability/OPEB liability are reported as pension/OPEB expense in the statement of activities.	
		Pension	(568,657)
		OPEB	5,010,049
		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.	
			(12,739)
		<i>Change in Net Position of Governmental Activities</i>	\$7,124,351

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, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$1,880,039	\$1,926,039	\$1,926,427	\$388
Income Taxes	15,860,705	18,685,000	19,363,471	678,471
Other Local Taxes	350,000	480,000	545,343	65,343
Intergovernmental	502,100	529,100	563,278	34,178
Interest	125,000	75,000	73,040	(1,960)
Fines, Licenses and Permits	954,325	914,375	935,817	21,442
Charges for Services	491,800	452,800	512,351	59,551
Other	471,500	487,364	575,683	88,319
<i>Total Revenues</i>	<u>20,635,469</u>	<u>23,549,678</u>	<u>24,495,410</u>	<u>945,732</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police	6,091,321	6,091,321	5,948,938	142,383
Fire	4,607,710	4,607,710	4,328,510	279,200
Public Health and Welfare	106,600	106,600	102,200	4,400
Community Development	1,170,151	1,143,051	1,035,391	107,660
Economic Development	603,904	603,904	486,041	117,863
Sanitation	1,305,150	1,355,150	1,355,150	0
General Government	9,177,912	9,397,712	8,710,370	687,342
<i>Total Expenditures</i>	<u>23,062,748</u>	<u>23,305,448</u>	<u>21,966,600</u>	<u>1,338,848</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,427,279)</u>	<u>244,230</u>	<u>2,528,810</u>	<u>2,284,580</u>
Other Financing Sources (Uses)				
Advances Out		(1,745,805)	(1,745,805)	0
Transfers Out	(1,100,000)	(1,200,000)	(1,200,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(1,100,000)</u>	<u>(2,945,805)</u>	<u>(2,945,805)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(3,527,279)</u>	<u>(2,701,575)</u>	<u>(416,995)</u>	<u>2,284,580</u>
<i>Fund Balance Beginning of Year</i>	<u>6,320,369</u>	<u>6,320,369</u>	<u>6,320,369</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>592,942</u>	<u>592,942</u>	<u>592,942</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$3,386,032</u>	<u>\$4,211,736</u>	<u>\$6,496,316</u>	<u>\$2,284,580</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, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Income Taxes	\$2,200,000	\$2,200,000	\$1,815,104	(\$384,896)
Charges for Services	751,525	607,600	629,783	22,183
Other	3,075	7,075	7,989	914
<i>Total Revenues</i>	<u>2,954,600</u>	<u>2,814,675</u>	<u>2,452,876</u>	<u>(361,799)</u>
Expenditures				
Current:				
Culture and Recreation	2,977,843	3,057,843	2,496,207	561,636
<i>Total Expenditures</i>	<u>2,977,843</u>	<u>3,057,843</u>	<u>2,496,207</u>	<u>561,636</u>
<i>Net Change in Fund Balance</i>	(23,243)	(243,168)	(43,331)	199,837
<i>Fund Balance Beginning of Year</i>	200,000	200,000	200,000	0
Prior Year Encumbrances Appropriated	43,331	43,331	43,331	0
<i>Fund Balance End of Year</i>	<u>\$220,088</u>	<u>\$163</u>	<u>\$200,000</u>	<u>\$199,837</u>

See accompanying notes to the basic financial statements

City of Middleburg Heights, Ohio

Statement of Fund Net Position

Proprietary Fund

December 31, 2021

	<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>\$1,372,319</u>
<i>Total Assets</i>	<u>1,372,319</u>
Liabilities	
<i>Current Liabilities</i>	
Claims Payable	<u>98,095</u>
<i>Total Liabilities</i>	<u>98,095</u>
Net Position	
Unrestricted	<u>1,274,224</u>
<i>Total Net Position</i>	<u><u>\$1,274,224</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, 2021*

	Governmental Activities Internal Service Fund - Health Insurance
Operating Revenues	
Charges for Services	\$2,733,791
Other	285,891
<i>Total Operating Revenues</i>	<u>3,019,682</u>
Operating Expenses	
Contractual Services	800,648
Claims	2,231,773
<i>Total Operating Expenses</i>	<u>3,032,421</u>
<i>Change in Net Position</i>	(12,739)
<i>Net Position Beginning of Year</i>	<u>1,286,963</u>
<i>Net Position End of Year</i>	<u><u>\$1,274,224</u></u>

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, 2021

	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	\$2,733,791
Cash Received from Employees	285,891
Cash Payments to Suppliers for Services	(800,648)
Cash Payments for Claims	(2,295,564)
<i>Net Cash Flows From Operating Activities</i>	(76,530)
<i>Net Decrease In Cash and Investments</i>	(76,530)
<i>Cash and Investments Beginning of Year</i>	1,448,849
<i>Cash and Investments End of Year</i>	\$1,372,319
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
<i>Operating Loss</i>	(\$12,739)
Adjustments:	
Decrease in Accounts Payable	(910)
Decrease in Claims Payable	(62,881)
<i>Net Cash Used By Operating Activities</i>	(\$76,530)

See accompanying notes to the basic financial statements

City of Middleburg Heights, Ohio

Statement of Fiduciary Net Position

Custodial Funds

December 31, 2021

	<u>Custodial Funds</u>
Assets	
Equity in Pooled Cash and Equivalents	<u>\$6,633</u>
Total Assets	<u>6,633</u>
 Liabilities	
Due to Other Governments	<u>6,633</u>
<i>Total Liabilities</i>	<u>6,633</u>
 Net Position	
Restricted for Individuals, Organizations, and Other Governments	<u>\$0</u>

See accompanying notes to the basic financial statements

City of Middleburg Heights, Ohio
Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Fiscal Year Ended December 31, 2021

	<u>Custodial Funds</u>
<u>Additions</u>	
Fines, Licenses and Permits for Other Governments	<u>\$96,175</u>
Total Additions	<u>96,175</u>
<u>Deductions</u>	
Distributions to the State of Ohio	84,150
Fines and Forfeitures Distributions to Other Governments	<u>12,025</u>
Total Deductions	<u>96,175</u>
Net Increase (Decrease) in Fiduciary Net Position	0
Net Position Beginning of Year	<u>0</u>
Net Position End of Year	<u><u>\$0</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, 2021

Note 1 – Description of the City

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 a custodial 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, 2021

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
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For the Year Ended December 31, 2021

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 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 and other employee benefit trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The City's custodial funds account for the activities of the Mayor's Court and State Building Standards fees.

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.

Like the government-wide statements, all proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows or resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

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

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from investment trust, private purpose trust funds and custodial 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, proprietary funds and 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

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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 pension and OPEB are reported in the government-wide statement of net position. The deferred outflows of resources related to pensions and OPEB are explained in Notes 9 and 10.

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, pension, OPEB and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2021, but which were levied to finance year 2022 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. Deferred inflows of resources related to pensions and OPEB are reported in the government-wide statement of net position. (See Notes 9 and 10)

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.

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".

F. Cash and Investments

During 2021, investments were limited to State Treasury Asset Reserve of Ohio (STAR Ohio), US Treasury Notes and negotiable certificate of deposits. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Government Accounting Standards Board (GASB) Statement No. 79. *Certain External Investment Pools and Pool Participants*. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees or redemption rates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction

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to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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 2021 amounted to \$53,956 which includes \$35,758 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, 2021, 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.

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 acquisition 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:

Description	Estimated Lives
Land Improvements	10-50 years
Buildings and Improvements	10-50 years
Machinery and Equipment	4-30 years

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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. See note 17 for interfund activity.

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.

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, compensated absences and net pension liability 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, 2021. Likewise, ARPA funds that have not been committed or spent have been recorded as unearned revenue.

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:

City of Middleburg Heights, Ohio
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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 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

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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 \$12,374,814 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 2021.

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 custodial 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.

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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.

T. Pensions and Other Post Employment Benefits (OPEB)

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

Note 3 – Changes in Accounting Principles

For the fiscal year ended December 31, 2021, the City has implemented GASB implementation guide No. 2019-1, “Implementation Guidance Update-2019” The requirements of this implementation guide were to take effect for financial statements starting with the fiscal year that ended December 31, 2021 and had no effect on the financial statements.

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).

City of Middleburg Heights, Ohio
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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	\$2,216,926	(\$167,764)
Net Adjustment for Revenue Accruals	(579,047)	100,535
Fair Value Adjustment for Investments 2020	8,227	0
Fair Value Adjustment for Investments 2021	10,857	0
Advances In		0
Advances Out	(1,745,805)	0
Net Adjustment for Expenditure Accruals	255,302	56,416
Encumbrances	<u>(583,455)</u>	<u>(32,518)</u>
Budget Basis	<u>(\$416,995)</u>	<u>(\$43,331)</u>

NOTE 5 - DEPOSITS AND INVESTMENTS`

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

Active deposits are public deposits necessary to meet the 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 two-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, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Interim monies may be invested or deposited in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

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2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptances and commercial paper notes for a period not to exceed 180 days and 270 days, respectively, from the date of purchase in an amount not to exceed 40 percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate note interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City and must be purchased with the expectation that it will be held to maturity.

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 treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party.

The City's investment policy limits the amount of investments placed with any institution to be no more than 50 percent of the City's investment portfolio. Ohio law requires that deposits either be insured or protected by:

- Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or

City of Middleburg Heights, Ohio
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- Participation in the Ohio Pooled Collateral System (OPCS) a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments - The City has a formal investment policy. The objective of the policy shall be the preservation of capital and protection of principal while earning investment interest. Safety of principal is the primary objective of the investment program. Investments are in STAR Ohio, US Treasury Notes and negotiable certificates of deposit.

The City's investments at year end were as follows:

S & P Global		Measurement	Investment Maturities (in years)			% Total
Ratings	Investment		Less than 1	1-3	More Than 3	
	Net Asset Value (NAV) Per Share:					
AAAm	STAR Ohio	\$5,380,676	\$5,380,676	\$0	\$0	68.7%
	Fair Value:					
AAA	United States Treasury Notes	993,245	0	993,245	0	12.7%
***	Negotiable Certificates of Deposit	1,458,494	0	975,293	483,201	18.6%
	Total Portfolio	\$7,832,415	\$5,380,676	\$1,968,538	483,201	100.0%

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the City's recurring fair value measurements as of December 31, 2021. The City's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

Interest Rate Risk - As a means of limiting its exposure to fair value of losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within 5 years from the date of purchase, and that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of December 31, 2021, is 51.3 days.

Credit Risk - The credit risk of the City's investments is in the table above. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

Note 6 – Receivables

Receivables at December 31, 2021, 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 \$1,995,000 in the Bond Retirement Fund. At December 31, 2021 the amount of delinquent special assessments was \$392,248.

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 2021 for real and public utility property taxes represents collections of 2020 taxes.

2021 real property taxes are levied after October 1, 2021 on the assessed value as of January 1, 2021, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2021 real property taxes are collected in and intended to finance 2022 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. 2021 public utility property taxes, which became a lien December 31, 2020, are levied after October 1, 2021, and collected in 2021 with real property taxes.

The tax rate for all City operations for the year ended December 31, 2021, was \$4.45 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2021 property tax receipts were based are as follows:

Real Property	\$600,345,660
Public Utility Tangible Property	<u>30,747,330</u>
Total Valuation	<u><u>\$631,092,990</u></u>

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

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, 2021 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 2021 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

City of Middleburg Heights, Ohio
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In 2021, 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	\$546,500
Homestead and Rollback	135,246
Local Government Funds	144,632
Permissive Motor Vehicle License Tax	10,190
Berea Municipal Court	1,893
Total	<u>\$838,461</u>

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 2021, the City contracted with 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	\$64,744,052
Travelers Insurance Co.	Inland marine coverage	\$1,331,000
Travelers Insurance Co.	Public Entity Management Liability	\$1 million per occurrence
Travelers Insurance Co.	Law Enforcement Liability	\$1 million per occurrence
Travelers Insurance Co.	Cyber Risk Liability	\$1,000,000
Travelers Insurance Co.	Employee Dishonesty	\$250,000
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

City of Middleburg Heights, Ohio
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For the Year Ended December 31, 2021

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 2021 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 \$3,107,679 in aggregate. In 2021, the City funded the self-insurance internal service fund at \$800 per month for single coverage and \$2,000 per month for family coverage. These charges are paid by the fund from which the employees' compensation is paid.

The claims liability of \$98,095 as estimated and reported in the internal service fund at December 31, 2021, 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.

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
2020	\$250,153	\$2,104,644	(\$2,193,821)	\$160,976
2021	\$160,976	\$2,231,773	(\$2,294,654)	\$98,095

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.

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 8 – Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021
Governmental Activities				
<i>Capital Assets not being Depreciated:</i>				
Land	\$7,535,975	\$1,186,181	\$0	\$8,722,156
Construction-In-Progress	17,620,122	709,400	(17,677,035)	652,487
Total Capital Assets, not being Depreciated	<u>25,156,097</u>	<u>1,895,581</u>	<u>(17,677,035)</u>	<u>9,374,643</u>
<i>Capital Assets being Depreciated:</i>				
Land Improvements	1,425,689	65,385		1,491,074
Buildings and Improvements	33,302,902	617,590		33,920,492
Furniture and Fixtures	142,626			142,626
Machinery and Equipment	11,892,494	1,104,989	(260,396)	12,737,087
Infrastructure:				
Streets	27,371,069	10,585,067		37,956,136
Sidewalks	1,099,378	677,141		1,776,519
Traffic Signals	3,544,565	1,008,780		4,553,345
Water Mains	2,915,376	1,098,435		4,013,811
Sanitary Sewers	2,809,418	555,861		3,365,279
Storm Sewers	5,459,463	2,688,498		8,147,961
Total Capital Assets being Depreciated	<u>89,962,980</u>	<u>18,401,746</u>	<u>(260,396)</u>	<u>108,104,330</u>
Less Accumulated Depreciation:				
Land Improvements	(1,104,010)	(29,045)		(1,133,055)
Buildings and Improvements	(15,342,026)	(754,405)		(16,096,431)
Furniture and Fixtures	(83,240)	(4,168)		(87,408)
Machinery and Equipment	(8,435,373)	(687,771)	253,151	(8,869,993)
Infrastructure:				
Streets	(8,379,254)	(949,052)		(9,328,306)
Sidewalks	(330,443)	(44,412)		(374,855)
Traffic Signals	(3,153,755)	(99,229)		(3,252,984)
Water Mains	(679,139)	(53,517)		(732,656)
Sanitary Sewers	(804,654)	(47,207)		(851,861)
Storm Sewers	(984,557)	(111,166)		(1,095,723)
Total Accumulated Depreciation	<u>(39,296,451)</u>	<u>(2,779,972)</u>	<u>253,151</u>	<u>(41,823,272)</u>
Total Capital Assets being Depreciated, Net	<u>50,666,529</u>	<u>15,621,774</u>	<u>(7,245)</u>	<u>66,281,058</u>
Governmental Activities Capital Assets, Net	<u>\$75,822,626</u>	<u>\$17,517,355</u>	<u>(\$17,684,280)</u>	<u>\$75,655,701</u>

* Depreciation expense was charged to governmental activities as follows:

Public Safety:	
Police	\$226,804
Fire	251,543
Culture and Recreation	480,072

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Community Development	12,444
Streets and Highways	1,304,582
General Government	<u>504,527</u>
Total Depreciation Expense	<u><u>\$2,779,972</u></u>

Note 9 - Defined Benefit Pension Plans

The statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are components of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions and OPEB are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period.

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients.

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

The remainder of this note includes the pension disclosures. See Note 10 for the OPEB disclosures.

City of Middleburg Heights, Ohio
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Plan Description – Ohio Public Employees Retirement System (OPERS)

City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS ACFR referenced above for additional information, including requirements for reduced and unreduced benefits):

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

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

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

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

When a benefit recipient has received benefits for 12 months, current law provides for an annual cost-of-living adjustment (COLA). This COLA is calculated on the original base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the COLA is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index (CPI), capped at 3 percent.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

	State and Local
2021 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2021 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$1,002,833 for 2021.

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

Full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

City of Middleburg Heights, Ohio
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The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.0 percent of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.0 percent or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1 of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

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

	<u>Police</u>	<u>Firefighters</u>
2021 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2021 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	<u>12.25 %</u>	<u>12.25 %</u>

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$1,256,381 for 2021. Of this amount, \$138,699 is reported as an intergovernmental payable.

City of Middleburg Heights, Ohio
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Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	OP&F	Total
Proportion of the Net Pension Liability:			
Current Measurement Period	0.048794%	0.232611%	
Prior Measurement Period	0.054001%	0.240866%	
Change in Proportion	<u>-0.005207%</u>	<u>-0.008255%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 7,225,329	\$ 15,857,308	\$ 23,082,637
Pension Expense	\$ (314,527)	\$ 883,184	\$ 568,657

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Differences between Expected and			
Actual Experience	\$ -	\$ 662,888	\$ 662,888
Changes of Assumptions	-	265,935	265,935
Changes in Proportionate Share and			
Differences in Contributions	-	367,122	367,122
City Contributions Subsequent			
to the Measurement Date	1,002,833	1,256,381	2,259,214
Total Deferred Outflows of Resources	<u>\$ 1,002,833</u>	<u>\$ 2,552,326</u>	<u>\$ 3,555,159</u>
Deferred Inflows of Resources			
Differences between Expected and			
Actual Experience	\$ 302,242	\$ 617,753	\$ 919,995
Net Difference between Projected and Actual			
Earnings on Pension Plan Investments	2,816,220	769,186	3,585,406
Changes in Proportionate Share and			
Differences in Contributions	724,639	619,488	1,344,127
Total Deferred Inflows of Resources	<u>\$ 3,843,101</u>	<u>\$ 2,006,427</u>	<u>\$ 5,849,528</u>

\$2,259,214 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

City of Middleburg Heights, Ohio
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Year Ending December 31:	OPERS	OP&F	Total
2022	\$ (1,672,090)	\$ (30,631)	\$ (1,702,721)
2023	(638,933)	245,560	(393,373)
2024	(1,147,986)	(744,624)	(1,892,610)
2025	(384,092)	(156,414)	(540,506)
2026	-	(24,373)	(24,373)
Total	<u>\$ (3,843,101)</u>	<u>\$ (710,482)</u>	<u>\$ (4,553,583)</u>

Actuarial Assumptions – OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020 are presented below.

<u>Actuarial Information</u>	<u>Traditional Pension Plan</u>
Wage Inflation	3.25 percent
Future Salary Increases, including wage inflation	3.25 percent to 10.75 percent (including wage inflation)
Investment Rate of Return	
Current Measurement Date	7.20 percent
Prior Measurement Date	7.20 percent
Actuarial Cost Method	Individual Entry Age
Cost-of-Living Adjustments	Pre-1/7/2013 Retirees: 3.00 percent Simple Post-1/7/2013 Retirees: 0.50 percent Simple through 2021, then 2.15 percent Simple

In October 2020, the OPERS Board adopted a change in COLA for post-January 7, 2013 retirees, changing it from 1.4 percent simple through 2020 then 2.15 simple to 0.5 percent simple through 2021 then 2.15 percent simple.

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

City of Middleburg Heights, Ohio
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For the Year Ended December 31, 2021

determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other Investments	9.00	4.75
Total	100.00 %	5.43 %

Discount Rate The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent and the City's proportionate share of the net pension liability if it were calculated using a discount rate that is one percent lower (6.20 percent) or one percent higher (8.20 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	\$ 13,782,353	\$ 7,225,329	\$ 1,773,174

Changes between Measurement Date and Report Date During 2021, the OPERS Board lowered the investment rate of return from 7.2 percent to 6.9 percent along with certain other changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

City of Middleburg Heights, Ohio
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Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2020 is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2020, are presented below:

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.20 percent simple for increases based on the lesser of the increase in CPI and 3 percent

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

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline

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inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2020, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	<u>125.00 %</u>	

Note: Assumptions are geometric.

* levered 2.5x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

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

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

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	\$ 22,075,403	\$ 15,857,308	\$ 10,653,389

City of Middleburg Heights, Ohio
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Note 10 - Defined Benefit OPEB Plans

See Note 9 for a description of the net OPEB liability (asset).

Plan Description – Ohio Public Employees Retirement System (OPERS)

OPERS administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will

City of Middleburg Heights, Ohio
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continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2021.

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

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A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

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

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

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2021, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was \$29,849 for 2021. Of this amount, \$3,286 is reported as an intergovernmental payable.

OPEB Liability (Asset), OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2020, and was

City of Middleburg Heights, Ohio
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determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Period	0.045985%	0.2326111%	
Prior Measurement Period	0.051061%	0.2408659%	
Change in Proportion	<u>-0.005076%</u>	<u>-0.0082548%</u>	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ (819,260)	\$ 2,464,553	
OPEB Expense	\$ (5,217,905)	\$ 207,856	\$ (5,010,049)

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes of Assumptions	\$ 402,758	\$ 1,361,532	\$ 1,764,290
Changes in Proportionate Share and			
Differences in Contributions	748	213,253	214,001
City Contributions Subsequent			
to the Measurement Date	<u>-</u>	<u>29,849</u>	<u>29,849</u>
Total Deferred Outflows of Resources	<u>\$ 403,506</u>	<u>\$ 1,604,634</u>	<u>\$ 2,008,140</u>
Deferred Inflows of Resources			
Differences between Expected and			
Actual Experience	\$ 739,377	\$ 406,519	\$ 1,145,896
Net Difference between Projected and Actual			
Earnings on OPEB Plan Investments	436,348	91,590	527,938
Changes of Assumptions	1,327,446	392,897	1,720,343
Changes in Proportionate Share and			
Differences in Contributions	<u>430,837</u>	<u>287,468</u>	<u>718,305</u>
Total Deferred Inflows of Resources	<u>\$ 2,934,008</u>	<u>\$ 1,178,474</u>	<u>\$ 4,112,482</u>

\$29,849 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2022	\$ (1,360,545)	\$ 77,814	\$ (1,282,731)
2023	(928,921)	99,501	(829,420)
2024	(189,619)	65,310	(124,309)
2025	(51,417)	87,674	36,257
2026	-	39,699	39,699
Thereafter	-	26,313	26,313
Total	<u>\$ (2,530,502)</u>	<u>\$ 396,311</u>	<u>\$ (2,134,191)</u>

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Actuarial Assumptions – OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, Including Inflation	3.25 to 10.75 percent, including wage inflation
Single Discount Rate:	
Current Measurement Date	6.00 percent
Prior Measurement Date	3.16 percent
Investment Rate of Return:	
Current Measurement Date	6.00 percent
Prior Measurement Date	6.00 percent
Municipal Bond Rate:	
Current Measurement Date	2.00 percent
Prior Measurement Date	2.75 percent
Health Care Cost Trend Rate:	
Current Measurement Date	8.5 percent, initial, 3.50 percent, ultimate in 2035
Prior Measurement Date	10.5 percent, initial, 3.50 percent, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

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

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

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

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pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by OPERS investment consultant.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other Investments	9.00	4.02
Total	100.00 %	4.43 %

Discount Rate A single discount rate of 6.00 percent was used to measure the total OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent (Fidelity Index's "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 6.00 percent and the City's proportionate share of the net OPEB liability (asset) if it were calculated using a discount rate that is one percent lower (5.00 percent) or one percent higher (7.00 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB (Asset)	\$ (203,714)	\$ (819,260)	\$ (1,325,288)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant

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impact on the net OPEB liability (asset). The following table presents the net OPEB liability (asset) calculated using the assumed trend rates, and the expected net OPEB liability (asset) if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Trend Rate	1% Increase
City's Proportionate Share of the Net OPEB (Asset)	\$ (839,226)	\$ (819,260)	\$ (796,920)

Changes between Measurement Date and Report Date During 2021, the OPERS Board made various changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

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Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	3.25 percent
Blended Discount Rate:	
Current Measurement Date	2.96 percent
Prior Measurement Date	3.56 percent
Municipal Bond Rate:	
Current Measurement Date	2.12 percent
Prior Measurement Date	3.75 percent
Cost of Living Adjustments	2.20 percent simple

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

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

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

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. The target asset allocation and best estimates of geometric real rates of return for each major asset class as of December 31, 2020, are summarized below:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	21.00	4.10
Non-U.S. Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income*	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	125.00 %	

Note: Assumptions are geometric.

* Levered 2.5x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate For 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. For 2019, the total OPEB liability was calculated using the discount rate of 3.56 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.12 percent at December 31, 2020 and 2.75 percent at December 31, 2019, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 2.96 percent for 2020 and 3.56 percent for 2019. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.96 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.96 percent), or one percentage point higher (3.96 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$ 3,073,156	\$ 2,464,553	\$ 1,962,526

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

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	\$293,357	\$33,041	\$0	\$0	\$0	\$0
Materials and Supplies						
Inventory	118,389	24,624				166,926
Unclaimed Monies	96,986					
Total Non-Spendable	508,732	57,665	0	0	0	166,926
Restricted for:						
Bond Retirement			391,990			
Recreation		334,773				
Street Construction						1,745,856
State Highway						293,610
Clerk of Court Computer						34,603
FEMA						494
Law Enforcement						78,937
Police Pension						32,915

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Fire Pension						32,915
Total Restricted	0	334,773	391,990	0	0	2,219,330
Committed to:						
Capital Improvements				5,399,610		
Street/Infrast. Improvements					593,893	
Medical Transport						547,583
Tree Planting						7,130
Veteran's Memorial						7,422
Total Committed	0	0	0	5,399,610	593,893	562,135
Assigned for:						
Unpaid Obligations	216,435					
Unassigned:	11,136,659	0	0	0	0	0
Total Fund Balance:	\$11,861,826	\$392,438	\$391,990	\$5,399,610	\$593,893	\$2,948,391

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
Refunded Street Improvement	2020	2.50 - 3.50%	4,105,000
Special Assessments Bonds			
Engle Road Improvements	2002	1.60 - 4.50 %	210,000
American Veterans Parkway	2018	3.00 - 4.00%	2,200,000

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

	Outstanding 12/31/20	Additions	(Reductions)	Outstanding 12/31/21	Amounts Due in One Year
General Obligation Bonds:					
Emergency Generator	\$65,000	\$0	(\$30,000)	\$35,000	\$35,000
2020 Street Improve Refunding	4,105,000		(310,000)	3,795,000	320,000
Unamortized Premium	160,476		(13,373)	147,103	0
Total General Obligation Bonds	4,330,476	0	(353,373)	3,977,103	355,000
Direct Placement:					
1.75% Various Improvement Bond Anticipation Notes	6,750,000		(6,750,000)	0	
.558% Various Improvement Bond Anticipation Notes		11,800,000		11,800,000	
Total Bond Anticipation Notes	6,750,000	11,800,000	(6,750,000)	11,800,000	0
Special Assessment Bonds:					
Engle Road Improvements	30,000		(15,000)	15,000	15,000
American Veterans Parkway	2,100,000		(50,000)	2,050,000	55,000
Unamortized Premium	26,425	0	(777)	25,648	
Total Special Assessment Bonds	2,156,425	0	(65,777)	2,090,648	70,000

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Net Pension Liability:					
Pension	26,899,678	0	(3,817,041)	23,082,637	0
OPEB	9,432,059		(6,967,506)	2,464,553	0
Total Net Pension/OPEB Liability	36,331,737	0	(10,784,547)	25,547,190	0
Direct Borrowings:					
Equipment and Vehicles	1,139,298		(306,183)	833,115	218,550
OPWC Loan	572,168	0	(40,870)	531,298	40,870
Total Direct Borrowings	1,711,466	0	(347,053)	1,364,413	259,420
Other Long-Term Liabilities					
Compensated Absences	3,409,977	2,942,910	(3,138,442)	3,214,445	1,920,657
Total Long-Term Liabilities	\$54,690,081	\$14,742,910	(\$21,439,192)	\$47,993,799	\$2,605,077

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 On October 8, 2020, The City issued \$4,105,000 of current refunding general obligation bonds. The proceeds of the bonds were used to refund \$4,000,000 of the City's outstanding 2013 Street Improvement Bonds. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt by \$412,549 and an economic gain (difference between present values of the old and new debt service payments) of \$385,765. As of December 31, 2021 \$3,715,000 of these bonds are considered defeased (which will mature on December 1, 2022 through December 1, 2032).

Bond Anticipation Notes In April 2021, the City issued \$11,800,000 in various purpose bond anticipation notes for community center improvements, conversion of the old library into a police station and various street improvements throughout the City. The issue included a premium of \$37,100 which was recorded as an expense in the year of issuance. The notes will be paid out of the Capital Improvements Fund and the Street Infrastructure Improvements Fund.

Net Pension and OPEB Liability There are no repayment schedules for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the general fund. For additional information related to the net liability and net OPEB liability see notes 9 and 10.

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. In the event of default, the amount of default shall bear interest plus all costs incurred and the entire principal amount shall be due. 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, 2021

Other Long-Term Obligations The compensated absences liability will be paid from the general fund, recreation fund and the street construction, maintenance and repair fund.

The City's overall legal debt margin was \$66,264,764 at December 31, 2021. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2021, are as follows:

Year	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2022	\$355,000	\$56,603	\$70,000	\$76,637
2023	325,000	50,387	55,000	73,763
2024	330,000	45,675	60,000	71,562
2025	335,000	40,890	60,000	69,163
2026	340,000	36,033	65,000	66,762
2027-2031	1,775,000	104,762	355,000	294,756
2032-2036	370,000	5,365	420,000	228,544
2037-2041			505,000	147,019
2042-2046			475,000	45,187
Total	\$3,830,000	\$339,715	\$2,065,000	\$1,073,393

Year	OPWC Loan-Direct Borrowing		Totals	
	Principal	Interest	Principal	Interest
2022	\$40,870		\$465,870	\$133,240
2023	40,870		420,870	124,150
2024	40,870		430,870	117,237
2025	40,870		435,870	110,053
2026	40,870		445,870	102,795
2027-2031	204,347		2,334,347	399,518
2032-2036	122,601		912,601	233,909
2037-2041			505,000	147,019
2042-2046			475,000	45,187
Total	\$531,298	\$0	\$6,426,298	\$1,413,108

Conduit debt obligations 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 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.

In August of 2020, the City issued \$70,135,000 of Hospital Facilities Improvement and Refunding Revenue Bonds, Series 2020A and 2020B, for the purpose of providing funds to pay for the costs of hospital facilities to be used by Southwest General Health Center and advance refund the Hospital Improvement Refunding Revenue Bonds, Series 2012A. The City is not obligated in any way to repay this debt.

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

In May of 2021, the City issued \$53,190,000 Hospital Facilities Refunding Revenue Bonds, Series 2021A, for the purpose of providing funds advance refund the Hospital Improvement Refunding Revenue Bonds, Series 2011. The City is not obligated in any way to repay this debt.

December 31, 2021, the aggregate principal amount of conduit debt obligations outstanding is \$142,246,312.

Note 15 – Capital Leases

In 2020, the City entered into two Capital Lease Agreements for the financing and acquisition of Body Cameras for the police department with a down payment of \$21,593 and for the financing and acquisition of Aerial Ladder Truck for the fire department. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception dates. The assets acquired through the capital lease are reported as follows:

	Governmental Activities	
	2021	2021
	Aerial Truck	Body Cameras
Asset:		
Machinery and Equipment	\$1,007,927	\$60,891
Less: Accum Depreciation	(67,195)	(8,626)
	<u>\$940,732</u>	<u>\$52,265</u>

The future minimum lease obligations and the present value of these minimum lease payments as of December 31, 2021, are as follows:

Year Ending December 31:	Governmental Activities	
	Aerial Truck	Body Cameras
2022	\$211,611	\$21,593
2023	211,611	
2024	211,611	
2025	211,611	
Total Minimum Lease Payments	846,444	21,593
Less: Amount Representing Interest	(33,599)	(1,323)
Present Value of Minimum Lease Payments	<u>\$812,845</u>	<u>\$20,270</u>

In the event of default, Lessor may declare an amount equal to all remaining lease payments in effect when the default occurs together with interest be immediately due and payable or request the City promptly return the asset to the Lessor and/or Lessor to disable the asset and take immediate possession of and remove it or sell, lease or otherwise dispose of any assets financed under the leases and demand payment of all out-of-pocket costs and expenses incurred by the Lessor as a result of default.

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 16 - Contractual Commitments

The City had the following contractual commitments outstanding at December 31, 2021:

Project	Remaining on Contract
Airport Management	\$23,875
Fire Dept. Structural Engineering	3,500
Smith Road Project	13,290
Bagley Road Bridge Improvements	62,443
Bagley / Baldwin Traffic Signal	30,000
General Pavement Services	47,533
Big Creek Detention Basin	251,818
Street Improvement Program	103,794
Sheldon Road Resurfacing	185,320
Police Department Rehab.	280,689
	<u>\$1,002,262</u>

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

Funds	Encumbrance Commitments
General fund	\$583,455
Recreation Fund	32,518
Capital Improvement Fund	5,480,686
Street Infrastructure Fund	1,118,087
Nonmajor Governmental Funds	355,527
	<u>\$7,570,273</u>

Note 17 - Interfund Transfers and Balances

During calendar year 2021, a transfer of \$1,100,000 was made from the General Fund to the Street Construction Fund. This transfer was made to provide additional resources to fund current operations. Also, a transfer was made from the General Fund to the Capital Improvement Fund of \$100,000 for ongoing capital needs of the City. In addition, three inter-fund receivable/payables were made in 2021. The City advanced \$555,805 from the General Fund to the Capital Projects fund and \$1,190,000 from the General fund to the Streets Infrastructure Improvement Fund for various capital projects. All will be repaid in 2022.

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

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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 2021, City of Middleburg Heights remitted \$194,300 to the Health Center.

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 2021, the City of Middleburg Heights contributed \$50,000 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 2021, the City of Middleburg Heights contributed \$22,500 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 over 200 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

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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.

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.

Note 19 – Covid-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The City's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

Note 20 – Subsequent Events

On April 13, 2022 the City issued General Obligation Various Purpose Improvement Bonds in the amount of \$14,850,000 at coupon rates from 3% to 5% payable in semi-annual interest and annual principal payments. The bonds mature in 2047. The bonds will finance community center improvements, conversion of the old library into a police station and street improvements throughout the City.

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**City of Middleburg Heights
Cuyahoga County, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Last Eight Years (1)**

	<u>2021</u>	<u>2020</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>		
City's Proportion of the Net Pension Liability	0.048794%	0.054001%
City's Proportionate Share of the Net Pension Liability	\$7,225,329	\$10,673,664
City's Covered Payroll	\$6,872,364	\$7,596,371
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.14%	140.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%
<i>Ohio Police and Fire Pension Fund (OPF)</i>		
City's Proportion of the Net Pension Liability	0.232611%	0.240866%
City's Proportionate Share of the Net Pension Liability	\$15,857,308	\$16,226,014
City's Covered Payroll	\$5,667,281	\$5,737,012
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	279.80%	282.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.65%	69.89%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

2019	2018	2017	2016	2015	2014
0.054164%	0.053348%	0.055777%	0.057222%	0.055940%	0.055940%
\$14,834,421	\$8,369,253	\$12,666,117	\$9,911,572	\$6,746,989	\$6,594,597
\$7,321,493	\$7,047,179	\$7,208,742	\$7,130,408	\$6,931,658	\$6,656,215
202.61%	118.76%	175.70%	139.00%	97.34%	99.07%
74.70%	84.66%	77.25%	81.08%	86.45%	86.36%
0.235846%	0.229533%	0.239505%	0.245510%	0.260045%	0.260045%
\$19,251,266	\$14,087,477	\$15,170,006	\$15,793,831	\$13,471,400	\$12,664,993
\$5,495,118	\$5,030,065	\$5,171,594	\$5,136,362	\$5,104,401	\$4,963,462
350.33%	280.07%	293.33%	307.49%	263.92%	255.16%
63.07%	70.91%	68.36%	66.77%	72.20%	73.00%

**City of Middleburg Heights
Cuyahoga County, Ohio
Required Supplementary Information
Schedule of the City's Contributions - Pension
Last Ten Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>			
Contractually Required Contribution	\$1,002,833	\$962,131	\$1,063,492
Contributions in Relation to the Contractually Required Contribution	<u>(1,002,833)</u>	<u>(962,131)</u>	<u>(1,063,492)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll	\$7,163,093	\$6,872,364	\$7,596,371
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%
<i>Ohio Police and Fire Pension Fund (OPF)</i>			
Contractually Required Contribution	\$1,256,381	\$1,194,308	\$1,210,827
Contributions in Relation to the Contractually Required Contribution	<u>(1,256,381)</u>	<u>(1,194,308)</u>	<u>(1,210,827)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll	\$5,969,771	\$5,667,281	\$5,737,012
Contributions as a Percentage of Covered Payroll	21.05%	21.07%	21.11%

(n/a) Information prior to 2013 is not available.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$1,025,009	\$916,133	\$865,049	\$855,649	\$831,799	\$865,308	n/a
<u>(1,025,009)</u>	<u>(916,133)</u>	<u>(865,049)</u>	<u>(855,649)</u>	<u>(831,799)</u>	<u>(865,308)</u>	<u>n/a</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>n/a</u>
\$7,321,493	\$7,047,179	\$7,208,742	\$7,130,408	\$6,931,658	\$6,656,215	n/a
14.00%	13.00%	12.00%	12.00%	12.00%	13.00%	n/a
\$1,157,171	\$1,061,150	\$1,089,883	\$1,089,823	\$1,088,457	\$1,069,224	\$1,039,163
<u>(1,157,171)</u>	<u>(1,061,150)</u>	<u>(1,089,883)</u>	<u>(1,089,823)</u>	<u>(1,088,457)</u>	<u>(1,069,224)</u>	<u>(1,039,163)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$5,495,118	\$5,030,065	\$5,171,594	\$5,136,362	\$5,104,401	\$4,963,462	\$4,821,539
21.06%	21.10%	21.07%	21.22%	21.32%	21.54%	21.55%

City of Middleburg Heights
Cuyahoga County, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)
Last Five Years (1)

	<u>2021</u>	<u>2020</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>		
City's Proportion of the Net OPEB Liability (Asset)	0.045985%	0.051061%
City's Proportionate Share of the Net OPEB Liability (Asset)	(\$819,260)	\$7,052,851
City's Covered Payroll	\$6,872,364	\$7,596,371
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	-11.92%	92.85%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	115.57%	47.80%
<i>Ohio Police and Fire Pension Fund (OPF)</i>		
City's Proportion of the Net OPEB Liability	0.232611%	0.240866%
City's Proportionate Share of the Net OPEB Liability	\$2,464,553	\$2,379,208
City's Covered Payroll	\$5,667,281	\$5,737,012
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	43.49%	41.47%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	45.42%	47.08%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

2019	2018	2017
0.051151%	0.050468%	0.052867%
\$6,668,883	\$5,480,417	\$5,339,747
\$7,321,493	\$7,047,179	\$7,208,742
91.09%	77.77%	74.07%
46.33%	54.14%	54.04%
0.235846%	0.229533%	0.239505%
\$2,147,740	\$13,005,024	\$11,368,764
\$5,495,118	\$5,030,065	\$5,171,594
39.08%	258.55%	219.83%
46.57%	14.13%	15.96%

**City of Middleburg Heights
Cuyahoga County, Ohio
Required Supplementary Information
Schedule of the City's Contributions - OPEB
Last Ten Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>			
Contractually Required Contribution	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll (1)	\$7,163,093	\$6,872,364	\$7,596,371
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%
<i>Ohio Police and Fire Pension Fund (OPF)</i>			
Contractually Required Contribution	\$29,849	\$28,336	\$28,685
Contributions in Relation to the Contractually Required Contribution	<u>(29,849)</u>	<u>(28,336)</u>	<u>(28,685)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll	\$5,969,771	\$5,667,281	\$5,737,012
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%

(n/a) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.

(1) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$0	\$70,472	\$144,175	n/a	n/a	n/a	n/a
0	(70,472)	(144,175)	n/a	n/a	n/a	n/a
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
\$7,321,493	\$7,047,179	\$7,208,742	n/a	n/a	n/a	n/a
0.00%	1.00%	2.00%	n/a	n/a	n/a	n/a
\$27,476	\$25,150	\$25,858	\$17,428	\$17,361	\$66,534	\$325,243
(27,476)	(25,150)	(25,858)	(17,428)	(17,361)	(66,534)	(325,243)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$5,495,118	\$5,030,065	\$5,171,594	\$5,136,362	\$5,104,401	\$4,963,462	\$4,821,539
0.50%	0.50%	0.50%	0.30%	0.30%	1.34%	6.75%

City of Middleburg Heights, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions – OPERS

Discount Rate:

Calendar year 2021	6.90 percent
Calendar year 2020	7.20 percent
Calendar year 2019	7.20 percent
Calendar year 2018	7.50 percent
Calendar year 2017	8.00 percent

Calendar year 2017 reflects an adjustment of the rates of withdrawal, disability, retirement and mortality to more closely reflect actual experience. The expectation of retired life mortality was based on RP-2014 Healthy Annuitant mortality table and RP-2014 Disabled mortality table. The following reductions were also made to the actuarial assumptions:

- Wage inflation rate from 3.75 percent to 3.25 percent
- Price inflation from 3.00 percent to 2.50 percent

Changes in Benefit Terms – OPERS

In October 2019, the OPERS Board adopted a change in COLA for post-January 7, 2013 retirees, changing it from three percent simple through 2018 then 2.15 percent simple to 1.4 percent simple through 2020 then 2.15 percent simple.

Changes in Assumptions – OP&F

For 2018, the single discount rate changed from 8.25 percent to 8.00 percent.

Changes in Benefit Terms – OP&F

No significant changes in benefit terms.

NOTE 2 - NET OPEB LIABILITY

Changes in Assumptions - OPERS

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Discount Rate:

Calendar year 2021	6.00 percent
Calendar year 2020	3.16 percent
Calendar year 2019	3.96 percent
Calendar year 2018	3.85 percent
Calendar year 2017	4.23 percent

City of Middleburg Heights, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

Municipal Bond Rate:

Calendar year 2021	2.00 percent
Calendar year 2020	2.75 percent
Calendar year 2019	3.71 percent
Calendar year 2018	3.31 percent

Health Care Cost Trend Rate:

Calendar year 2021	8.50 percent
Calendar year 2020	10.50 percent
Calendar year 2019	10.00 percent
Calendar year 2018	7.50 percent

For calendar year 2019, the investment rate of return decreased from 6.50 percent to 6.00 percent.

Changes in Benefit Terms – OPERS

For calendar year 2021, the cost of living adjustments decreased from 3.00 percent simple to 2.20 percent simple

Changes in Assumptions – OP&F

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Discount Rate:

Calendar year 2021	2.96 percent
Calendar year 2020	3.56 percent
Calendar year 2019	4.66 percent
Calendar year 2018	3.24 percent
Calendar year 2017	3.79 percent

Municipal Bond Rate:

Calendar year 2021	2.12 percent
Calendar year 2020	2.75 percent
Calendar year 2019	4.13 percent
Calendar year 2018	3.16 percent

Changes in Benefit Terms – OP&F

Beginning January 1, 2019 OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

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.

FEMA Grant Fund To account for the grant proceeds from the Federal Emergency Management Agency and related expenditures.

Local Fiscal Recovery Fund To account for the grant proceeds from the United States Department of Treasury, Ohio Budget and Management Department and Cuyahoga County.

PACE Special Assessment To account for the special assessments levied for the completion of a special energy improvement project in Middleburg Heights.

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

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

Nonmajor Special Revenue Funds

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.

Nonmajor Capital Projects Fund

Capital Projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities.

Fat Head's Brewing Tax Increment Financing Fund This fund accounts for the revenues received from Service Payments in Lieu of Taxes (PILOTs) that are legally restricted for the payment of improvements related to the Fat Heads Brewing project.

City of Middleburg Heights, Ohio

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2021

	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Assets:		
Equity in Pooled Cash and Investments	\$3,486,568	\$3,486,568
Materials and Supplies Inventory	166,445	166,445
Accounts Receivable	185,649	185,649
Intergovernmental Receivable	580,760	580,760
Prepaid Items	481	481
Property Taxes Receivable	596,928	596,928
	<hr/>	<hr/>
<i>Total Assets</i>	5,016,831	5,016,831
	<hr/>	<hr/>
Total Assets and Deferred Outflows of Resources	\$5,016,831	\$5,016,831
	<hr/> <hr/>	<hr/> <hr/>
Liabilities:		
Accounts Payable	\$67,071	\$67,071
Accrued Wages	34,159	34,159
Intergovernmental Payable	12,383	12,383
Unearned Revenue	808,259	808,259
	<hr/>	<hr/>
<i>Total Liabilities</i>	921,872	921,872
	<hr/>	<hr/>
Deferred Inflows of Resources:		
Property Taxes	574,308	574,308
Unavailable Revenue-Delinquent Property Taxes	22,620	22,620
Unavailable Revenue-Other	549,640	549,640
<i>Total Deferred Inflows of Resources</i>	1,146,568	1,146,568
	<hr/>	<hr/>
Fund Balances		
Non-Spendable	166,926	166,926
Restricted	2,219,330	2,219,330
Committed	562,135	562,135
	<hr/>	<hr/>
<i>Total Fund Balances</i>	2,948,391	2,948,391
	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$5,016,831	\$5,016,831
	<hr/> <hr/>	<hr/> <hr/>

City of Middleburg Heights, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2021

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Property Taxes	\$490,704	\$0	\$490,704
Payment In Lieu of Taxes		74,736	74,736
Intergovernmental	1,298,907		1,298,907
Special Assessments	318,524		318,524
Interest	10,373		10,373
Fines, Licenses and Permits	17,456		17,456
Charges for Services	208,936		208,936
Other	27,775		27,775
<i>Total Revenues</i>	<u>2,372,675</u>	<u>74,736</u>	<u>2,447,411</u>
Expenditures			
Current:			
Security of Persons and Property:			
Police	192,579		192,579
Fire	276,318		276,318
Public Health and Welfare	194,300		194,300
Economic Development	318,524		318,524
Streets and Highways	1,998,799		1,998,799
General Government	9,142		9,142
Capital Outlay	42,357		42,357
Debt Service:			
Principal Retirement	19,029		19,029
Interest and Fiscal Charges	2,564		2,564
TIF Service Payments		74,736	74,736
<i>Total Expenditures</i>	<u>3,053,612</u>	<u>74,736</u>	<u>3,128,348</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(680,937)</u>	<u>0</u>	<u>(680,937)</u>
Other Financing Sources			
Transfers In	<u>1,100,000</u>		<u>1,100,000</u>
<i>Total Other Financing Sources</i>	<u>1,100,000</u>	<u>0</u>	<u>1,100,000</u>
<i>Net Change in Fund Balances</i>	<u>419,063</u>	<u>0</u>	<u>419,063</u>
<i>Fund Balances Beginning of Year</i>	<u>2,529,328</u>	<u>0</u>	<u>2,529,328</u>
<i>Fund Balances End of Year</i>	<u>\$2,948,391</u>	<u>\$0</u>	<u>\$2,948,391</u>

City of Middleburg Heights, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2021

	Street Construction	State Highway	Clerk of Court Computer	Law Enforcement	Medical Transport	FEMA Grant	Local Fiscal Recovery
Assets:							
Equity in Pooled Cash and Investments	\$1,673,583	\$279,490	\$34,603	\$78,853	\$530,904	\$494	\$808,259
Materials and Supplies Inventory	158,878	7,567					
Accounts Receivable					185,649		
Intergovernmental Receivable	514,938	41,752		84			
Prepaid Items	481						
Property Taxes Receivable							
<i>Total Assets</i>	<u>\$2,347,880</u>	<u>\$328,809</u>	<u>\$34,603</u>	<u>\$78,937</u>	<u>\$716,553</u>	<u>\$494</u>	<u>\$808,259</u>
Liabilities:							
Accounts Payable	\$56,409	\$0	\$0	\$0	\$10,662	\$0	\$0
Accrued Wages	33,192				967		
Intergovernmental Payable	12,280				103		
Unearned Revenue							808,259
<i>Total Liabilities</i>	<u>101,881</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,732</u>	<u>0</u>	<u>808,259</u>
Deferred Inflows of Resources:							
Property Taxes							
Unavailable Revenue-Delinquent Property Taxes							
Unavailable Revenue-Other	340,784	27,632			157,238		
<i>Total Deferred Inflows of Resources</i>	<u>340,784</u>	<u>27,632</u>	<u>0</u>	<u>0</u>	<u>157,238</u>	<u>0</u>	<u>0</u>
Fund Balances:							
Non-Spendable	159,359	7,567					
Restricted	1,745,856	293,610	34,603	78,937		494	0
Committed					547,583		
<i>Total Fund Balances</i>	<u>1,905,215</u>	<u>301,177</u>	<u>34,603</u>	<u>78,937</u>	<u>547,583</u>	<u>494</u>	<u>0</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$2,347,880</u>	<u>\$328,809</u>	<u>\$34,603</u>	<u>\$78,937</u>	<u>\$716,553</u>	<u>\$494</u>	<u>\$808,259</u>

(continued)

City of Middleburg Heights, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2021

	PACE Special Assessment	Police Pension	Fire Pension	Tree Planting	Veteran's Memorial	Southwest General Hospital	Total Nonmajor Special Revenue Funds
Assets:							
Equity in Pooled Cash and Investments	\$0	\$32,915	\$32,915	\$7,130	\$7,422	\$0	\$3,486,568
Materials and Supplies Inventory							166,445
Accounts Receivable							185,649
Intergovernmental Receivable		8,670	8,670			6,646	580,760
Prepaid Items							481
Property Taxes Receivable		174,045	174,045			248,838	596,928
<i>Total Assets</i>	<u>\$0</u>	<u>\$215,630</u>	<u>\$215,630</u>	<u>\$7,130</u>	<u>\$7,422</u>	<u>\$255,484</u>	<u>\$5,016,831</u>
Liabilities:							
Accounts Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$67,071
Accrued Wages							34,159
Intergovernmental Payable							12,383
Unearned Revenue							808,259
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>921,872</u>
Deferred Inflows of Resources:							
Property Taxes		167,332	167,332			239,644	574,308
Unavailable Revenue-Delinquent Property Taxes		6,713	6,713			9,194	22,620
Unavailable Revenue-Other		8,670	8,670			6,646	549,640
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>182,715</u>	<u>182,715</u>	<u>0</u>	<u>0</u>	<u>255,484</u>	<u>1,146,568</u>
Fund Balances:							
Non-Spendable							166,926
Restricted	0	32,915	32,915				2,219,330
Committed				7,130	7,422	0	562,135
<i>Total Fund Balances</i>	<u>0</u>	<u>32,915</u>	<u>32,915</u>	<u>7,130</u>	<u>7,422</u>	<u>0</u>	<u>2,948,391</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$0</u>	<u>\$215,630</u>	<u>\$215,630</u>	<u>\$7,130</u>	<u>\$7,422</u>	<u>\$255,484</u>	<u>\$5,016,831</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, 2021

	Street Construction	State Highway	Clerk of Court Computer	Law Enforcement	Medical Transport	FEMA Grant	Local Fiscal Recovery
Revenues							
Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Intergovernmental	1,159,246	93,992			3,339		
Special Assessments							
Interest	8,458	1,762		93		3	
Fines, Licenses and Permits			3,731	13,725			
Charges for Services	14,305	2,170			192,461		
Other	27,775						
<i>Total Revenues</i>	<u>1,209,784</u>	<u>97,924</u>	<u>3,731</u>	<u>13,818</u>	<u>195,800</u>	<u>3</u>	<u>0</u>
Expenditures							
Current:							
Security of Persons and Property:							
Police				2,583			
Fire					86,322		
Public Health and Welfare							
Economic Development							
Streets and Highways	1,953,344	45,455					
General Government			7,927				
Capital Outlay			9,950	11,746	20,661		
Debt Service:							
Principal Retirement				19,029			
Interest and Fiscal Charges				2,564			
<i>Total Expenditures</i>	<u>1,953,344</u>	<u>45,455</u>	<u>17,877</u>	<u>35,922</u>	<u>106,983</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over (Under)</i>							
<i>Expenditures</i>	<u>(743,560)</u>	<u>52,469</u>	<u>(14,146)</u>	<u>(22,104)</u>	<u>88,817</u>	<u>3</u>	<u>0</u>
Other Financing Sources							
Transfers In	1,100,000						
<i>Total Other Financing Sources</i>	<u>1,100,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>356,440</u>	<u>52,469</u>	<u>(14,146)</u>	<u>(22,104)</u>	<u>88,817</u>	<u>3</u>	<u>0</u>
<i>Fund Balances Beginning of Year</i>	<u>1,548,775</u>	<u>248,708</u>	<u>48,749</u>	<u>101,041</u>	<u>458,766</u>	<u>491</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$1,905,215</u>	<u>\$301,177</u>	<u>\$34,603</u>	<u>\$78,937</u>	<u>\$547,583</u>	<u>\$494</u>	<u>\$0</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, 2021

	PACE Special Assessment	Police Pension	Fire Pension	Tree Planting	Veteran's Memorial	Southwest General Hospital	Total Nonmajor Special Revenue Funds
Revenues							
Property Taxes		\$154,112	\$154,112	\$0	\$0	\$182,480	\$490,704
Intergovernmental		15,255	15,255			11,820	1,298,907
Special Assessments	318,524						318,524
Interest					57		10,373
Fines, Licenses and Permits							17,456
Charges for Services							208,936
Other							27,775
<i>Total Revenues</i>	<u>318,524</u>	<u>169,367</u>	<u>169,367</u>	<u>0</u>	<u>57</u>	<u>194,300</u>	<u>2,372,675</u>
Expenditures							
Current:							
Security of Persons and Property:							
Police		189,996					192,579
Fire			189,996				276,318
Public Health and Welfare						194,300	194,300
Economic Development	318,524						318,524
Streets and Highways							1,998,799
General Government				1,215			9,142
Capital Outlay							42,357
Debt Service:							
Principal Retirement							19,029
Interest and Fiscal Charges							2,564
<i>Total Expenditures</i>	<u>318,524</u>	<u>189,996</u>	<u>189,996</u>	<u>1,215</u>	<u>0</u>	<u>194,300</u>	<u>3,053,612</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>(20,629)</u>	<u>(20,629)</u>	<u>(1,215)</u>	<u>57</u>	<u>0</u>	<u>(680,937)</u>
Other Financing Sources							
Transfers In							1,100,000
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,100,000</u>
<i>Net Change in Fund Balances</i>	<u>0</u>	<u>(20,629)</u>	<u>(20,629)</u>	<u>(1,215)</u>	<u>57</u>	<u>0</u>	<u>419,063</u>
<i>Fund Balances Beginning of Year</i>	<u>0</u>	<u>53,544</u>	<u>53,544</u>	<u>8,345</u>	<u>7,365</u>	<u>0</u>	<u>2,529,328</u>
<i>Fund Balances End of Year</i>	<u>\$0</u>	<u>\$32,915</u>	<u>\$32,915</u>	<u>\$7,130</u>	<u>\$7,422</u>	<u>\$0</u>	<u>\$2,948,391</u>

City of Middleburg Heights, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Fund
For the Year Ended December 31, 2021

	Fat Head's TIF	Total Nonmajor Capital Projects Fund
Revenues		
Payment in Lieu of Taxes	\$74,736	\$74,736
<i>Total Revenues</i>	<i>74,736</i>	<i>74,736</i>
Expenditures		
Debt Service:		
TIF Service Payments	74,736	74,736
<i>Total Expenditures</i>	<i>74,736</i>	<i>74,736</i>
<i>Excess of Revenues Over (Under)</i> <i>Expenditures</i>	<i>0</i>	<i>0</i>
<i>Net Change in Fund Balances</i>	<i>0</i>	<i>0</i>
<i>Fund Balances Beginning of Year</i>	<i>0</i>	<i>0</i>
<i>Fund Balances End of Year</i>	<i>\$0</i>	<i>\$0</i>

Combining Statements – Custodial Funds

Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. These funds do not account for the City's own source revenue. The following is a description of the City's custodial funds.

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.

City of Middleburg Heights, Ohio
Combining Statement of Fiduciary Net Position
Custodial Funds
December 31, 2021

	Bd. of Building Standards	Mayor's Court	Total
Assets			
Equity in Pooled Cash and Equivalents	\$321	\$6,312	\$6,633
Total Assets	<u>321</u>	<u>6,312</u>	<u>6,633</u>
Liabilities			
Due to Other Governments	\$321	\$6,312	\$6,633
<i>Total Liabilities</i>	<u>321</u>	<u>6,312</u>	<u>6,633</u>
Net Position			
Restricted for Individuals, Organizations, and Other Governments	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

City of Middleburg Heights, Ohio
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Fiscal Year Ended December 31, 2021

	Bd. of Building Standards	Mayor's Court	Total
<u>Additions</u>			
Fines, Licenses and Permits for Other Governments	\$9,216	\$86,959	\$96,175
Total Additions	9,216	86,959	96,175
<u>Deductions</u>			
Distributions to the State of Ohio	\$9,216	\$74,934	\$84,150
Fines and Forfeitures Distributions to Other Governments		12,025	12,025
Total Deductions	9,216	86,959	96,175
Net Increase (Decrease) in Fiduciary Net Position	0	0	0
Net Position Beginning of Year	0	0	0
Net Position End of Year	\$0	\$0	\$0

**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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$1,880,039	\$1,926,039	\$1,926,427	\$388
Income Taxes	15,860,705	18,685,000	19,363,471	678,471
Other Local Taxes	350,000	480,000	545,343	65,343
Intergovernmental	502,100	529,100	563,278	34,178
Interest	125,000	75,000	73,040	(1,960)
Fines, Licenses and Permits	954,325	914,375	935,817	21,442
Charges for Services	491,800	452,800	512,351	59,551
Other	471,500	487,364	575,683	88,319
<i>Total Revenues</i>	<u>20,635,469</u>	<u>23,549,678</u>	<u>24,495,410</u>	<u>945,732</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Personal Services	5,449,010	5,186,510	5,126,557	59,953
Other	642,311	904,811	822,381	82,430
Total Police	<u>6,091,321</u>	<u>6,091,321</u>	<u>5,948,938</u>	<u>142,383</u>
Fire:				
Personal Services	4,152,544	4,152,544	3,882,433	270,111
Other	455,166	455,166	446,077	9,089
Total Fire	<u>4,607,710</u>	<u>4,607,710</u>	<u>4,328,510</u>	<u>279,200</u>
Total Security of Persons and Property	<u>10,699,031</u>	<u>10,699,031</u>	<u>10,277,448</u>	<u>421,583</u>
Public Health and Welfare:				
Senior Bus:				
Other	106,600	106,600	102,200	4,400
Total Senior Bus	<u>106,600</u>	<u>106,600</u>	<u>102,200</u>	<u>4,400</u>
Total Public Health and Welfare	<u>\$106,600</u>	<u>\$106,600</u>	<u>\$102,200</u>	<u>\$4,400</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, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Community Development:				
Planning and Zoning:				
Personal Services	\$106,122	\$106,122	\$104,147	\$1,975
Other	4,988	4,988	1,194	3,794
Total Planning and Zoning	111,110	111,110	105,341	5,769
Building:				
Personal Services	743,250	743,250	732,494	10,756
Other	260,619	233,519	142,384	91,135
Total Building	1,003,869	976,769	874,878	101,891
Engineer:				
Other	55,172	55,172	55,172	0
Total Engineer	55,172	55,172	55,172	0
Total Community Development	1,170,151	1,143,051	1,035,391	107,660
Economic Development:				
Personal Services	169,660	169,660	168,788	872
Other	434,244	434,244	317,253	116,991
Total Economic Development	603,904	603,904	486,041	117,863
Sanitation:				
Other	1,305,150	1,355,150	1,355,150	0
Total Sanitation	1,305,150	1,355,150	1,355,150	0
General Government:				
Mayor's Court:				
Personal Services	289,952	289,952	287,367	2,585
Other	17,798	17,798	4,266	13,532
Total Mayor's Court	307,750	307,750	291,633	16,117
Mayor:				
Personal Services	562,791	562,791	558,910	3,881
Other	11,156	11,156	5,429	5,727
Total Mayor	\$573,947	\$573,947	\$564,339	\$9,608

(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, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Finance:				
Personal Services	\$591,714	\$592,214	\$592,174	\$40
Other	43,127	42,627	40,605	2,022
Total Finance	634,841	634,841	632,779	2,062
Law:				
Personal Services	389,353	389,353	383,284	6,069
Other	89,783	89,783	56,121	33,662
Total Law	479,136	479,136	439,405	39,731
Service:				
Personal Services	2,835,420	2,825,420	2,614,074	211,346
Other	453,092	453,092	411,329	41,763
Total Service	3,288,512	3,278,512	3,025,403	253,109
Facilities Maintenance:				
Personal Services	443,280	448,280	442,608	5,672
Other	294,084	294,084	282,114	11,970
Total Facilities Maintenance	737,364	742,364	724,722	17,642
Council:				
Personal Services	460,616	460,616	459,794	822
Other	71,315	76,315	20,693	55,622
Total Council	531,931	536,931	480,487	56,444
Boards and Commissions:				
Personal Services	3,205	3,205	885	2,320
Other	10,050	10,050	3,627	6,423
Total Boards and Commissions	13,255	13,255	4,512	8,743
City Hall:				
Personal Services	450,000	488,000	487,593	407
Other	1,389,770	1,449,070	1,181,609	267,461
Total City Hall	1,839,770	1,937,070	1,669,202	267,868
Statutory Accounts:				
Other	771,406	893,906	877,888	16,018
Total Statutory Accounts	771,406	893,906	877,888	16,018
Total General Government	9,177,912	9,397,712	8,710,370	687,342
Total Expenditures	\$23,062,748	\$23,305,448	\$21,966,600	\$1,338,848

(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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(\$2,427,279)</u>	<u>\$244,230</u>	<u>\$2,528,810</u>	<u>\$2,284,580</u>
Other Financing Sources (Uses)				
Advances Out	0	(1,745,805)	(1,745,805)	0
Transfers Out	<u>(1,100,000)</u>	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(1,100,000)</u>	<u>(2,945,805)</u>	<u>(2,945,805)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(3,527,279)	(2,701,575)	(416,995)	2,284,580
<i>Fund Balance Beginning of Year</i>	6,320,369	6,320,369	6,320,369	0
Prior Year Encumbrances Appropriated	<u>592,942</u>	<u>592,942</u>	<u>592,942</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,386,032</u></u>	<u><u>\$4,211,736</u></u>	<u><u>\$6,496,316</u></u>	<u><u>\$2,284,580</u></u>

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Income Taxes	\$2,200,000	\$2,200,000	\$1,815,104	(\$384,896)
Charges for Services	751,525	607,600	629,783	22,183
Other	3,075	7,075	7,989	914
<i>Total Revenues</i>	<u>2,954,600</u>	<u>2,814,675</u>	<u>2,452,876</u>	<u>(361,799)</u>
Expenditures				
Current:				
Culture and Recreation:				
Personal Services	2,094,722	2,094,722	1,839,280	255,442
Other	883,121	963,121	656,927	306,194
<i>Total Expenditures</i>	<u>2,977,843</u>	<u>3,057,843</u>	<u>2,496,207</u>	<u>561,636</u>
<i>Net Change in Fund Balance</i>	(23,243)	(243,168)	(43,331)	199,837
<i>Fund Balance Beginning of Year</i>	200,000	200,000	200,000	0
Prior Year Encumbrances Appropriated	<u>43,331</u>	<u>43,331</u>	<u>43,331</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$220,088</u></u>	<u><u>\$163</u></u>	<u><u>\$200,000</u></u>	<u><u>\$199,837</u></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, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$50,134	\$50,134	\$51,365	\$1,231
Income Taxes	378,300	378,300	378,286	(14)
Special Assessments	140,000	130,000	130,236	236
Intergovernmental	5,366	5,366	5,084	(282)
<i>Total Revenues</i>	<u>573,800</u>	<u>563,800</u>	<u>564,971</u>	<u>1,171</u>
Expenditures				
Current:				
General Government:				
Other	12,300	48,100	37,090	11,010
Debt Service:				
Principal Retirement	405,000	405,000	405,000	0
Interest and Fiscal Charges	150,524	150,524	150,523	1
<i>Total Expenditures</i>	<u>567,824</u>	<u>603,624</u>	<u>592,613</u>	<u>11,011</u>
<i>Excess of Revenues Over Expenditures</i>	<u>5,976</u>	<u>(39,824)</u>	<u>(27,642)</u>	<u>12,182</u>
Other Financing Sources (Uses)				
Bond Premium	0	37,100	37,100	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>37,100</u>	<u>37,100</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	5,976	(2,724)	9,458	12,182
<i>Fund Balance Beginning of Year</i>	315,349	315,349	315,349	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$321,325</u>	<u>\$312,625</u>	<u>\$324,807</u>	<u>\$12,182</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, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Income Taxes	\$969,648	\$1,100,000	\$1,138,358	\$38,358
Intergovernmental	0	423,564	422,407	(1,157)
Other	17,500	190,464	191,497	1,033
<i>Total Revenues</i>	<u>987,148</u>	<u>1,714,028</u>	<u>1,752,262</u>	<u>38,234</u>
Expenditures				
Capital Outlay	<u>6,476,980</u>	<u>8,067,000</u>	<u>7,803,925</u>	<u>263,075</u>
Debt Service:				
Principal Retirement	2,650,000	2,650,000	2,650,000	0
Interest and Fiscal Charges	<u>58,138</u>	<u>58,138</u>	<u>58,138</u>	<u>0</u>
Total Debt Service	<u>2,708,138</u>	<u>2,708,138</u>	<u>2,708,138</u>	<u>0</u>
<i>Total Expenditures</i>	<u>9,185,118</u>	<u>10,775,138</u>	<u>10,512,063</u>	<u>263,075</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(8,197,970)</u>	<u>(9,061,110)</u>	<u>(8,759,801)</u>	<u>301,309</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	2,000	12,000	12,034	34
Transfers In	0	100,000	100,000	0
Advances In	0	555,805	555,805	0
Issuance of debt	<u>6,900,000</u>	<u>6,900,000</u>	<u>6,900,000</u>	<u>0</u>
<i>Total Other Financing Sources</i>	<u>6,902,000</u>	<u>7,567,805</u>	<u>7,567,839</u>	<u>34</u>
<i>Net Change in Fund Balance</i>	<u>(1,295,970)</u>	<u>(1,493,305)</u>	<u>(1,191,962)</u>	<u>301,343</u>
<i>Fund Balance Beginning of Year</i>	1,330,522	1,330,522	1,330,522	0
Prior Year Encumbrances Appropriated	<u>337,369</u>	<u>337,369</u>	<u>337,369</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$371,921</u>	<u>\$174,586</u>	<u>\$475,929</u>	<u>\$301,343</u>

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Streets Infrastructure Improvement Fund
For the Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Income Taxes	\$591,348	\$720,000	\$760,073	\$40,073
Intergovernmental	250,000	145,000	145,137	137
Charges for Services	1,000	1,000	0	(1,000)
Other	417,500	697,000	698,525	1,525
<i>Total Revenues</i>	<u>1,259,848</u>	<u>1,563,000</u>	<u>1,603,735</u>	<u>40,735</u>
Expenditures				
Current:				
Capital Outlay	3,686,888	5,296,854	4,716,888	579,966
Total Capital Outlay	<u>3,686,888</u>	<u>5,296,854</u>	<u>4,716,888</u>	<u>579,966</u>
Debt Service:				
Principal Retirement	4,141,000	4,141,000	4,140,869	131
Interest and Fiscal Charges	89,949	89,949	89,949	0
Total Debt Service	<u>4,230,949</u>	<u>4,230,949</u>	<u>4,230,818</u>	<u>131</u>
<i>Total Expenditures</i>	<u>7,917,837</u>	<u>9,527,803</u>	<u>8,947,706</u>	<u>580,097</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(6,657,989)</u>	<u>(7,964,803)</u>	<u>(7,343,971)</u>	<u>620,832</u>
Other Financing Sources (Uses)				
Advances In		1,190,000	1,190,000	0
Issuance of debt	4,900,000	4,900,000	4,900,000	0
<i>Total Other Financing Sources</i>	<u>4,900,000</u>	<u>6,090,000</u>	<u>6,090,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(1,757,989)</u>	<u>(1,874,803)</u>	<u>(1,253,971)</u>	<u>620,832</u>
<i>Fund Balance Beginning of Year</i>	380,135	380,135	380,135	0
Prior Year Encumbrances Appropriated	<u>1,537,788</u>	<u>1,537,788</u>	<u>1,537,788</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$159,934</u>	<u>\$43,120</u>	<u>\$663,952</u>	<u>\$620,832</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, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$1,060,000	\$1,130,000	\$1,151,725	\$21,725
Interest	3,000	8,000	8,458	458
Charges for Services	10,000	10,000	14,305	4,305
Other	35,000	25,000	27,775	2,775
<i>Total Revenues</i>	<u>1,108,000</u>	<u>1,173,000</u>	<u>1,202,263</u>	<u>29,263</u>
Expenditures				
Current:				
Transportation:				
Streets and Highways:				
Personal Services	977,433	982,433	978,039	4,394
Other	1,412,307	1,412,307	1,289,078	123,229
<i>Total Expenditures</i>	<u>2,389,740</u>	<u>2,394,740</u>	<u>2,267,117</u>	<u>127,623</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,281,740)</u>	<u>(1,221,740)</u>	<u>(1,064,854)</u>	<u>156,886</u>
Other Financing Sources				
Transfers In	1,100,000	1,100,000	1,100,000	0
<i>Net Change in Fund Balance</i>	<u>(181,740)</u>	<u>(121,740)</u>	<u>35,146</u>	<u>156,886</u>
<i>Fund Balance Beginning of Year</i>	<u>1,129,327</u>	<u>1,129,327</u>	<u>1,129,327</u>	<u>0</u>
Prior Year Encumbrances Appropriated	218,857	218,857	218,857	0
<i>Fund Balance End of Year</i>	<u>\$1,166,444</u>	<u>\$1,226,444</u>	<u>\$1,383,330</u>	<u>\$156,886</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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$93,000	\$93,000	\$93,383	\$383
Interest	1,000	1,000	1,762	762
Other	2,000	2,000	2,170	170
<i>Total Revenues</i>	<u>96,000</u>	<u>96,000</u>	<u>97,315</u>	<u>1,315</u>
Expenditures				
Current:				
Transportation:				
Streets and Highways:				
Other	115,000	115,000	102,822	12,178
<i>Net Change in Fund Balance</i>	(19,000)	(19,000)	(5,507)	13,493
<i>Fund Balance Beginning of Year</i>	184,996	184,996	184,996	0
Prior Year Encumbrances Appropriated	50,000	50,000	50,000	0
<i>Fund Balance End of Year</i>	<u>\$215,996</u>	<u>\$215,996</u>	<u>\$229,489</u>	<u>\$13,493</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, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Fines, Licenses and Permits	\$4,000	\$4,000	\$3,731	(\$269)
Expenditures				
Current:				
General Government:				
Other	11,300	21,300	17,881	3,419
<i>Net Change in Fund Balance</i>	(7,300)	(17,300)	(14,150)	3,150
<i>Fund Balance Beginning of Year</i>	48,749	48,749	48,749	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	\$41,449	\$31,449	\$34,599	\$3,150

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$0	\$0	\$93	\$93
Fines, Licenses and Permits	2,000	14,250	13,641	(609)
<i>Total Revenues</i>	2,000	14,250	13,734	(516)
Expenditures				
Public Safety:				
Other	6,086	6,086	2,584	3,502
Capital Outlay	42,455	42,455	33,338	9,117
Total Transportation	48,541	48,541	35,922	12,619
<i>Total Expenditures</i>	48,541	48,541	35,922	12,619
<i>Net Change in Fund Balance</i>	(46,541)	(34,291)	(22,188)	12,103
<i>Fund Balance Beginning of Year</i>	82,801	82,801	82,801	0
Prior Year Encumbrances Appropriated	18,241	18,241	18,241	0
<i>Fund Balance End of Year</i>	<u>\$54,501</u>	<u>\$66,751</u>	<u>\$78,854</u>	<u>\$12,103</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, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	\$173,000	\$173,000	\$193,591	\$20,591
Intergovernmental	2,000	2,000	3,339	1,339
<i>Total Revenues</i>	<u>175,000</u>	<u>175,000</u>	<u>196,930</u>	<u>21,930</u>
Expenditures				
Current:				
Transportation:				
Public Safety:				
Personal Services	41,285	41,285	37,580	3,705
Other	51,033	51,033	50,875	158
Capital Outlay	28,486	28,486	27,342	1,144
<i>Total Expenditures</i>	<u>120,804</u>	<u>120,804</u>	<u>115,797</u>	<u>5,007</u>
<i>Net Change in Fund Balance</i>	54,196	54,196	81,133	26,937
<i>Fund Balance Beginning of Year</i>	426,980	426,980	426,980	0
Prior Year Encumbrances Appropriated	7,519	7,519	7,519	0
<i>Fund Balance End of Year</i>	<u>\$488,695</u>	<u>\$488,695</u>	<u>\$515,632</u>	<u>\$26,937</u>

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
FEMA Grant Fund
For the Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Interest	\$0	\$0	\$3	\$3
<i>Total Revenues</i>	<u>0</u>	<u>0</u>	<u>3</u>	<u>3</u>
Expenditures				
Current:				
Capital Outlay:				
Capital Outlay	0	0	0	0
Total Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	3	3
<i>Fund Balance Beginning of Year</i>	<u>491</u>	<u>491</u>	<u>491</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$491</u></u>	<u><u>\$491</u></u>	<u><u>\$494</u></u>	<u><u>\$3</u></u>

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Local Fiscal Recovery Fund
For the Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$808,259	\$808,259	\$808,259	\$0
<i>Total Revenues</i>	<u>808,259</u>	<u>808,259</u>	<u>808,259</u>	<u>0</u>
Expenditures				
General Government:				
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	808,259	808,259	808,259	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>\$808,259</u></u>	<u><u>\$808,259</u></u>	<u><u>\$808,259</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
PACE Special Assessment Fund
For the Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Special Assessments	\$0	\$318,524	\$318,524	\$0
<i>Total Revenues</i>	<u>0</u>	<u>318,524</u>	<u>318,524</u>	<u>0</u>
Expenditures				
General Government:				
Other	0	318,524	318,524	0
<i>Total Expenditures</i>	<u>0</u>	<u>318,524</u>	<u>318,524</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	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>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</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, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$150,403	\$150,403	\$154,112	\$3,709
Intergovernmental	16,098	16,098	15,255	-843
<i>Total Revenues</i>	<u>166,501</u>	<u>166,501</u>	<u>169,367</u>	<u>2,866</u>
Expenditures				
Current:				
Public Safety:				
Personal Services	190,000	190,000	189,996	4
Other	100	100	0	100
<i>Total Expenditures</i>	<u>190,100</u>	<u>190,100</u>	<u>189,996</u>	<u>104</u>
<i>Net Change in Fund Balance</i>	(23,599)	(23,599)	(20,629)	2,970
<i>Fund Balance Beginning of Year</i>	<u>53,544</u>	<u>53,544</u>	<u>53,544</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$29,945</u></u>	<u><u>\$29,945</u></u>	<u><u>\$32,915</u></u>	<u><u>\$2,970</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, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$150,403	\$150,403	\$154,112	\$3,709
Intergovernmental	16,098	16,098	15,255	(843)
<i>Total Revenues</i>	<u>166,501</u>	<u>166,501</u>	<u>169,367</u>	<u>2,866</u>
Expenditures				
Current:				
Public Safety:				
Personal Services	190,000	190,000	189,996	4
Other	100	100	0	100
<i>Total Expenditures</i>	<u>190,100</u>	<u>190,100</u>	<u>189,996</u>	<u>104</u>
<i>Net Change in Fund Balance</i>	(23,599)	(23,599)	(20,629)	2,970
<i>Fund Balance Beginning of Year</i>	<u>53,544</u>	<u>53,544</u>	<u>53,544</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$29,945</u></u>	<u><u>\$29,945</u></u>	<u><u>\$32,915</u></u>	<u><u>\$2,970</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, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	\$500	\$0	\$0	\$0
Expenditures				
Current:				
General Government:				
Other	8,500	7,500	1,215	6,285
<i>Net Change in Fund Balance</i>	(8,000)	(7,500)	(1,215)	6,285
<i>Fund Balance Beginning of Year</i>	8,345	8,345	8,345	0
<i>Fund Balance End of Year</i>	\$345	\$845	\$7,130	\$6,285

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$0	\$0	\$57	\$57
<i>Total Revenues</i>	<u>0</u>	<u>0</u>	<u>57</u>	<u>57</u>
Expenditures				
Current:				
General Government:				
Other	7,300	7,300	0	7,300
<i>Net Change in Fund Balance</i>	(7,300)	(7,300)	57	7,357
<i>Fund Balance Beginning of Year</i>	7,365	7,365	7,365	0
<i>Fund Balance End of Year</i>	<u>\$65</u>	<u>\$65</u>	<u>\$7,422</u>	<u>\$7,357</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, 2021

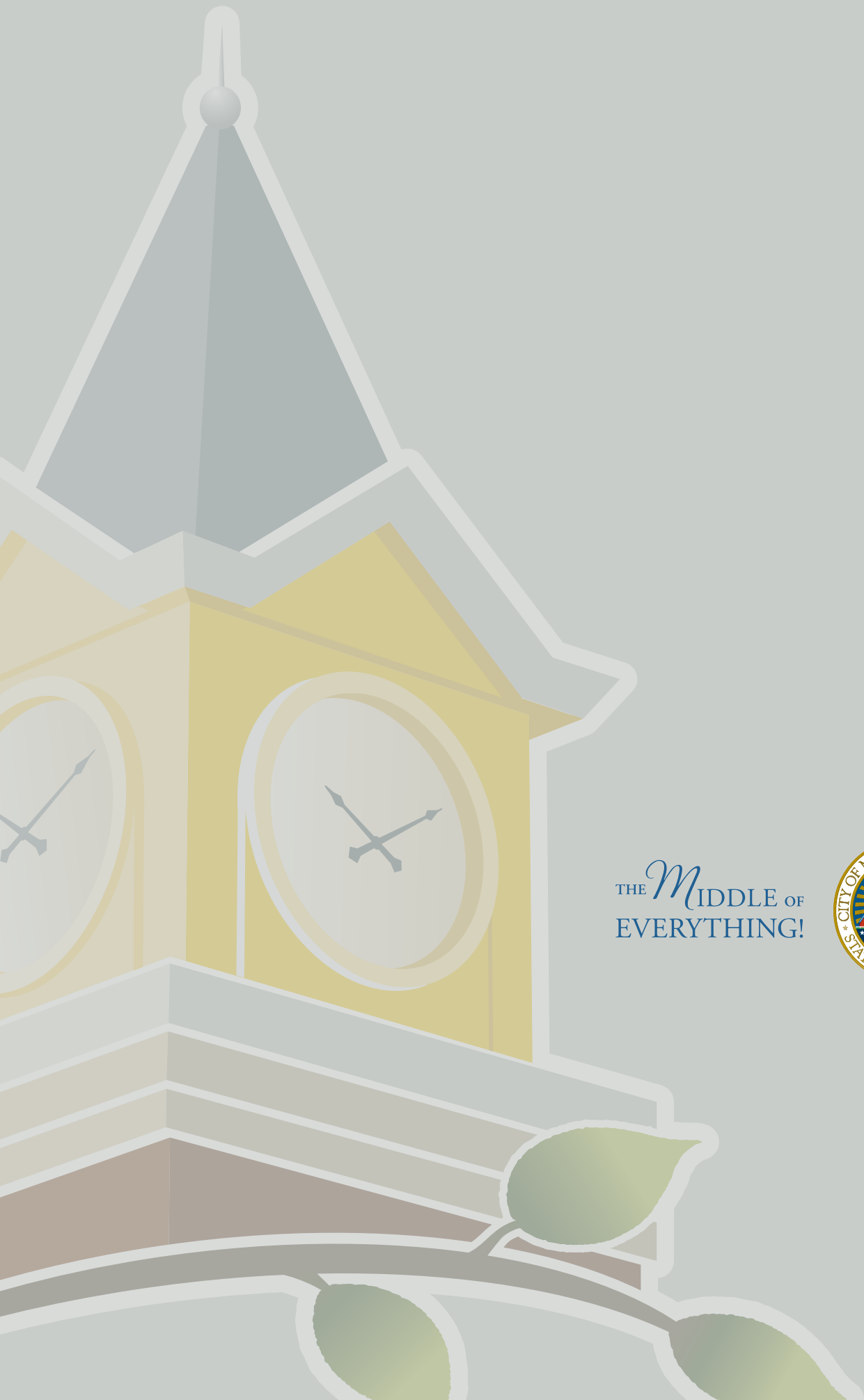
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$177,387	\$182,480	\$182,480	\$0
Intergovernmental	15,542	11,820	11,820	0
<i>Total Revenues</i>	<u>192,929</u>	<u>194,300</u>	<u>194,300</u>	<u>0</u>
Expenditures				
Current:				
Public Health and Welfare:				
Other	192,903	194,300	194,300	0
<i>Net Change in Fund Balance</i>	26	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>\$26</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$3,183,200	\$2,983,200	\$3,019,682	\$36,482
<i>Total Revenues</i>	<u>3,183,200</u>	<u>2,983,200</u>	<u>3,019,682</u>	<u>36,482</u>
Expenditures				
General Government:				
Other	3,651,050	3,651,050	3,096,212	554,838
<i>Net Change in Fund Balance</i>	(467,850)	(667,850)	(76,530)	591,320
<i>Fund Balance Beginning of Year</i>	1,447,799	1,447,799	1,447,799	0
Prior Year Encumbrances Appropriated	1,050	1,050	1,050	0
<i>Fund Balance End of Year</i>	<u>\$980,999</u>	<u>\$780,999</u>	<u>\$1,372,319</u>	<u>\$591,320</u>

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Fat Head's Brewing Tax Increment Financing
For the Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Payment in Lieu of Taxes	\$61,000	\$74,736	\$74,736	\$0
<i>Total Revenues</i>	<u>61,000</u>	<u>74,736</u>	<u>74,736</u>	<u>0</u>
Expenditures				
Current:				
Other	61,000	74,736	74,736	0
<i>Total Expenditures</i>	<u>61,000</u>	<u>74,736</u>	<u>74,736</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	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>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>



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EVERYTHING!



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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>	120
<i>Changes in Net Position-Last Ten Years.....</i>	121
<i>Fund Balances, Governmental Funds- Last Ten Years.....</i>	123
<i>Changes in Fund Balances, Governmental Funds-Last Ten Years.....</i>	125

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>	127
<i>Income Tax Revenue Base and Collections-Last Ten Years.....</i>	128
<i>Principal Taxpayers-Current Year and Nine Years Ago.....</i>	129
<i>Property Tax Rates-All Direct and Overlapping Governments.....</i>	130
<i>Assessed and Estimated Actual Value of Taxable Property-Last Ten Years.....</i>	131
<i>Property Tax Levies and Collections-Real and Public Utility Taxes-Last Ten Years.....</i>	132

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>	133
<i>Computation of Direct and Overlapping Debt.....</i>	135

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>	136
<i>Principal Employers-Current Year and Nine Years Ago.....</i>	137

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>	138
<i>Operating Indicators by Function/Program-Last Ten Years.....</i>	139
<i>Capital Asset Statistics by Function/Program-Last Ten Years.....</i>	141

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.

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

	2021	2020	2019	Restated 2018 (5)	Restated 2017 (4)	Restated 2016 (3)	Restated 2015 (2)	Restated 2014 (1)	2013	2012
Governmental Activities										
Net Investment in Capital Assets	\$64,794,337	\$68,763,555	\$63,295,243	\$62,788,000	\$63,171,346	\$57,262,806	\$54,019,035	\$49,424,631	\$48,813,578	\$49,174,710
Restricted for:										
Capital Projects	6,089,483	3,657,095	333,217	269,821	298,631	1,456,572	1,818,359	2,943,829	5,177,947	989,661
Debt Service	2,480,361	2,544,722	2,537,593	2,604,760	970,747	1,148,569	1,293,262	1,465,640	1,588,993	1,548,018
Other Purposes	3,804,970	3,476,620	2,747,201	2,211,483	1,821,842	1,605,793	418,789	447,659	448,796	409,375
Unrestricted	(25,789,283)	(34,186,475)	(26,143,400)	(33,228,314)	(33,791,249)	(12,177,620)	(10,862,005)	(11,130,064)	5,012,054	6,692,960
Total Net Position	<u>\$51,379,868</u>	<u>\$44,255,517</u>	<u>\$42,769,854</u>	<u>\$34,645,750</u>	<u>\$32,471,317</u>	<u>\$49,296,120</u>	<u>\$46,687,440</u>	<u>\$43,151,695</u>	<u>\$61,041,368</u>	<u>\$58,814,724</u>

(1) The City reported the impact of GASB Statement No. 68 beginning in fiscal year 2014.

(2) Restatement related to Capital Assets in fiscal year 2017.

(3) Restatement related to unclaimed monies in fiscal year 2017.

(4) Restatement related to implementation of GASB 75 and change in long-term obligations.

(5) Restatement related to the implementation of GASB 84. See Note 3

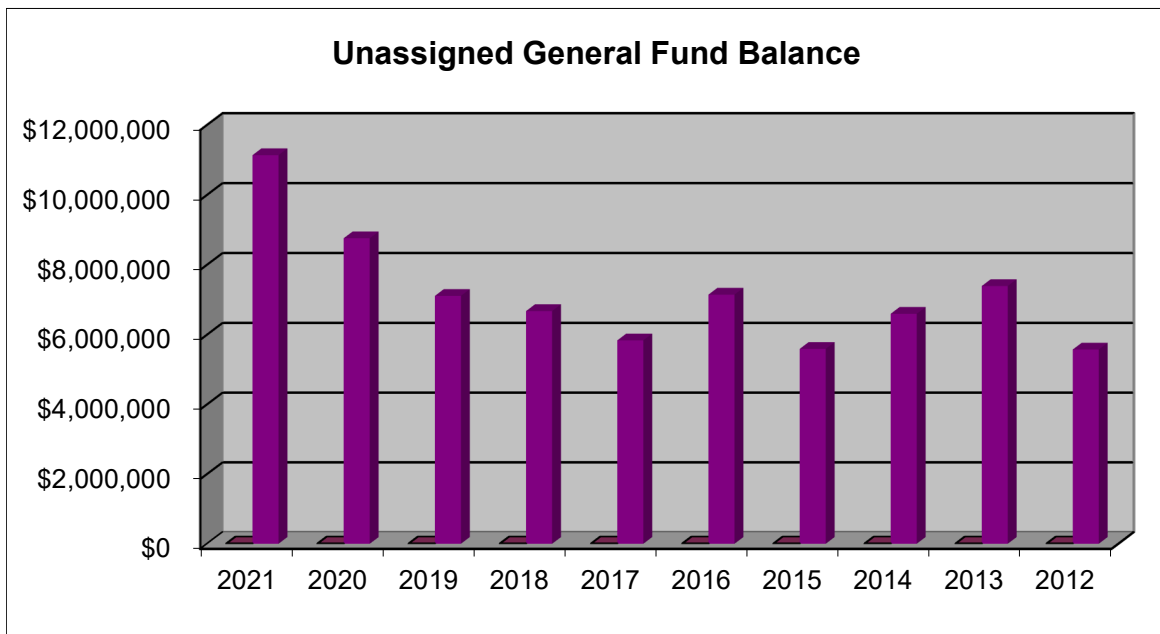
City of Middleburg Heights, Ohio
Changes in Net Position
Last Ten Years
(accrual basis of accounting)

	2021	2020	2019	2018	Restated 2017	Restated 2016	Restated 2015	2014	2013	2012
Program Revenues										
Governmental Activities:										
Charges for Services:										
Security of Persons and Property:										
Police	\$273,229	\$270,987	\$347,122	\$408,768	\$426,669	\$459,238	\$527,687	\$630,532	\$671,898	\$664,237
Fire	717,807	665,586	665,657	632,478	611,968	626,497	621,758	545,110	530,050	503,394
Public Health and Welfare	10,826	2,115	9,635	6,030	9,284	9,719	14,416	20,441	22,075	25,508
Culture and Recreation	508,455	592,106	1,365,043	1,424,416	1,441,576	1,506,720	1,433,750	1,378,918	1,399,464	1,344,899
Community Development	501,839	469,524	429,179	544,074	405,891	218,136	355,833	155,356	819,185	409,400
Economic Development	3,500	3,500	5,466	5,159	4,168	5,299	5,024	4,991	6,443	4,784
Streets and Highways	16,475	6,690	49,545	20,709	5,100	8,245	7,361	11,687	11,854	10,017
General Government	173,725	237,418	285,252	203,267	189,750	206,015	204,888	191,457	181,832	212,840
Operating Grants and Contributions	1,278,162	2,199,309	1,406,409	897,072	863,898	841,685	861,227	832,490	929,590	848,150
Capital Grants and Contributions	567,544	1,670,966	2,312,393	2,151,304	3,591,507	3,196,889	3,772,688	249,438	752,693	1,238,019
<i>Total Governmental Activities Program Revenues</i>	<u>4,051,562</u>	<u>6,118,201</u>	<u>6,875,701</u>	<u>6,293,277</u>	<u>7,549,811</u>	<u>7,078,443</u>	<u>7,804,632</u>	<u>4,020,420</u>	<u>5,325,084</u>	<u>5,261,248</u>
Expenses										
Governmental Activities:										
Security of Persons and Property:										
Police	6,112,722	6,221,397	1,606,519	6,273,941	5,721,292	5,669,608	5,384,591	5,485,696	5,064,507	4,981,352
Fire	4,588,732	4,660,546	(73,648)	5,132,916	4,664,396	4,669,411	4,432,494	4,185,034	3,924,687	3,923,428
Safety Director	0	0	0	40,999	65,336	76,087	69,035	68,014	64,010	61,957
Public Health and Welfare	289,200	256,598	295,715	269,917	268,837	265,118	299,048	310,506	311,680	307,505
Culture and Recreation	1,578,667	3,055,653	4,903,950	4,249,189	4,280,980	3,511,118	3,248,860	3,305,049	3,148,384	3,193,469
Community Development	525,245	1,151,692	1,211,646	940,128	951,924	836,514	765,089	702,208	603,864	555,959
Economic Development	760,949	579,966	456,698	373,206	374,547	355,895	329,441	328,977	402,294	326,237
Streets and Highways	5,354,727	4,316,103	5,837,026	3,682,770	4,635,443	3,606,091	3,295,961	2,953,029	3,298,197	2,664,848
Sanitation	1,373,640	1,219,782	1,166,123	1,074,595	968,468	972,643	974,028	1,135,741	1,080,775	1,075,455
General Government	5,855,516	10,259,818	9,832,734	9,293,223	9,193,766	8,489,326	8,062,700	8,108,809	7,424,687	7,297,006
Interest and Fiscal Charges	302,113	193,700	233,267	283,304	305,050	303,708	351,198	401,271	520,272	511,361
<i>Total Governmental Activities Expenses</i>	<u>26,741,511</u>	<u>31,915,255</u>	<u>25,470,030</u>	<u>31,614,188</u>	<u>31,430,039</u>	<u>28,755,519</u>	<u>27,212,445</u>	<u>26,984,334</u>	<u>25,843,357</u>	<u>24,898,577</u>
Net (Expense)/Revenue										
Governmental Activities:										
Security of Persons and Property:										

Police	(5,839,493)	(5,950,410)	(1,259,397)	(5,865,173)	(5,294,623)	(5,210,370)	(4,856,904)	(4,855,344)	(4,392,609)	(4,317,115)
Fire	(3,870,925)	(3,994,960)	739,305	(4,500,438)	(4,052,428)	(4,042,914)	(3,810,736)	(3,639,924)	(3,286,609)	(3,402,506)
Safety Director	0	0	0	(40,999)	(65,336)	(76,087)	(69,035)	(68,014)	(64,010)	(61,957)
Public Health and Welfare	(278,374)	(254,483)	(286,080)	(263,887)	(259,553)	(255,399)	(284,632)	(290,065)	(289,605)	(281,997)
Culture and Recreation	(1,070,212)	(2,463,547)	(3,538,907)	(2,824,773)	(2,839,404)	(2,004,398)	(1,815,110)	(1,926,131)	(1,748,920)	(1,848,570)
Community Development	(23,406)	(682,168)	(782,467)	(396,054)	(546,033)	(618,378)	(409,256)	(546,852)	215,321	(146,559)
Economic Development	(757,449)	(576,466)	(451,232)	(368,047)	(370,379)	(350,596)	(324,417)	(323,986)	(395,851)	(321,453)
Streets and Highways	(3,492,546)	(439,138)	(2,068,679)	(613,685)	(174,938)	440,728	1,345,315	(1,859,414)	(1,712,088)	(586,190)
Sanitation	(1,373,640)	(1,219,782)	(1,166,123)	(1,074,595)	(968,468)	(972,643)	(974,028)	(1,135,741)	(1,080,775)	(1,075,455)
General Government	(5,681,791)	(10,022,400)	(9,547,482)	(9,089,956)	(9,004,016)	(8,283,311)	(7,857,812)	(7,917,352)	(7,242,855)	(7,084,166)
Interest and Fiscal Charges	(302,113)	(193,700)	(233,267)	(283,304)	(305,050)	(303,708)	(351,198)	(401,271)	(520,272)	(511,361)
<i>Total Net Expense</i>	<u>(22,689,949)</u>	<u>(25,797,054)</u>	<u>(18,594,329)</u>	<u>(25,320,911)</u>	<u>(23,880,228)</u>	<u>(21,677,076)</u>	<u>(19,407,813)</u>	<u>(22,964,094)</u>	<u>(20,518,273)</u>	<u>(19,637,329)</u>
General Revenues										
Property and Other Local Taxes Levied for:										
General Purposes	2,495,560	2,252,600	2,598,390	2,222,016	2,212,335	1,891,298	2,204,366	2,094,374	2,114,690	2,094,556
Debt Service	51,369	51,008	50,632	221,303	235,258	215,852	231,105	217,719	221,713	224,823
Police and Fire Pension	308,246	305,982	303,760	278,988	282,308	259,010	277,340	261,260	266,058	269,788
Public Health and Welfare	182,291	180,254	179,942	172,745	176,370	160,237	166,882	154,181	157,862	149,000
Income Tax Levied for:										
General Purposes	19,702,296	17,269,279	17,214,009	16,085,525	14,868,339	16,464,919	14,425,342	14,158,040	14,167,574	13,806,366
Debt Service	369,256	408,415	410,442	728,515	1,076,575	1,250,267	1,402,720	1,484,869	1,150,763	1,103,726
Recreation	1,788,060	1,862,984	2,154,770	2,088,749	1,856,905	1,544,602	1,420,297	1,307,047	1,277,539	1,400,216
Capital Outlay	1,940,583	1,647,602	1,669,161	1,582,017	1,464,539	1,183,589	1,312,163	1,408,310	1,678,133	1,071,646
Grants and Entitlements not Restricted to Specific Programs	624,566	577,995	528,652	521,082	433,622	771,867	712,325	593,138	959,520	953,727
Investment Earnings	64,329	211,018	197,025	150,016	78,382	60,917	51,625	80,535	(12,318)	69,863
Miscellaneous	2,287,744	2,515,580	1,411,650	3,305,938	980,681	483,198	739,393	652,772	763,383	493,820
<i>Total General Revenues</i>	<u>29,814,300</u>	<u>27,282,717</u>	<u>26,718,433</u>	<u>27,356,894</u>	<u>23,665,314</u>	<u>24,285,756</u>	<u>22,943,558</u>	<u>22,412,245</u>	<u>22,744,917</u>	<u>21,637,531</u>
Change in Net Position	<u>\$7,124,351</u>	<u>\$1,485,663</u>	<u>\$8,124,104</u>	<u>\$2,035,983</u>	<u>(\$214,914)</u>	<u>\$2,608,680</u>	<u>\$3,535,745</u>	<u>(\$551,849)</u>	<u>\$2,226,644</u>	<u>\$2,000,202</u>

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

	2021	2020	2019	Restated 2018
General Fund				
Nonspendable	\$508,732	\$458,751	\$410,415	\$352,039
Assigned	216,435	426,900	278,299	345,074
Unassigned	11,136,659	8,759,249	7,109,835	6,814,906
<i>Total General Fund</i>	<u>11,861,826</u>	<u>9,644,900</u>	<u>7,798,549</u>	<u>7,512,019</u>
All Other Governmental Funds				
Nonspendable	224,591	255,443	231,950	258,891
Restricted	2,946,093	2,742,014	2,132,616	1,729,717
Committed	6,555,638	3,984,240	679,115	559,216
Unassigned	0	0	(205,461)	(119,062)
<i>Total All Other Governmental Funds</i>	<u>9,726,322</u>	<u>6,981,697</u>	<u>2,838,220</u>	<u>2,428,762</u>
<i>Total Governmental Funds</i>	<u><u>\$21,588,148</u></u>	<u><u>\$16,626,597</u></u>	<u><u>\$10,636,769</u></u>	<u><u>\$9,940,781</u></u>



<i>Restated</i> 2016	2015	2014	2013	2012
\$340,009	\$230,977	\$294,315	\$231,762	\$171,906
305,282	399,133	291,201	336,772	415,065
7,142,347	5,592,477	6,598,310	7,392,204	5,573,277
7,787,638	6,222,587	7,183,826	7,960,738	6,160,248
273,410	326,191	331,445	191,522	249,040
1,784,819	1,435,364	1,689,335	1,914,948	1,744,505
1,520,206	1,935,024	2,937,584	5,425,408	937,834
(2,175,920)	0	0	0	0
1,402,515	3,696,579	4,958,364	7,531,878	2,931,379
\$9,190,153	\$9,919,166	\$12,142,190	\$15,492,616	\$9,091,627

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

	2021	2020	2019	2018
Revenues				
Property Taxes	\$2,468,496	\$2,454,735	\$2,453,751	\$2,239,337
Payment in Lieu of Taxes	74,736	64,586	24,423	0
Income Taxes	24,112,945	20,945,074	21,466,125	20,451,474
Other Local Taxes	568,999	340,161	688,104	664,827
Intergovernmental	2,434,972	2,869,939	3,800,627	1,938,462
Special Assessments	448,760	137,816	153,132	155,181
Interest	64,329	211,018	197,025	150,016
Fines, Licenses and Permits	937,439	924,774	856,905	1,135,200
Charges for Services	1,227,105	1,215,991	2,210,188	2,036,858
Other	1,473,048	2,070,129	993,511	840,404
Total Revenues	33,810,829	31,234,223	32,843,791	29,611,759
Expenditures				
Current:				
Security of Persons and Property	10,651,824	9,192,917	10,194,715	9,665,115
Public Health and Welfare	289,200	280,477	271,836	269,917
Culture and Recreation	2,520,104	2,355,583	3,633,608	3,503,465
Community Development	1,032,153	988,340	1,028,737	865,666
Economic Development	788,537	483,804	415,817	357,388
Streets and Highways	1,998,799	1,972,287	1,939,165	1,829,253
Sanitation	1,373,640	1,219,782	1,166,123	1,074,595
General Government	8,531,046	8,728,406	7,904,822	8,072,624
Capital Outlay	5,647,036	7,412,099	5,003,627	2,123,456
Debt Service:				
Principal Retirement	7,502,053	437,462	460,628	1,438,875
Interest and Fiscal Charges	317,704	152,213	223,692	261,104
TIF Service Payments	74,736	64,586	24,423	0
Total Expenditures	40,726,832	33,287,956	32,267,193	29,461,458
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(6,916,003)</i>	<i>(2,053,733)</i>	<i>576,598</i>	<i>150,301</i>
Other Financing Sources (Uses)				
General Obligation Bonds Issued				2,200,000
Refunding Bonds Issued		4,105,000		
Premium on Debt Issuance	37,100	29,768		28,756
Payment to Refunded Bond Escrow Agent		(4,060,850)		
Sale of Capital Assets	40,454	58,752	119,390	11,585
Inception of Capital Lease		1,160,891		
Issuance of debt	11,800,000	6,750,000		
Transfers In	1,200,000	1,700,000	2,100,000	1,104,143
Transfers Out	(1,200,000)	(1,700,000)	(2,100,000)	(1,104,143)
Total Other Financing Sources (Uses)	11,877,554	8,043,561	119,390	2,240,341
Net Change in Fund Balances	\$4,961,551	\$5,989,828	\$695,988	\$2,390,642
Debt Service as a percentage of noncapital expenditures	20.72%	2.54%	2.38%	6.36%

2017	2016	2015	2014	2013	2012
	<i>Restated</i>				
\$2,246,905	\$2,167,136	\$2,128,945	\$2,097,879	\$2,140,815	\$2,217,751
0	0	0	0	0	0
19,255,355	20,586,071	18,710,308	18,412,558	18,214,580	17,287,724
636,071	649,151	656,038	635,656	629,209	588,245
1,891,480	1,427,483	1,534,724	1,421,965	1,949,745	1,799,116
189,301	155,858	151,447	173,538	186,528	189,768
78,382	60,917	51,625	80,535	(12,318)	69,863
1,010,744	871,055	1,077,772	967,832	1,647,011	1,255,426
2,009,978	2,174,446	2,042,336	1,963,858	1,979,092	1,938,131
931,879	452,500	725,367	671,816	814,859	508,892
28,250,095	28,544,617	27,078,562	26,425,637	27,549,521	25,854,916
9,423,855	9,065,650	9,406,505	9,248,436	8,543,082	8,538,832
268,837	265,118	298,647	310,506	311,680	307,505
3,291,227	2,902,906	2,883,957	2,826,499	2,729,357	2,742,285
836,562	794,295	774,287	684,122	592,322	546,761
347,065	346,598	331,473	323,845	395,327	323,904
2,022,054	1,870,612	2,063,160	1,794,482	1,607,261	1,671,530
968,468	972,643	974,028	1,135,741	1,080,775	1,075,455
7,777,272	7,653,896	7,765,338	7,391,588	6,829,343	6,692,911
3,365,276	3,659,361	3,030,327	4,122,536	3,404,849	1,324,813
1,442,195	1,500,583	1,632,609	1,573,272	1,302,122	1,647,732
288,484	287,238	335,018	385,190	367,352	335,900
0	0			118,745	
30,031,295	29,318,900	29,495,349	29,796,217	27,282,215	25,207,628
(1,781,200)	(774,283)	(2,416,787)	(3,370,580)	267,306	647,288
				5,860,000	
	43,195			263,033	
2,736	2,075	14,046	20,054	10,650	1,000
		179,717			
1,100,000	1,100,000	950,000	850,000	805,528	925,000
(1,100,000)	(1,100,000)	(950,000)	(850,000)	(805,528)	(925,000)
2,736	45,270	193,763	20,054	6,133,683	1,000
(\$1,778,464)	(\$729,013)	(\$2,223,024)	(\$3,350,526)	\$6,400,989	\$648,288
7.49%	7.76%	9.86%	14.43%	6.91%	7.94%

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
2021	\$2,468,496	\$24,112,945	\$568,999	\$27,150,440
2020	2,454,735	20,945,074	340,161	23,739,970
2019	2,453,751	21,466,125	688,104	24,607,980
2018	2,239,337	20,451,474	664,827	23,355,638
2017	2,246,905	19,255,355	636,071	22,138,331
2016	2,167,136	20,586,071	649,151	23,402,358
2015	2,128,945	18,710,308	656,038	21,495,291
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

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
2021	2.00%	\$23,390,106	\$19,312,714	82.6%	\$1,382,296	5.9%	\$2,739,510	11.7%
2020	2.00%	20,094,600	17,275,076	86.0%	1,048,993	5.2%	1,770,530	8.8%
2019	2.00%	21,049,663	17,629,127	83.8%	1,254,511	6.0%	2,166,026	10.3%
2018	2.00%	20,204,584	16,893,208	83.6%	1,090,527	5.4%	2,220,849	11.0%
2017	2.00%	19,021,980	15,964,093	83.9%	1,118,613	5.9%	1,939,274	10.2%
2016	2.00%	19,920,234	16,224,601	81.4%	1,222,815	6.1%	2,472,819	12.4%
2015	2.00%	18,418,282	15,169,769	82.4%	1,136,412	6.2%	2,112,102	11.5%
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%

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:

2021	
Rank	
1	Southwest General Hospital
2	United Parcel Service
3	Quadax Inc.
4	Amerimark Direct LLC
5	Zin Technologies Inc.
6	SW General Med Group
7	Berea City School District
8	The Brewer Garrett Co.
9	City of Middleburg Heights
10	University Hospitals Health System

2012		
2021 Rank	Rank	Taxpayer
1	1	Southwest General Hospital
2	2	United Parcel Service
3	3	Quadax Inc.
4	4	Amerimark Direct LLC
5	5	Zin Technologies Inc.
7	6	Berea City School District
9	7	City of Middleburg Heights
14	8	Codonics Inc.
17	9	Sunnyside Automotive Inc.
8	10	The Brewer Garrett Co.

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 School District	Cuyahoga County (1)	Total
	General Fund	Debt Service Fund	Police Pension Fund	Fire Pension Fund	Southwest Community Hospital	Total			
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
2015/2016	3.35	0.50	0.30	0.30	1.00	5.45	80.40	23.43	109.28
2016/2017	3.35	0.50	0.30	0.30	1.00	5.45	85.29	23.43	114.17
2017/2018	3.35	0.50	0.30	0.30	1.00	5.45	85.29	23.93	114.67
2018/2019	3.75	0.10	0.30	0.30	1.00	5.45	85.29	23.93	114.67
2019/2020	3.75	0.10	0.30	0.30	1.00	5.45	85.19	24.33	114.97
2020/2021	3.75	0.10	0.30	0.30	1.00	5.45	84.99	25.73	116.57
2021/2022	3.75	0.10	0.30	0.30	1.00	5.45	84.99	25.73	116.57

(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 Value To Total Estimated Actual Value	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		
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
2015/2016	502,118,450	1,434,624,143	-	-	15,405,520	17,506,273	517,523,970	1,452,130,416	35.6%	5.45
2016/2017	482,861,060	1,379,603,029	-	-	18,081,890	20,547,602	500,942,950	1,400,150,631	35.8%	5.45
2017/2018	490,560,840	1,401,602,400	-	-	20,351,440	23,126,636	510,912,280	1,424,729,036	35.9%	5.45
2018/2019	533,431,700	1,524,090,571	-	-	24,165,970	27,461,330	557,597,670	1,551,551,901	35.9%	5.45
2019/2020	537,928,650	1,536,939,000	-	-	26,350,830	29,944,125	564,279,480	1,566,883,125	36.0%	5.45
2020/2021	538,474,430	1,538,498,371	-	-	27,914,140	31,720,614	566,388,570	1,570,218,985	36.1%	5.45
2021/2022	600,345,660	1,715,273,314			30,747,330	34,940,148	631,092,990	1,750,213,462	36.1%	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
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
2014/2015	2,500,500	2,295,661	92.0	2,360,245	94.4	190,931
2015/2016	2,428,464	2,347,156	96.6	2,395,844	98.7	108,796
2016/2017	2,490,448	2,392,356	96.1	2,472,132	99.3	132,091
2017/2018	2,471,220	2,373,528	96.0	2,465,286	99.7	134,773
2018/2019	2,668,573	2,619,745	98.2	2,721,396	101.9	113,847
2019/2020	2,759,827	2,704,343	98.0	2,760,414	100.0	110,787
2020/2021	2,776,850	2,708,499	97.5	2,781,324	100.1	108,766

(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

	2021	2020	2019
General Obligation Bonds	\$3,997,103	\$4,330,476	\$4,548,849
Percent of estimated actual property value	0.02%	0.27%	0.28%
Per Capita	\$249.76	\$270.59	\$285.27
Special Assessment Bonds	2,090,648	2,156,425	2,222,202
Bond Anticipation Notes	11,800,000	6,750,000	
OPWC Loans	531,298	572,168	613,039
Capital Leases	833,115	1,139,298	0
Total Gross Indebtedness	19,252,164	14,948,367	7,384,090
Percentage of Personal Income	4.00%	3.10%	1.53%
Per Capita	\$1,207.34	\$937.44	\$463.07
Less:			
Special Assessment Bonds	(2,090,648)	(2,156,425)	(2,222,202)
Community & Service Center Refunding Bonds			
Bond Anticipation Notes	(11,800,000)	(6,750,000)	
OPWC Loans	(531,298)	(572,168)	(613,039)
Capital Leases	(833,115)	(1,139,298)	0
Bond Retirement Fund Balance	(391,990)	(382,403)	(314,727)
Total Net Debt Applicable to Debt Limit	3,605,113	3,948,073	4,234,122
Overall Legal Debt Limit			
10 1/2% of Assessed Valuation	66,264,764	59,470,800	59,249,345
Legal Debt Margin Within 10 1/2% Limitations	\$62,659,651	\$55,522,727	\$55,015,223
Legal Debt Margin as a Percentage of the Debt Limit	94.56%	93.36%	92.85%
Unvoted Debt Limitation			
5 1/2% of Assessed Valuation	\$34,710,114	\$31,151,371	\$31,035,371
Net Unvoted Indebtedness Authorized by Council	19,252,164	14,948,367	7,384,090
Less:			
Special Assessment Bonds	(2,090,648)	(2,156,425)	(2,222,202)
Community & Service Center Refunding Bonds			
Bond Anticipation Notes	(11,800,000)	(6,750,000)	
Service Center Bonds			
OPWC Loans	(531,298)	(572,168)	(613,039)
Capital Leases	(833,115)	(1,139,298)	0
General Obligation Bond Retirement Fund Balance	(391,990)	(382,403)	(314,727)
Net Debt Within 5 1/2% Limitations	3,605,113	3,948,073	4,234,122
Unvoted Legal Debt Margin Within 5 1/2% Limitations	\$31,105,001	\$27,203,298	\$26,801,249
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	89.61%	87.33%	86.36%

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

2018	2017	2016	2015	2014	2013	2012
\$4,867,222	\$6,128,300	\$7,409,378	\$8,735,456	\$10,201,534	\$11,652,612	\$6,565,000
0.31%	0.43%	0.53%	0.60%	0.70%	0.82%	0.46%
\$305.23	\$384.32	\$464.65	\$547.81	\$639.76	\$730.75	\$411.70
2,301,080	205,178	324,288	454,486	573,824	697,350	815,110
653,908	694,777	735,647	776,517	817,387	800,567	754,551
36,657	72,586	107,801	142,316		29,746	99,107
7,858,867	7,100,841	8,577,114	10,108,775	11,592,745	13,180,275	8,233,768
1.63%	1.47%	1.78%	2.10%	2.41%	2.74%	1.71%
\$492.84	\$445.31	\$537.88	\$633.94	\$727.00	\$826.56	\$516.35
(2,301,080)	(205,178)	(324,288)	(454,486)	(573,824)	(697,350)	(815,110)
	(930,000)	(1,890,000)	(2,900,000)	(4,055,000)	(5,195,000)	(6,285,000)
(653,908)	(694,777)	(735,647)	(776,517)	(817,387)	(800,567)	(754,551)
(36,657)	(72,586)	(107,801)	(142,316)		(29,746)	(99,107)
(302,263)	(681,274)	(728,872)	(715,630)	(746,425)	(732,000)	(615,483)
4,564,959	4,517,026	4,790,506	5,119,826	5,400,109	5,725,612	(335,483)
58,547,755	53,645,789	52,599,010	54,340,017	54,798,148	53,096,574	52,718,541
\$53,982,796	\$49,128,763	\$47,808,504	\$49,220,191	\$49,398,039	\$47,370,962	\$53,054,024
92.20%	91.58%	90.89%	90.58%	90.15%	89.22%	100.64%
\$30,667,872	\$28,100,175	\$27,551,862	\$28,463,818	\$28,703,792	\$27,812,491	\$27,614,474
7,858,867	7,100,841	8,577,114	10,108,775	11,592,745	13,180,275	8,233,768
(2,301,080)	(205,178)	(324,288)	(454,486)	(573,824)	(697,350)	(815,110)
	(930,000)	(1,890,000)	(2,900,000)	(4,055,000)	(5,195,000)	(6,285,000)
(653,908)	(694,778)	(735,647)	(776,517)	(817,387)	(800,567)	(754,551)
(36,657)	(72,586)	(107,801)	(142,316)		(29,746)	(99,107)
(302,263)	(681,274)	(728,872)	(715,630)	(746,425)	(732,000)	(615,483)
4,564,959	4,517,025	4,790,506	5,119,826	5,400,109	5,725,612	(335,483)
\$26,102,913	\$23,583,150	\$22,761,356	\$23,343,992	\$23,303,683	\$22,086,879	\$27,949,957
85.11%	83.93%	82.61%	82.01%	81.19%	79.41%	101.21%

City of Middleburg Heights, Ohio
Computation of Direct and Overlapping Debt
December 31, 2021

Jurisdiction	Debt Outstanding	Percentage Applicable To City of Middleburg Heights (c)	Amount Applicable To City of Middleburg Heights
Direct:			
General Obligation Bonds	\$ 3,997,103 (a)	100.00%	\$ 3,997,103
Special Assessment Bonds	2,090,648 (a)	100.00%	2,090,648
Bond Anticipation Notes	11,800,000 (a)	100.00%	11,800,000
Capital Leases	832,115 (a)	100.00%	832,115
Loans Payable	531,298 (a)	100.00%	531,298
Total Direct Debt	\$ 19,251,164		\$ 19,251,164
Overlapping:			
Berea School District	\$107,751,500 (b)	37.90%	\$40,841,356
Cuyahoga County	254,150,000 (b)	1.81%	4,608,237
Cuyahoga Community College	195,825,000 (b)	1.81%	3,550,690
Total Overlapping Debt	\$ 557,726,500		\$ 49,000,284
Total Direct and Overlapping	\$ 576,977,664		\$ 68,251,448

(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)
2021	16,004	b	\$587,714,892	\$36,723	b	\$68,125	b	4.6%
2020	16,004	b	587,714,892	36,723	b	68,125	b	7.6%
2019	15,946	a	481,792,444	30,214	a	66,337	a	7.3%
2018	15,946	a	481,792,444	30,214	a	66,337	a	4.5%
2017	15,946	a	481,792,444	30,214	a	66,337	a	5.7%
2016	15,946	a	481,792,444	30,214	a	66,337	a	5.4%
2015	15,946	a	481,792,444	30,214	a	66,337	a	3.9%
2014	15,946	a	481,792,444	30,214	a	66,337	a	5.6%
2013	15,946	a	481,792,444	30,214	a	66,337	a	7.1%
2012	15,946	a	481,792,444	30,214	a	66,337	a	7.1%

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

(a) 2010 Federal Census

(b) 2020 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

2021		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Southwest General Hospital	2,699	13.15%
United Parcel Service, Inc.	2,947	14.35%
Quadax, Inc.	712	3.47%
Middleburg-Legacy Place	453	1.46%
City of Middleburg Heights	305	1.49%
Amerimark Direct, LLC	299	1.30%
Berea City School District	273	1.25%
Zin Technologies, Inc.	272	1.32%
Polaris Career Center	266	1.33%
The Brewer Garrett Co.	256	2.21%
Total	<u>8,482</u>	<u>41.32%</u>
Total City Employment	<u>20,530</u>	

2012		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of</u>
Southwest General Hospital	2,184	14.55%
United Parcel Service	1,801	12.00%
Amerimark Direct, LLC	537	3.58%
Sears Roebuck & Company	510	3.40%
Quadax, Inc.	472	3.15%
Polaris Joint Vocational	431	2.87%
City of Middleburg Heights	440	2.93%
Berea City School District	277	1.85%
Sunnyside Automotive, Inc.	246	1.64%
Zin Technologies, Inc.	165	1.10%
Total	<u>7,063</u>	<u>47.06%</u>
Total City Employment	<u>15,007</u>	

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Government:										
Council	2	2	2	2	2	2	2	2	2	2
Finance	4	4	4	4	4	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	3	3	3	3	3	3	3
Public Service	25	25	26	29	29	33	33	34	34	34
Community Development:										
Planning & Zoning	1	1	1	1	1	1	1	1	1	1
Building	6	6	6	6	6	5	5	5	4	4
Economic Development:	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Police	35	42	39	39	36	37	38	38	38	38
Fire	27	28	26	27	27	26	27	27	27	27
Culture and Recreation:										
Programs	2	2	2	2	2	2	2	2	2	2
Recreation Center	10	10	11	12	12	9	9	9	9	9
Streets and Highways:										
Street Department	10	10	10	9	9	10	10	10	10	10
Totals:	<u>130</u>	<u>138</u>	<u>135</u>	<u>139</u>	<u>136</u>	<u>138</u>	<u>140</u>	<u>141</u>	<u>140</u>	<u>140</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	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Fire										
Emergency Responses	3,833	3,278	3,392	3,420	3,102	3,037	3,013	2,853	2,821	2,758
Ambulance runs	2,970	2,520	2,744	2,784	2,449	2,550	2,555	2,206	2,155	2,084
Fire Runs	863	758	648	636	653	487	458	647	666	674
Fire Safety Inspections/Re-Inspections	432	450	430	277	255	292	275	280	317	266
Fire Protection Systems Inspected	446	398	393	393	393	393	29	50	61	51
Building/Fire Protection Plan Received	273	363	161	183	217	204	198	187	156	147
Number of Community Program Hours	301	282	367.5	296.5	231	249	228	285.75	170	237
Hydrants Tested	1,400	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Public Service										
Snowfall in inches ¹	34.3	37	27.7	42.1	44.8	41.7	52	83.73	58	30.8
Tons of salt used	3,200	4,000	3,350	5,196	3,500	3,300	4,600	7,300	5,800	3,200
Asphalt used in road maintenance (tons)	196	162	339.3	755.75	755.75	543.5	548	266	267.5	155.5
Concrete used in road maintenance (yards)	241	208	235.75	318	329	295.5	266.5	281.5	326	345.5
Number of Trees removed	75	46	184	190	184	197	180	135	109	160
Number of Trees planted	154	107	70	64	105	133	78	124	120	201
Senior citizen driveway plowing participants	1,073	1,108	1061	1109	1,120	1,131	1,138	1,146	1,104	1,119
Building										
Number of Permits issued by type:										
Building Permits	197	199	193	184	167	189	153	147	223	211
Electrical Permits	182	166	187	196	189	184	146	147	184	185
Plumbing Permits	134	134	174	140	160	138	130	102	126	105
HVAC Permits	193	167	131	183	147	158	150	134	152	133
Miscellaneous Permits	892	877	764	660	689	610	631	559	693	710
Inspections performed	2,027	1,525	1,712	2,289	1,783	1,744	1,437	1,700	2,265	2180
Estimated value of construction	\$30,843,529	\$29,966,459	\$17,907,443	\$48,083,488	\$44,414,934	\$8,686,151	\$27,626,895	\$5,113,017	\$68,254,025	\$40,949,916
Number of Plans examined	112	101	111	125	123	74	87	68	120	106
Court										
Number of court cases	2,072	1,515	2,208	2,344	3,084	3,393	4063	5,228	4,773	5,418
Number of violations	2,581	1,987	2,752	2,987	3,896	4,104	4936	6,242	5,741	6,590
Number of Transferred Cases	37	32	74	115	170	244	245	231	264	273
Number of Waivers taken at Violations Bureau (Est)	540	237	413	433	622	725	858	1,140	1,012	1,474
Number of Court Appearances	369	425	544	778	1,079	1,251	963	1,177	1,161	1,228
Number of Waivers received by Mail	91	128	226	247	334	517	841	1,182	1,140	1,488
Number of Waivers received online	1,244	770	1016	918	1,141	1,199	1353	1,565	1,342	1,259

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

Operating Indicators by Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Council										
Number of Ordinances & resolutions	101	99	134	94	97	68	87	80	80	100
Finance										
Number of checks processed (excluding payroll)	2,787	2,818	3,322	3,379	3,257	3,106	3,552	3,437	3,501	3,461
Number of Purchase orders issued	2,631	2,766	3,635	3,011	2,886	4,308	3,668	3,103	3,628	3,128
Number of W-2 forms issued	305	359	438	447	456	447	439	445	430	440
City W-2 Wages (in Millions)	\$13.30	\$12.73	\$13.48	\$12.81	\$12.73	\$12.44	\$12.96	\$12.18	\$11.82	\$11.58
Mayor's Office										
Newsletters mailed (Winter and Summer issues)	8682	8682	8682	8682	17,364	8,682	8,675	8,413	8,413	8,413
Recreation										
Number of Memberships	7,442	4,539	7,218	7,506	7,773	7,956	8,205	8,223	8,347	7,894
Learn to Swim enrollment	380	203	869	856	1,112	1,182	1,167	1,200	1,281	1,301
Enrollment in athletics programs	922	382	1,698	1,744	1,730	1,775	1,989	2,224	2,302	1,718
Number of Rental Events	334	506	1,750	1,655	1,630	1,507	1,550	1,826	3,089	3,151
Enrollment in classes, programs, and special events	6,566	5,513	18,260	15,894	17,017	17,241	18,744	18,517	17,215	19,805
Law										
Number of new litigations filed (traffic & criminal cases)	578	435	479	606	542	550	567	523	560	604
Number of Municipal Court cases heard and disposed	460	311	617	646	642	608	582	589	603	635
Planning & Zoning										
Number of Planning commission agenda items	50	56	65	58	68	65	54	58	77	82
Civil Service										
Number of Exams given	38	47	42	32	32	41	58	56	42	41

1 - National Weather Service, Cleveland, OH - Hopkins International Airport
2 - The 2015 payroll included 27 pay periods as opposed to the normal 26 pay periods.
3 - Newsletters were mailed bi-annually to residents in 2017, instead of 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	2021	2020	2019
General Government:			
Other Departmental Vehicles	5	5	5
City Hall Square Footage	18,746	18,746	18,746
Police:			
Number of Stations	1	1	1
Number of Vehicles	24	26	24
Square Footage of Building	13,400	13,400	13,400
Fire:			
Number of Stations	1	1	1
Number of Vehicles	12	12	11
Square Footage of Building	19,730	19,730	19,730
Culture and Recreation:			
Number of Parks	3	3	3
Number of Vehicles	2	2	1
Recreation Center Square Footage	83,768	83,768	83,768
Public Service:			
Number of Vehicles	50	53	52
Service Center Square Footage	62,445	62,445	62,445
Streets (miles)	65	65	65

Source: City of Middleburg Heights, Finance Department

2018	2017	2016	2015	2014	2013	2012
5 18,746	5 18,746	5 18,746	5 18,746	5 18,746	5 18,746	5 18,746
1 22 13,400	1 22 13,400	1 25 13,400	1 25 13,400	1 25 13,400	1 25 13,400	1 23 13,400
1 11 19,730	1 12 19,730	1 12 19,730	1 12 19,730	1 11 19,730	1 10 19,730	1 10 19,730
3 1 83,768	3 1 83,768	3 1 83,768	3 1 83,768	3 1 83,768	3 1 83,768	2 2 83,768
52 62,445 65	46 62,445 65	47 62,445 65	47 62,445 65	47 62,445 65	45 62,445 65	44 62,445 65