



Dave Yost · Auditor of State

**CITY OF MIDDLEBURG HEIGHTS
CUYAHOGA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i>	1

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Dave Yost • Auditor of State

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

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

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Middleburg Heights, Cuyahoga County, (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 23, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

City of Middleburg Heights
Cuyahoga County
Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "Dave Yost".

Dave Yost
Auditor of State
Columbus, Ohio

May 23, 2014

City Of Middleburg Heights, Ohio



Comprehensive Annual Financial Report

For The Year Ended December 31, 2013

Issued By The Department of Finance

Jason Stewart, CPA
Director

Nicholas Vitalone, CPA
Assistant Director

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Introductory Section



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City of Middleburg Heights, Ohio
Comprehensive Financial Annual Report
For the Year Ended December 31, 2013
Table of Contents

I. Introductory Section

Title Page.....	i
Table of Contents.....	ii
Transmittal Letter.....	v
GFOA Certificate of Achievement.....	x
Listing of Principal City Officials-Elected and Appointed Officials...	xi
Listing of Principal City Officials-Special Boards and Commissions..	xii
Organizational Chart.....	xiii

II. Financial Section

Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	15
Statement of Activities.....	16
Fund Financial Statements:	
Balance Sheet-Governmental Funds.....	17
Statement of Revenues, Expenditures and	
Changes in Fund Balances-Governmental Funds.....	19
Statement of Revenues, Expenditures and	
Changes in Fund Balance-Budget	
(Non-GAAP Basis) and Actual:	
General Fund.....	21
Recreation Fund.....	22
Statement of Fund Net Position-Proprietary Fund.....	23
Statement of Revenues, Expenses, and Changes in Fund Net	
Position- Proprietary Fund.....	24
Statement of Cash Flows-Proprietary Fund.....	25
Statement of Fiduciary Assets & Liabilities-Agency Funds.....	26
Notes to the Basic Financial Statements.....	27
Combining Statements and Individual Fund Schedules:	
Combining Statements Non-major Governmental Funds:	
Fund Descriptions.....	53
Combining Balance Sheet-Nonmajor Governmental Funds.....	54
Combining Statement of Revenues, Expenditures and	
Changes in Fund Balances-Nonmajor Governmental Funds..	55
Combining Balance Sheet-Nonmajor Special Revenue Funds...	56
Combining Statement of Revenues, Expenditures and	
Changes in Fund Balances-Nonmajor Special Revenue Funds	58

City of Middleburg Heights, Ohio
Comprehensive Financial Annual Report
For the Year Ended December 31, 2013
Table of Contents

Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance-Budget (Non-GAAP Basis) and Actual:		
Major Funds:		
General Fund.....	61	
Recreation Fund.....	65	
Bond Retirement Fund.....	66	
Capital Improvements Fund.....	67	
Street Infrastructure Improvement Fund.....	68	
Non-major Funds:		
Street Construction Fund.....	69	
State Highway Fund.....	70	
Clerk of Courts Computer Fund.....	71	
Law Enforcement Fund.....	72	
Medical Transport Fund.....	73	
FEMA Grant Fund.....	74	
Police Pension Fund.....	75	
Fire Pension Fund.....	76	
Tree Planting Fund.....	77	
Veteran's Memorial Fund.....	78	
Southwest General Hospital Fund.....	79	
Health Insurance Fund.....	80	
Combining Statements-Agency Funds:		
Fund Descriptions.....	81	
Combining Statement of Changes in Assets and Liabilities-Agency Funds.....	82	
III. Statistical Section		
Table of Contents		84
Net Position by Component-Last Ten Years.....		85
Changes in Net Position-Last Ten Years.....		86
Fund Balances, Governmental Funds- Last Ten Years.....		88
Changes in Fund Balances, Governmental Funds-Last Ten Years.....		90
Tax Revenues by Source, Governmental Funds-Last Ten Years.....		92
Income Tax Revenue Base and Collections-Last Ten Years.....		93
Principal Taxpayers-Current and Nine Years Ago.....		94
Property Tax Rates-All Direct and Overlapping Governments- Last Ten Years.....		95
Assessed and Estimated Actual Value of Taxable Property- Last Ten Years.....		96
Property Tax Levies and Collections-Real and Public Utility Taxes-Last Ten Years.....		97

City of Middleburg Heights, Ohio
Comprehensive Financial Annual Report
For the Year Ended December 31, 2013
Table of Contents

Ratios of General Bonded Debt and Legal Debt Margins-	
Last Ten Years.....	98
Computation of Direct and Overlapping Debt.....	100
Demographic and Economic Statistics-Last Ten Years.....	101
Principal Employers-Current and Nine Years Ago.....	102
Full-time City Employees by Function/Program-Last Ten Years.....	103
Operating Indicators by Function/Program-Last Ten Years.....	104
Capital Asset Statistics by Function/Program-Last Ten Years.....	106

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Finance Department
CITY OF MIDDLEBURG HEIGHTS

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



Gary W. Starr
Mayor

Jason Stewart, CPA
Director of Finance

May 23, 2014

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

Ohio law (Ohio Administrative Code Section 117-2-03(B)) requires that all cities file annual unaudited financial reports prepared on a GAAP (Generally Accepted Accounting Principles) basis with the Auditor of State within five months of the close of each fiscal year. This report is published to fulfill that requirement for the fiscal year ended December 31, 2013.

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

The Auditor of the State of Ohio has issued an unmodified opinion on the City of Middleburg Heights' financial statements for the year ended December 31, 2013. 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 nonmajor funds and other schedules that follow the basic financial statements provide more detailed information about the City's financial condition.

PROFILE OF THE GOVERNMENT

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

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

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

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

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

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

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

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

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt or the levying of taxes. The reporting entity of the City does not include any component units.

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

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

Budget Process: Although City Council is required to adopt a temporary budget by no later than the close of the fiscal year, and a final budget within 90 days of the new year; the final operating budget has been prepared and adopted by the close of the fiscal year for the last 26 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

2013 was another prosperous year for business expansion and investment in Middleburg Heights. In 2013, the efforts of the City's Department of Economic Development resulted in the attraction of approximately 486 new jobs in the City totaling approximately \$14,961,024 in payroll and approximately \$299,000 in municipal income tax revenue. Despite the continued global economic crisis, the City has been able to sustain a strong commercial business sector. In particular, the City has seen a significant growth in medical and health related businesses over the last decade. The City has actively promoted what we refer to as our "Medical Corridor" which consists of over 1.4 million square feet of medical and medical office space in the City. The City has significant representation of Northeast Ohio's largest healthcare providers in our City. Southwest General Health Center, in partnership with University Hospitals of Cleveland, has continued as the largest employer in the City of Middleburg Heights. The Cleveland Clinic also has four specialized facilities in Middleburg Heights; they include their Children's Hospital Therapy Services Center, Orthopedics Center, Sports Medicine and Therapy Services Center, and their Cardiology Services Center.

In July 2013, the Metro Health System opened its new ambulatory \$25 million health center at the intersection of Interstate 71 and Pearl Road on a ten-acre parcel in Middleburg Heights. In addition, the Metro Health System has plans on expansion that would include a new pharmacy for the building.

The 57,600 square-foot facility will accommodate up to 120,000 patient visits with over 60,000 patient visits expected in the first year. The facility is expected to create at least 60 new skilled full-time jobs for Middleburg Heights including physicians, nurses, and technologists.

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

The second phase, which also broke ground in fall 2012, will include a patient bed tower with 100 private patient rooms. This phase will also see the conversion of all existing patient rooms into private rooms and will include the construction of a new main entrance for the hospital. The project is on time and expected to be completed by the end of 2014.

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

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

In addition to these exciting projects in the medical industry, the City is currently reviewing plans from Sunnyside Automotive for a new Audi dealership on Pearl Road at Interstate 71. The dealership will incorporate a world-class design based upon European Audi dealerships. The design is new to the United States and would involve over \$7 million of investment in Middleburg Heights.

The plans by Sunnyside Automotive to invest significant dollars in the City is further evidence Middleburg Heights continues to be a desirable venue for local, national and international companies to both locate and expand.

There are also a number of development projects planned for the near future in the City. Engineering plans have been completed for a 65 acre expansion of the existing industrial park at Engle Road and Englewood Drive. The City has been in discussions with the Ohio Department of Development regarding possible State funding for property improvements.

In 2013, the City engaged the services of City Architecture to develop a master plan for the 45 acre site along Interstate 71 and Bagley Road. City Architecture performed a site evaluation and assessment and has come up with a number of different development possibilities. The plan has been presented to the property owners and discussions have occurred for the possible sale and consolidation of the properties to facilitate future development.

Also, the Harsax Commerce Park Development is a planned mixed-use development project that will include the construction of a new dedicated street on twenty acres of vacant land on Engle Road adjacent to Interstate 71. The developer has identified potential end users for this project which will accommodate office, light industrial, and general business operations.

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

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

The City utilizes a five-year forecast for its continued operational and capital needs. The forecast looks at the funds that are essential to the operations of the City. These funds are used to provide all of the services offered to our residents, including public safety, highway and street maintenance, parks and recreation, capital improvements, community development, public health and certain social services. The only funds excluded from the forecast are the Law Enforcement Trust Funds, the Court Computer Fund, the Community Center Fund, and all Trust Funds. The forecast is a document through which costs are identified and matched to projected funding sources. The plan is updated biannually to reflect changes to operational costs and revenue projections.

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

AWARDS AND ACKNOWLEDGEMENTS

GFOA Certificate of Achievement Award: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Middleburg Heights, Ohio for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2012. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

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

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

Sincerely,



Jason Stewart, CPA
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Middleburg Heights
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012



Executive Director/CEO

City of Middleburg Heights, Ohio

Listing of Principal City Officials

As of December 31, 2013

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

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

City of Middleburg Heights, Ohio

Listing of Principal City Officials

As of December 31, 2013

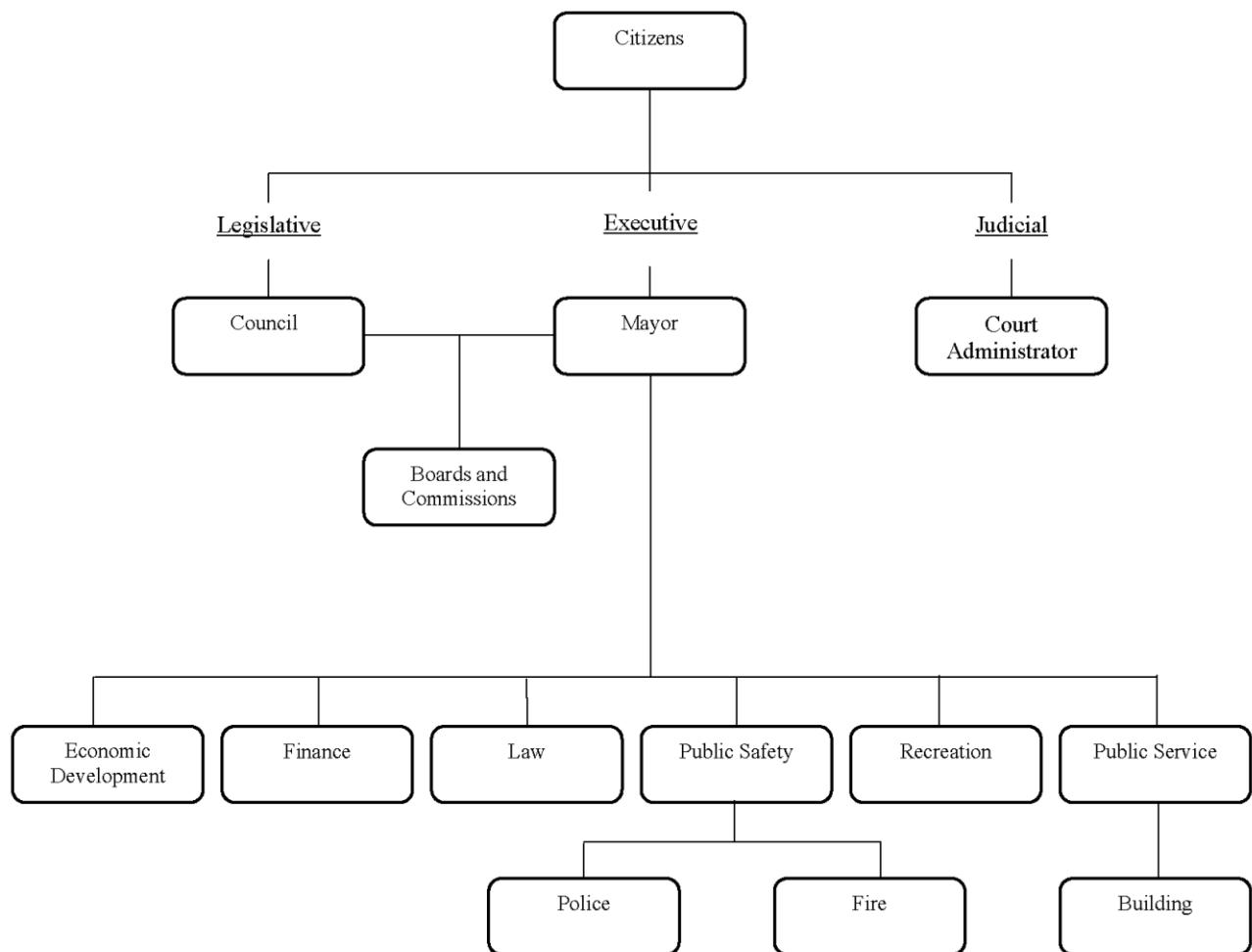
SPECIAL BOARDS AND COMMISSIONS

Planning Commission	Anthony Crea
Planning Commission	Cori Farris
Planning Commission	Vacant
Planning Commission	Vacant
Planning Commission	Bonnie Lesny
Planning Commission	Eric Smearman
Planning Commission	Dan Sage
Board of Zoning and Building Appeals	Philomena Johnson
Board of Zoning and Building Appeals	Tom Rea
Board of Zoning and Building Appeals	Al Cooke
Board of Zoning and Building Appeals	Maureen Hausler
Board of Zoning and Building Appeals	Michael Piepsny
Board of Zoning and Building Appeals (Alternate)	Ken Clickenger
Board of Zoning and Building Appeals (Alternate)	Carol Herman
Civil Service (Appointed 1/1/14).....	Tim Miranda
Civil Service (Appointed 5/13/14).....	Chris Tibbitts
Civil Service.....	Tony Terrigno
Secretary - Civil Service	Sherri Menoes
Secretary - Boards and Commissions	Kimberly Earley

City of Middleburg Heights, Ohio

Organizational Chart

For the Year Ended December 31, 2013



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Financial Section



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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Middleburg Heights, Cuyahoga County, Ohio (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Middleburg Heights, Cuyahoga County, Ohio, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Recreation Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2014, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

May 23, 2014

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City of Middleburg Heights
Management's Discussion and Analysis
For the Year Ended December 31, 2013
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, 2013. 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 2013 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 \$61,041,368 (*net position*). Of this amount, \$5,012,054 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total Net Position increased by \$2,226,644, which represents a 3.79 percent increase from 2012. However, unrestricted net position decreased by \$1,680,906 or 25.11 percent in 2013.
- Total Assets and deferred outflows of the City increased \$6,553,703, which represents a 8.8 percent increase from 2012.
- Total Capital Assets increased by \$1,071,607 or 1.9 percent from 2012.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$15,492,616 an increase of \$6,400,989 or 70.4 percent in comparison with the prior year. Equity in Pooled Cash and Investments in the governmental funds increased by \$5,851,550 or 83.3 percent from 2012, as income tax receipts increased by \$926,856 from 2012.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$7,392,204, or 43 percent of total general fund expenditures.
- Total outstanding Long-term liabilities were \$15,957,111. This was a 44.1 percent increase from the balance at the end of 2012. The increase was due to the issuance \$5,860,000 in General Obligation Bonds for the 2013 Neighborhood Streets Improvement Program.

Overview of the Financial Statements

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

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector businesses. The *statement of net position* and *statement of activities* provides information about the activities of the whole city, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statement also looks at the City's most significant funds with all other nonmajor funds presented in total in one column.

City of Middleburg Heights
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

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

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

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

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

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

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

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

In 2013, the City of Middleburg Heights maintained 16 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances, for the General Fund, Recreation Fund, Bond Retirement Fund, Capital Improvements Fund and Street/Infrastructure Improvement Fund; all of which are considered to be major funds. Data from the other 11 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.

City of Middleburg Heights
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

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

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

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on page 26 of this report.

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

Other information In addition to the basic financial statements and accompanying notes, this report also presents certain other information that the City believes readers will find useful. After the notes to the financial statements, the combining statements referred to earlier in connection with nonmajor governmental are presented, as well as individual detailed budgetary comparisons for all funds. This information can be found on pages 53 to 82 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 2013?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by the private sector. The accrual basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

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

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

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

City of Middleburg Heights
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

- 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 2013 compared to 2012.

Table 1 Net Position

	Governmental Activities	
	2013	2012
Assets		
Current and Other Assets	\$22,135,107	\$16,601,511
Capital Assets, Net	<u>58,152,777</u>	<u>57,081,170</u>
Total Assets	<u>80,287,884</u>	<u>73,682,681</u>
 Deferred Outflows of Resources		
Deferral on Refunding	<u>257,500</u>	<u>309,000</u>
 Liabilities		
Current Liabilities	1,506,208	2,051,117
Long-term Liabilities		
Due within One Year	2,909,462	2,630,281
Due in More Than One Year	<u>13,047,649</u>	<u>8,445,595</u>
Total Liabilities	<u>17,463,319</u>	<u>13,126,993</u>
 Deferred Inflows of Resources		
Property Tax	<u>2,040,697</u>	<u>2,049,964</u>
 Net Position		
Net Investment in Capital Assets	48,813,578	49,174,710
Restricted for:		
Capital Projects	5,177,947	989,661
Debt Service	1,588,993	1,548,018
Other Purposes	448,796	409,375
Unrestricted	<u>5,012,054</u>	<u>6,692,960</u>
Total Net Position	<u>\$61,041,368</u>	<u>\$58,814,724</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 \$61,041,368 at the close of the most recent fiscal year.

The largest portion of the City's net position (79.90%) 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 \$6,553,703 from 2012, while the City's total liabilities and deferred inflows increased by \$4,327,059. As a result, the total net position of the City's

City of Middleburg Heights
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

governmental activities increased \$2,226,644. The most significant changes were an increase in cash and cash equivalents of \$5,619,432, as well as an increase in non-depreciable capital assets by \$1,855,282 or 12.8 percent. This increase is a result of the acquisition of the several properties adjacent to the Middleburg Commons property, an 11 acre piece of land in the middle of our city. The increase also continues to be attributed to the addition of construction in progress related to the Eastland Road project. This addition of construction in progress is reflected as a Capital Contribution on the Statement of Activities as it is the Federal Highway Administration and Cuyahoga County's share of the project. The increase in liabilities of \$4,336,326 was primarily due to the issuance of \$5,860,000 General Obligation Bonds for the 2013 Neighborhood Streets Improvement Program.

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 2012.

Governmental Activities

Table 2 Changes in Net Position

	Governmental Activities 2013	Governmental Activities 2012
Revenues		
Program Revenues:		
Charges for Services	\$3,642,801	\$3,175,079
Operating Grants and Contributions	929,590	848,150
Capital Grants and Contributions	752,693	1,238,019
Total Program Revenues	<u>5,325,084</u>	<u>5,261,248</u>
General Revenues:		
Property Taxes & Other Local Taxes	2,760,323	2,738,167
Income Taxes	18,274,009	17,381,954
Grants and Entitlements	959,520	953,727
Investment Income	(12,318)	69,863
Miscellaneous	763,383	493,820
Total General Revenues	<u>22,744,917</u>	<u>21,637,531</u>
<i>Total Revenues</i>	<u>28,070,001</u>	<u>26,898,779</u>
Program Expenses		
General Government	7,424,687	7,297,006
Security of Persons and Property:		
Police	5,064,507	4,981,352
Fire	3,924,687	3,923,428
Safety Director	64,010	61,957
Public Health Services	311,680	307,505
Culture and Recreation	3,148,384	3,193,469
Community Development	603,864	555,959
Economic Development	402,294	326,237
Streets and Highways	3,298,197	2,664,848
Sanitation	1,080,775	1,075,455
Interest and Fiscal Charges	520,272	511,361
Total Program Expenses	<u>25,843,357</u>	<u>24,898,577</u>
<i>Increase (decrease) in Net Position</i>	<u>\$2,226,644</u>	<u>\$2,000,202</u>

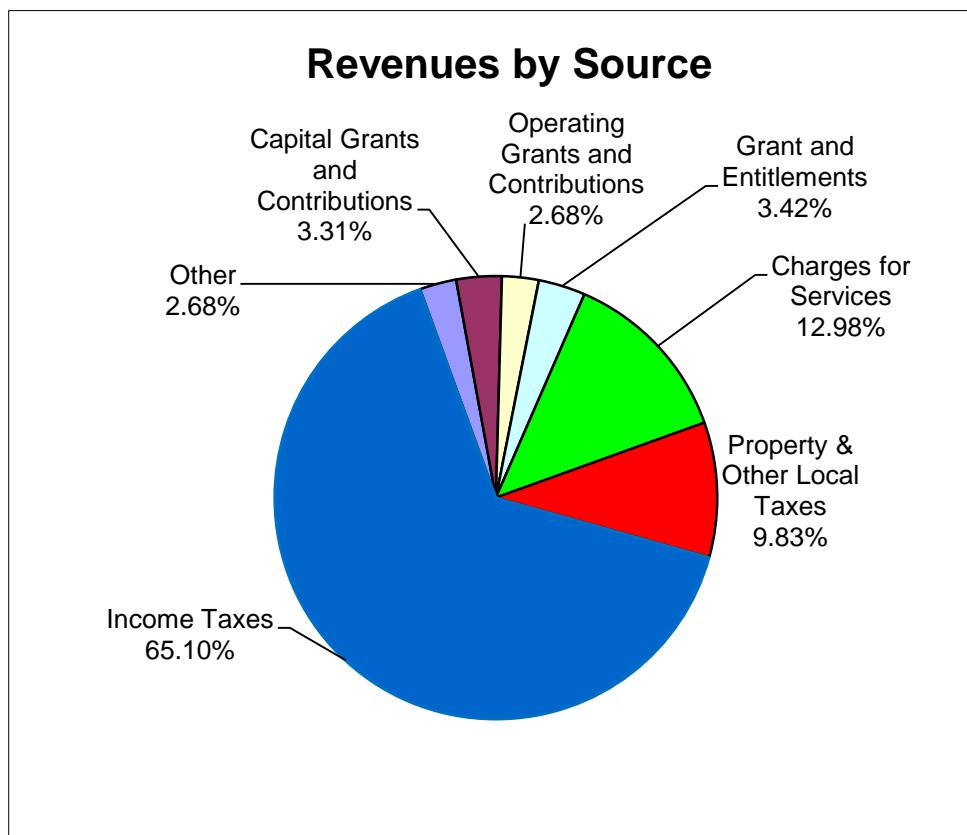
City of Middleburg Heights
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Governmental activities increased the City's net position by \$2,226,644. Discussions 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. 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%, effective January 1, 2007. Both the residents of the City and non-residents who work in the City are subject to the income tax. However if residents work in another locality that has a municipal income tax, the City provides 100% credit up to 2% for those who pay income tax to another city. City Council could by ordinance, choose to vary that income tax credit and create additional revenues for the City.

The increase of \$467,722 in charges for services is due primarily to the issuance of permits for the construction projects of Metro Health and Southwest Hospitals. These two projects have generated significant increases in charges for services in 2012 and 2013. The Permit fees in the coming year are expected to return to normal unless other large construction projects are initiated.

Income tax revenue for 2013 was \$18,274,009, an increase of \$892,055 or 5.13% from 2012. Of the \$28,070,001 in total revenues, income tax accounts for 65.10% of the total. Property and other local taxes were \$2,760,323, an increase of \$22,156 or .81% from 2012, and account for 9.83% of total revenues. Operating grants and contributions, capital grants and contributions, general revenues from grants and entitlements account for 9.41% of total revenues, and charges for services, investment income, and other revenue make up the remaining 15.66%. General revenues from grants and entitlements, such as local government funds, are also revenue generators. The City monitors its sources of revenues very closely for fluctuations.

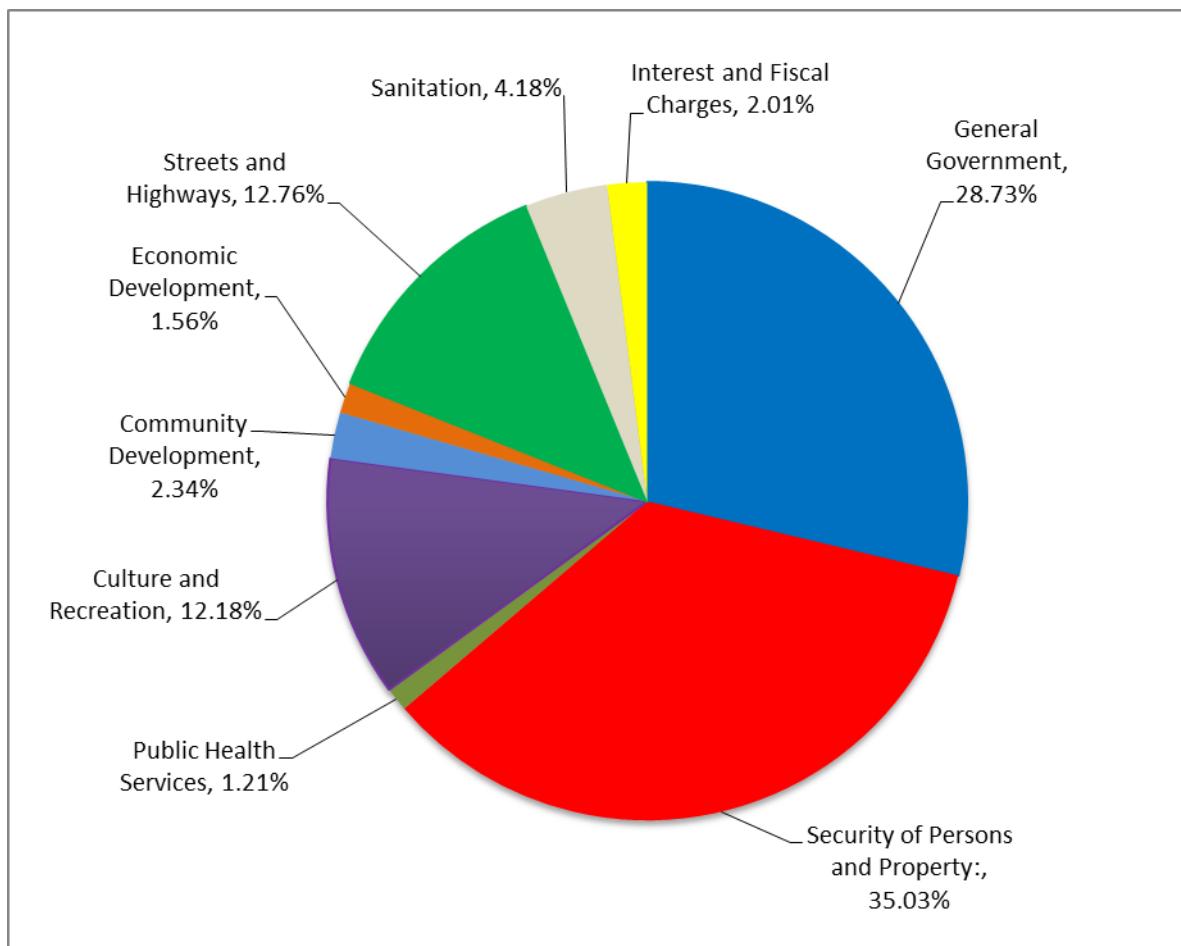


City of Middleburg Heights
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Total program expenses increased by \$944,780 or 3.79% as compared to 2012. Expenses related to personal services remained steady across most programs as moderate cost of living increases of 2 percent were awarded in 2013. Streets and Highways expenses increased by \$633,349 from 2012. This was due primarily to the maintenance and repair of neighborhood streets in 2013.

Total program expenses for 2013 were \$25,843,357. Security of Persons and Property, which included the police and fire departments as well as the City's Safety Director, accounted for program expenses of \$9,053,204, which represents 35.03 percent of total City expenses for the year 2013. Culture and Recreation expenses of \$3,148,384 accounted for 12.18 percent. Culture and recreation expenses consist largely of costs to operate the City's Community Center and depreciation expense on the building. Street and highway expenses of \$3,298,197 accounted for 12.76 percent.

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



City of Middleburg Heights
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Financial Analysis of the Government's Funds

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

Governmental Funds

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

As of December 31, 2013, the City's governmental funds reported combined ending fund balances of \$15,492,616, an increase of \$6,400,989 in comparison with the prior year. Of that amount, \$7,392,204 constitutes unassigned fund balances, which is available for spending at the government's discretion. The non-spendable fund balances are not easily converted to cash and are comprised of inventory and prepaid expenditures accounted for \$423,284.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance for the General Fund was \$7,960,738 of which \$7,392,204 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 \$17,875,360. Unassigned fund balance represents 41.3% (31.3% in 2012) of total General Fund expenditures and other financing uses, while total fund balance represents 44.5% (34.7% in 2012) of that same amount.

During the current fiscal year, the fund balance of the City's General Fund increased by \$1,800,490. The increase in the General Fund can be attributed to increases in revenues. Fines, Licenses and Permits were up 29.2% from 2012, other local taxes were up 6.96%, and income tax revenue increased 2.42% from 2012 on a modified accrual basis. Expenditures increased by 2.08% from 2012. Over 71.5% of General Fund expenditures are for salaries and fringes.

The balance in the Recreation Fund decreased \$21,713. This decrease in fund balance can be attributed to current year expenditures exceeding resources.

The Bond Retirement Fund increased \$116,517. The increase was due to the premium received on bonds that were issued for street and infrastructure improvements in 2013.

The Capital Improvements Fund decreased by \$137,089 primarily because of the reallocation of income tax reduced revenues allocated to that fund.

The Street/Infrastructure Improvements Fund was established in 2013. Initial funding was provided from the issuance of debt in the amount of \$5,860,000 in May 2013. Funding for this fund will be provided by 10 percent of the first 1 percent of the City's municipal income tax. The ending fund balance was \$4,563,570.

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 2013 the City amended its General Fund budget on various

City of Middleburg Heights
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

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

For the General Fund, original budgeted revenues were \$18.1 million. The final budgeted amount was \$18.1 million and actual revenues were \$19.6 million. An increase in income tax collections of \$1.1 million accounts for the majority of this variance. Intergovernmental revenues came in \$326,470 over estimates due primarily to better than anticipated inheritance tax collections. The City's ending unencumbered cash balance in the General Fund was \$2,766,832 above the final budgeted amount.

The difference between the General Fund's original budget for expenditures and other uses of \$19,718,464 and the final amended budget of \$19,983,747 was \$265,284 or about 1.3%. The largest revision was an increase of \$140,000 due to an advance to the Capital Improvements Fund to provide funds for the Lucerne Road bridge reconstruction. Actual expenditures and other uses were \$18,695,847 or \$1,287,900, (6.4%) less than the final amended budget. The final budget for wages and fringe benefits was \$13,837,059, of which \$13,359,411 or 96.5% was spent leaving a positive variance of \$477,648. Most of this variance was attributable to the service, police and fire departments. Police officers and firefighters have a contractual right to redeem certain compensated absences for pay, and the city budgets for this as if all eligible employees will exercise their option to sell the maximum number of hours available to sell. If less than the maximum number of hours are sold, then a positive variance results. The final budget for expenditures other than wages and fringe benefits was \$6,146,688, of which \$5,336,436 or 86.8% was actually spent leaving a positive variance of \$810,252. The only significant variance for expenditures, other than wages and fringe benefits, was attributable to the budget for unclaimed funds, which the city budgets for as if all amounts available will be reclaimed.

Capital Assets and Debt Administration

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

	Governmental Activities	
	2013	2012
Land	\$4,273,145	\$3,893,676
Land Improvements	340,168	348,595
Buildings and Improvements	20,534,961	21,008,222
Machinery and Equipment	3,276,525	3,373,425
Furniture and Fixtures	26,046	32,508
Infrastructure		
Streets	9,976,784	10,243,521
Sidewalks	478,887	482,383
Traffic Signals	1,250,863	1,410,654
Water Mains	1,514,741	1,512,343
Sanitary Sewers	1,661,946	1,680,719
Storm Sewers	2,792,601	2,544,827
Construction in Progress	<u>12,026,110</u>	<u>10,550,297</u>
Total Net Capital Assets	<u>\$58,152,777</u>	<u>\$57,081,170</u>

City of Middleburg Heights
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Total net capital assets of the City as of December 31, 2013 were \$58,152,777. Capital assets are \$1,071,607 greater than in 2012. The increases in the city's capital assets came as a result of the city: a) purchasing several properties adjacent to the 11 acre Middleburg Commons property on Bagley Road, b) assuming responsibility and ownership of Trenton Trail and c) addition of construction in progress related to the Eastland Road project. 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.

Debt

As of December 31, 2013, the City had \$15,957,111 in bonds, capital lease obligations, compensated absences and OPWC loans outstanding with \$2,909,462 due within one year, all net of unamortized premiums and loss on debt refundings.

Table 4 Outstanding Long-Term Obligations at Year End

	Governmental Activities	
	2013	2012
General Obligation Bonds	\$11,652,612	\$6,671,230
Special Assessment Bonds	697,350	815,110
Capital Lease Obligations	29,746	99,108
Compensated Absences	2,776,836	2,735,877
OPWC - Loan	800,567	754,551
Total	\$15,957,111	\$11,075,876

The General Obligation Bonds are composed of (1) Pearl Road sanitary sewer construction issued in 1992; (2) Various purpose bonds issued in 2002; (3) Community Center/Service Center Construction bonds that were refunded in 2008 and to be repaid from a dedicated 3/4% of the City's municipal income tax and (4) Street Infrastructure improvement bonds were issued in May 2013 and to be repaid with a percentage of the first 1 percent of the City's municipal income tax.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 10½% of total assessed valuation. The City's net legal debt margin within the 10½% limit was \$53 million on December 31, 2013.

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. In 2013, the efforts of the City's Department of Economic Development resulted in the attraction of approximately 486 new jobs in the City totaling approximately \$14,961,024 in payroll and approximately \$299,000 in municipal income tax revenue. In addition, the City continues to

City of Middleburg Heights
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

evaluate potential cost savings measures while addressing the needs of the community. The Mayor and City Council are dedicated to maintaining the service level that has come to be expected by its residents while balancing a tight budget.

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

The City 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@middleburghights.com.

City of Middleburg Heights, Ohio

Statement of Net Position

December 31, 2013

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$13,227,428
Accounts Receivable	210,690
Accrued Interest Receivable	9,263
Intergovernmental Receivable	614,670
Prepaid Items	123,548
Materials and Supplies Inventory	299,736
Income Tax Receivable	4,760,403
Property Taxes Receivable	2,146,578
Other Local Taxes Receivable	45,441
Special Assessments Receivable	697,350
Nondepreciable Capital Assets	16,299,255
Depreciable Capital Assets	<u>41,853,522</u>
<i>Total Assets</i>	<u>80,287,884</u>
Deferred Outflows of Resources	
Deferral on Refunding	<u>257,500</u>
Liabilities	
Accounts Payable	257,342
Accrued Wages	458,964
Retainage Payable	75,122
Intergovernmental Payable	372,283
Accrued Interest Payable	32,270
Claims Payable	88,896
Unearned Revenue	221,331
Long-Term Liabilities:	
Due Within One Year	2,909,462
Due In More Than One Year	<u>13,047,649</u>
<i>Total Liabilities</i>	<u>17,463,319</u>
Deferred Inflows of Resources	
Property Taxes	<u>2,040,697</u>
Net Position	
Net Investment in Capital Assets	48,813,578
Restricted for:	
Capital Projects	5,177,947
Debt Service	1,588,993
Other Purposes	448,796
Unrestricted	<u>5,012,054</u>
<i>Total Net Position</i>	<u>\$61,041,368</u>

See accompanying notes to the basic financial statements

City of Middleburg Heights, Ohio

Statement of Activities

For the Year Ended December 31, 2013

	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental Activities:						
Security of Persons and Property:						
Police	\$5,064,507	\$671,898	\$0	\$0	(\$4,392,609)	
Fire	3,924,687	530,050	108,028		(3,286,609)	
Safety Director	64,010				(64,010)	
Public Health and Welfare	311,680	22,075			(289,605)	
Culture and Recreation	3,148,384	1,399,464			(1,748,920)	
Community Development	603,864	819,185			215,321	
Economic Development	402,294	6,443			(395,851)	
Streets and Highways	3,298,197	11,854	821,562	752,693	(1,712,088)	
Sanitation	1,080,775				(1,080,775)	
General Government	7,424,687	181,832			(7,242,855)	
Interest and Fiscal Charges	520,272				(520,272)	
<i>Total Governmental Activities</i>	<i>\$25,843,357</i>	<i>\$3,642,801</i>	<i>\$929,590</i>	<i>\$752,693</i>	<i>(20,518,273)</i>	

General Revenues

Property and Other Local Taxes Levied for:

General Purposes	2,114,690
Debt Service	221,713
Police and Fire Pension	266,058
Public Health and Welfare	157,862

Income Tax Levied for:

General Purposes	14,167,574
Debt Service	1,150,763
Recreation	1,277,539
Capital Outlay	1,678,133
Grants and Entitlements not Restricted to Specific Programs	959,520
Investment Earnings	(12,318)
Miscellaneous	<u>763,383</u>

Total General Revenues

22,744,917

Change in Net Position

2,226,644

Net Position Beginning of Year

58,814,724

Net Position End of Year

\$61,041,368

See accompanying notes to the basic financial statements

City of Middleburg Heights, Ohio

Balance Sheet

Governmental Funds

December 31, 2013

	General	Recreation	Bond Retirement	Capital Improvements	Streets/ Infrastructure Improvements
Assets and Deferred Outflows of Resources					
Assets:					
Equity in Pooled Cash and Investments					
Materials and Supplies Inventory	\$5,841,310	\$249,213	\$456,687	\$464,792	\$4,543,906
Accrued Interest Receivable	122,898	39,574	292	8,290	
Accounts Receivable	8,971				
Interfund Receivable	153,123				
Intergovernmental Receivable	140,000				
Prepaid Items	220,093				
Income Taxes Receivable	108,864	14,684			
Property Taxes Receivable	3,524,707	452,900	406,715	235,640	140,441
Other Local Taxes Receivable	1,527,908		228,045		
Special Assessments Receivable	45,441				
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	<i>11,693,315</i>	<i>756,371</i>	<i>1,805,790</i>	<i>708,722</i>	<i>4,684,347</i>
Total Assets and Deferred Outflows of Resources	\$11,693,315	\$756,371	\$1,805,790	\$708,722	\$4,684,347
 Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts Payable	\$166,425	\$34,824	\$0	\$0	\$0
Accrued Wages	371,886	59,037			
Interfund Payable					140,000
Intergovernmental Payable	317,711	41,265			
Retainage Payable					75,122
Unearned Revenue					
<i>Total Liabilities</i>	<i>856,022</i>	<i>221,331</i>	<i>0</i>	<i>140,000</i>	<i>75,122</i>
 Deferred Inflows of Resources:					
Property Taxes	1,452,544	216,797			
Unavailable Revenue - Delinquent Property Taxes	75,364	11,248			
Unavailable Revenue - Income taxes	1,141,300	146,649	131,694	76,300	45,475
Unavailable Revenue - Other	207,347		714,051	8,290	
<i>Total Deferred Inflows of Resources</i>	<i>2,876,555</i>	<i>146,649</i>	<i>1,073,790</i>	<i>84,590</i>	<i>45,475</i>
 Fund Balances					
Non-Spendable	231,762	54,258			
Restricted			199,007	732,000	
Committed					484,132
Assigned	336,772				4,563,750
Unassigned	7,392,204				
<i>Total Fund Balances</i>	<i>7,960,738</i>	<i>253,265</i>	<i>732,000</i>	<i>484,132</i>	<i>4,563,750</i>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$11,693,315	\$756,371	\$1,805,790	\$708,722	\$4,684,347

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, 2013

City of Middleburg Heights, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2013

	General	Recreation	Bond Retirement	Capital Improvements	Streets/ Infrastructure Improvements
Revenues					
Property Taxes	\$1,492,390	\$0	\$222,745	\$0	
Income Taxes	14,116,969	1,286,997	1,107,539	728,267	974,808
Other Local Taxes	629,209				
Intergovernmental	904,256		47,676		
Special Assessments	0		186,528		
Interest	(24,850)		6,184		5,790
Fines, Licenses and Permits	1,603,093				
Charges for Services	402,868	1,399,464		8,324	
Other	446,387	21,183		306,166	
<i>Total Revenues</i>	<i>19,570,322</i>	<i>2,707,644</i>	<i>1,570,672</i>	<i>1,042,757</i>	<i>980,598</i>
Expenditures					
Current:					
Security of Persons and Property					
Police	4,683,773				
Fire	3,399,529				
Safety Director	62,457				
Public Health and Welfare	140,584				
Culture and Recreation		2,729,357			
Community Development	592,322				
Economic Development	395,327				
Streets and Highways					
Sanitation	1,080,775				
General Government	6,820,593		2,028		
Capital Outlay				1,113,387	2,276,848
Debt Service:					
Principal Retirement		1,232,761		69,361	
Interest and Fiscal Charges		363,654		3,698	
Bond Issuance Costs		118,745			
<i>Total Expenditures</i>	<i>17,175,360</i>	<i>2,729,357</i>	<i>1,717,188</i>	<i>1,186,446</i>	<i>2,276,848</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>2,394,962</i>	<i>(21,713)</i>	<i>(146,516)</i>	<i>(143,689)</i>	<i>(1,296,250)</i>
Other Financing Sources (Uses)					
Sale of Capital Assets				6,600	
Bond Proceeds					5,860,000
Premium on Debt Issuance			263,033		
Transfers In	105,528				
Transfers Out	(700,000)				
<i>Total Other Financing Sources (Uses)</i>	<i>(594,472)</i>	<i>0</i>	<i>263,033</i>	<i>6,600</i>	<i>5,860,000</i>
<i>Net Change in Fund Balances</i>	<i>1,800,490</i>	<i>(21,713)</i>	<i>116,517</i>	<i>(137,089)</i>	<i>4,563,750</i>
<i>Fund Balances Beginning of Year</i>	<i>6,160,248</i>	<i>274,978</i>	<i>615,483</i>	<i>621,221</i>	
<i>Fund Balances End of Year</i>	<i>\$7,960,738</i>	<i>\$253,265</i>	<i>\$732,000</i>	<i>\$484,132</i>	<i>\$4,563,750</i>

See accompanying notes to the basic financial statements

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2013*

Other Governmental Funds	Total Governmental Funds	
		Net Change in Fund Balances - Total Governmental Funds \$6,400,989
		<i>Amounts reported for governmental activities in the statement of activities are different because</i>
		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.
		Capital Asset Additions \$3,115,015 Capital Asset Deletions (471,229) Accum Depr on Disposals 239,920 Current Year Depreciation (1,812,099) Total 1,071,607
		Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.
		Delinquent Property Taxes (9,701) Income Tax 59,429 Intergovernmental (60,635) Special Assessments (112,409) Charges for Services 11,347 Total (111,969)
		The issuance of long term debt provides current financial resources to the governmental funds while the repayment of principal of long-term debt consumes the current financial resources, but reduces long-term liabilities in the statement of net assets.
		Bond and Capital Lease Principal 1,302,122 Proceeds from Bond Issue (5,860,000) Premium on debt issuance (263,033) Proceeds from OPWC Loan (46,016) (4,866,927)
		In the statement of activities, interest accrued on outstanding bonds, bond premium, bond issuance costs, and the gain/loss on refunding are amortized over the term of the bonds, whereas in the governmental funds the expenditure is reported when the bonds are issued.
		Accrued Interest (9,326) Amortization of Bond Premium 26,651 Amortization of Loss on Refunding (51,500) (34,175)
		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. (40,959)
		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. (191,922)
		<i>Change in Net Position of Governmental Activities</i> \$2,226,644

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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$1,459,207	\$1,459,207	\$1,492,390	\$33,183
Income Taxes	12,929,010	12,929,010	14,044,911	1,115,901
Other Local Taxes	545,000	545,000	621,098	76,098
Intergovernmental	611,363	611,363	937,833	326,470
Interest	65,000	65,000	38,474	(26,526)
Fines, Licenses and Permits	1,793,870	1,793,870	1,603,189	(190,681)
Charges for Services	358,300	358,300	420,273	61,973
Other	368,173	363,873	446,387	82,514
<i>Total Revenues</i>	<i>18,129,923</i>	<i>18,125,623</i>	<i>19,604,555</i>	<i>1,478,932</i>
Expenditures				
Current:				
Security of Persons and Property:				
Police	4,949,417	4,949,417	4,843,535	105,882
Fire	3,745,592	3,745,592	3,563,336	182,256
Safety Director	62,734	62,734	62,012	722
Public Health and Welfare	172,945	172,945	149,984	22,961
Community Development	605,952	623,452	599,167	24,285
Economic Development	465,298	465,298	415,129	50,169
Sanitation	1,122,344	1,122,344	1,099,052	23,292
General Government	7,719,182	7,826,965	7,123,632	703,333
<i>Total Expenditures</i>	<i>18,843,464</i>	<i>18,968,747</i>	<i>17,855,847</i>	<i>1,112,900</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(713,541)</i>	<i>(843,124)</i>	<i>1,748,708</i>	<i>2,591,832</i>
Other Financing Sources (Uses)				
Advances In	218,784	218,784	218,784	0
Advances Out	0	(140,000)	(140,000)	0
Transfers In	0	105,528	105,528	0
Transfers Out	(875,000)	(875,000)	(700,000)	175,000
<i>Total Other Financing Sources (Uses)</i>	<i>(656,216)</i>	<i>(690,688)</i>	<i>(515,688)</i>	<i>175,000</i>
Net Change in Fund Balance	(1,369,757)	(1,533,812)	1,233,020	2,766,832
Fund Balance Beginning of Year	3,649,228	3,649,228	3,649,228	0
Prior Year Encumbrances Appropriated	560,858	560,858	560,858	0
Fund Balance End of Year	\$2,840,329	\$2,676,274	\$5,443,106	\$2,766,832

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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Income Taxes	\$1,800,000	\$1,800,000	\$1,311,560	(\$488,440)
Charges for Services	1,307,400	1,307,400	1,414,260	106,860
Other	2,600	2,600	21,183	18,583
<i>Total Revenues</i>	<u>3,110,000</u>	<u>3,110,000</u>	<u>2,747,003</u>	<u>(362,997)</u>
Expenditures				
Current:				
Culture and Recreation	<u>3,093,244</u>	<u>3,093,244</u>	<u>2,873,464</u>	<u>219,780</u>
<i>Total Expenditures</i>	<u>3,093,244</u>	<u>3,093,244</u>	<u>2,873,464</u>	<u>219,780</u>
<i>Net Change in Fund Balance</i>	16,756	16,756	(126,461)	(143,217)
<i>Fund Balance Beginning of Year</i>	150,000	150,000	150,000	0
Prior Year Encumbrances Appropriated	<u>126,461</u>	<u>126,461</u>	<u>126,461</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$293,217</u>	<u>\$293,217</u>	<u>\$150,000</u>	<u>(\$143,217)</u>

See accompanying notes to the basic financial statements

City of Middleburg Heights, Ohio

Statement of Fund Net Position

Proprietary Fund

December 31, 2013

	Governmental Activities
	Internal Service
	<u>Fund - Health Insurance</u>
Assets	
<i>Current Assets</i>	
Equity in Pooled Cash and Investments	<u>\$358,321</u>
<i>Total Assets</i>	<u>358,321</u>
Liabilities	
<i>Current Liabilities</i>	
Claims Payable	<u>88,896</u>
<i>Total Liabilities</i>	<u>88,896</u>
Net Position	
Unrestricted	<u>269,425</u>
<i>Total Net Position</i>	<u>\$269,425</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, 2013*

	Governmental Activities
	Internal Service
	Fund - Health Insurance
Operating Revenues	
Charges for Services	\$2,006,976
<i>Total Operating Revenues</i>	<u>2,006,976</u>
Operating Expenses	
Contractual Services	311,235
Claims	1,887,663
<i>Total Operating Expenses</i>	<u>2,198,898</u>
<i>Change in Net Position</i>	(191,922)
<i>Net Position Beginning of Year</i>	<u>461,347</u>
<i>Net Position End of Year</i>	<u>\$269,425</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, 2013

Governmental Activities
Internal Service
Fund - Health Insurance

Increase (Decrease) In Cash and Investments

Cash Flows from Operating Activities

Cash Received from Interfund Services	\$2,006,976
Cash Payments to Suppliers for Services	(311,235)
Cash Payments for Claims	(1,927,859)
<i>Net Cash Flows From Operating Activities</i>	<u>(232,118)</u>

<i>Net (Decrease) In Cash and Investments</i>	<u>(232,118)</u>
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<i>Cash and Investments Beginning of Year</i>	<u>590,439</u>
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<i>Cash and Investments End of Year</i>	<u>\$358,321</u>
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**Reconciliation of Operating Income to Net
Cash Provided by Operating Activities**

<i>Operating Expense</i>	<u>(\$191,922)</u>
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Adjustments:

Decrease in Claims Payable	<u>(40,196)</u>
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<i>Net Cash Provided By Operating Activities</i>	<u><u>(\$232,118)</u></u>
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See accompanying notes to the basic financial statements

City of Middleburg Heights, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2013

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Investments	\$168,845
Cash in Segregated Accounts	43,595
Total Assets	<u>\$212,440</u>
Liabilities	
Deposits Held and Due to Others	<u>\$212,440</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, 2013

Note 1 – Description of the City

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

Note 2 - Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization’s governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization’s resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization. Component units may also include organizations that are fiscally dependent on the City, in that the City approves the budget, the issuance of debt, or the levying of taxes. The City has no component units.

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

B. Basis of Presentation

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

City of Middleburg Heights, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2013

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The effect of inter-fund activity of the Health Insurance internal service fund has been eliminated from the government-wide financial statements to avoid the “double counting” of revenues and expenses. Interfund charges for services and net expenses are allocated to the various functions in proportion to the interfund chargeback.

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

Fund Financial Statements

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

C. Fund Accounting

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

Governmental Funds

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

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

City of Middleburg Heights, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2013

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.

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

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

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

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

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

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

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

D. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the Statement of net position, except for fiduciary funds. The Statement of Activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources along with current liabilities and deferred inflows of resources generally are included on the 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)

City of Middleburg Heights, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2013

of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

E. Basis of Accounting

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

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. (See Note 6.) Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, hotel/motel tax, admissions tax, cable TV franchise fees, ambulance fees, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), interest, grants and entitlements.

Deferred Outflows/Inflows of Resources In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources include a deferral on refunding reported in the government-wide statement of net position. A deferral on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2013, but which were levied to finance year 2014 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

City of Middleburg Heights, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2013

revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, charges for services, intergovernmental grants, and special assessments. These amounts are deferred and recognized as inflows of resources in the period the amounts become available.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

F. Cash and Investments

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

During fiscal year 2013, the portfolio of the City was limited to non-participating investment contracts (e.g., certificates of deposit) STARohio, STAR plus, negotiable certificates of deposit and Federal Agency Securities.

STAR Plus is a federally insured cash account instituted by the Federally Insured Cash Account (FICA) program. STAR Plus enables political subdivisions to generate a competitive yield on cash deposits in a network of FDIC-insured banks via a single, convenient account. STAR Plus offers attractive yields with no market or credit risk, weekly liquidity and penalty free withdrawals. All deposits with STAR Plus have full FDIC insurance, with no term commitment on deposits. As of December 31, 2013, the Net APY for STAR Plus was .20%.

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

Investment procedures are restricted by provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2013 amounted to (\$24,850) which includes \$3,906 assigned from other City funds. The negative interest revenue is the result of marking investments to market value where current market value is below cost.

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, 2013, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

City of Middleburg Heights, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2013

H. Inventory

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

I. Capital Assets

General capital assets are assets that are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. The City reported infrastructure assets at the same time it implemented GASB Statement No. 34 as of the year ended December 31, 2003.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$5,000. The City's infrastructure consists of streets, water mains, sanitary sewers, storm sewers, traffic signals and sidewalks. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

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

J. Interfund Balances

On the fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables". Interfund balance amounts are eliminated in the statement of net position. An "interfund receivable/payable" in the General and Capital Improvements funds are presented in 2013.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees.

City of Middleburg Heights, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2013

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

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

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the governmental fund financial statements when due. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Annual membership revenues for the City's Community Center have been recorded as unearned revenue to the extent that they had not been earned as of December 31, 2013

M. Fund Balance

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

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

Restricted – The Restricted classification includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

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

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

City of Middleburg Heights, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2013

constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council or by a City official delegated that authority by ordinance.

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

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

N. Net position

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

The government-wide statement of net position reports \$7,215,736 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 occurred in 2013.

City of Middleburg Heights, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2013

Q. Estimates

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

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for the self-insurance program. Operating expenses are necessary costs that have been incurred in order to provide the goods or services that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

S. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the object levels of personnel costs and other costs within each department for all funds. Adjustments to the budget can only be made within a department and then only within the aforementioned object levels by the Director of Finance, upon request by the department head and approval of the Mayor. All other budgetary modifications may only be made by passage of an ordinance by the City Council.

The certificate of estimated resources may be amended during the year if the Finance Director identifies changes to the initial projected revenue. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources in effect at the time final appropriations were passed by Council.

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

Note 3 – Changes in Accounting Principles

GASB Statement Number 61, *The Financial Reporting Entity*: This statement is an amendment of GASB Statements No. 14 and No. 34. This Statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, the display of component units (blending vs. discrete presentation, and certain disclosure requirements. The requirements of this Statement are effective for financial statements for periods beginning after June 15,

City of Middleburg Heights, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2013

2012 and have been implemented by the City.

GASB Statement Number 66, *Technical corrections - 2012*. This statement amends GASB Statements No. 10 and No. 62. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012 and have been implemented by the City.

Note 4 - Budgetary Basis of Accounting

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

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

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	\$1,800,490	(\$21,713)
Net Adjustment for Revenue Accruals	100,050	39,359
Fair Value Adjustment for Investments 2012	(728)	0
Fair Value Adjustment for Investments 2013	(65,089)	0
Advances In	218,784	0
Advances Out	(140,000)	0
Net Adjustment for Expenditure Accruals	(217,195)	(44,894)
Encumbrances	(463,292)	(99,213)
Budget Basis	<u>\$1,233,020</u>	<u>(\$126,461)</u>

Note 5 - Deposits and Investments

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

City of Middleburg Heights, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2013

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

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

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

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

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

Investments in collateral-backed mortgage obligations, derivatives, interest-only purchases, variable interest securities, reverse repurchase agreements, investment pools, except for STAROhio, and stocks, are prohibited, unless specifically authorized by council. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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

Deposits

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

City of Middleburg Heights, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2013

At year-end, the carrying amount of the City's deposits was \$7,832,419 and the bank balance was \$8,289,300. Of the bank balance \$4,131,609 was covered by Federal depository insurance, which includes \$3,791,867 held in a STAR Plus account. The remaining \$4,157,691 was uninsured. Of the remaining uninsured bank balance, \$4,157,691 was collateralized with securities held by the pledging institution's agent, not in the City's name, as allowed by the Ohio Revised Code.

Investments

Investments are reported at fair value. As of December 31, 2013, the City had the following investments:

	Fair Value	Weighted Average Maturity (Days)
Federal Home Loan Mortgage Corporation Bonds	\$350,166	1239
Federal National Mortgage Corporation Bonds	\$1,967,600	1369
Federal Farm Credit Bureau Bonds	980,115	1420
FDIC Insured Negotiable CD's	2,215,218	592
City of Middleburg Heights Manuscript Bonds	94,350	2161
Total Portfolio	\$5,607,449	1076

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

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

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

Concentration of Credit Risk is defined by the Governmental Accounting Standards Board as having invested five percent or more of the city's portfolio in the securities of a single issuer. The City's investment policy recommends diversification of the portfolio. One method utilized by the City to reduce the risk of loss due to default by a financial institution is limiting the amount of investments placed with any institution to no more than fifty percent of the City's deposit/investment portfolio. The following is the City's allocation as of December 31, 2013:

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

<u>Investment Issuer</u>	<u>Percentage of Investments</u>
Federal Home Loan Mortgage Corporation Bonds	6.25%
Federal National Mortgage Corporation Bonds	35.09%
Federal Farm Credit Bureau Bonds	17.48%
FDIC Insured Negotiable CD's	39.50%
City of Middleburg Heights Manuscript Bonds	1.68%
Total	100.00%

Note 6 – Receivables

Receivables at December 31, 2013, 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 \$573,824 in the Bond Retirement Fund. At December 31, 2013 the amount of delinquent special assessments was \$8,290.

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 2013 for real and public utility property taxes represents collections of 2012 taxes.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes, which became a lien December 31, 2012, are levied after October 1, 2013, and collected in 2013 with real property taxes.

The tax rate for all City operations for the year ended December 31, 2013, was \$5.45 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2012 property tax receipts were based are as follows:

Real Property	\$492,306,950
Public Utility Tangible Property	<u>13,374,710</u>
Total Valuation	<u><u>\$505,681,660</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.

City of Middleburg Heights, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2013

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, 2013 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 2013 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

B. Municipal Income Taxes

In 2013, 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 and the Capital Improvements Fund and the Street/Infrastructure Improvement Fund.

C. Intergovernmental Receivable

A summary of intergovernmental receivables follows:

Governmental Activities	Amounts
Gasoline Taxes	\$347,000
Local Government Funds	108,701
Homestead and Rollback	116,563
Estate Tax	23,665
CAT Tax Reimbursement	3,702
Public Utility Reimbursement	1,822
Permissive Motor Vehicle License Tax	8,458
Liquor Permit	2,902
Prisoner Board and Care	935
Targeted Enforcement Grant	922
Total	\$614,670

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 2013, the City contracted with Travelers Insurance Agency for its Commercial Umbrella coverage. A summary of insurance coverage is as follows:

City of Middleburg Heights, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2013

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	\$43,736,806
Travelers Insurance Co.	Inland marine coverage	\$1,408,265
Travelers Insurance Co.	Electronic Data Processing Equip	\$85,560
Travelers Insurance Co.	Public Officials Liability	\$1 million per occurrence
Travelers Insurance Co.	Law Enforcement Liability	\$1 million per occurrence
Travelers Insurance Co.	Commercial Crime	\$25,000
Travelers Insurance Co.	Employee Dishonesty	\$100,000
Travelers Insurance Co.	Commercial Automobile	\$1,000,000
Travelers Insurance Co.	Commercial Umbrella	\$5,000,000
Travelers Insurance Co.	Ohio Stop Gap	\$1,000,000
Travelers Insurance Co.	Boiler and Machinery	\$43,736,806

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 2013 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 \$60,000 per individual and \$2,312,575 in aggregate. In 2013 the City funded the self-insurance internal service fund at \$541 per month for single coverage and \$1,353 per month for family coverage. These charges are paid by the fund from which the employees' compensation is paid.

The claims liability of \$88,896, as estimated and reported in the internal service fund at December 31, 2013, 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:

City of Middleburg Heights, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2013

	Estimated Claims Payable January 1st	Current Year		Estimated Claims Payable December 31st
		Claims and Changes In Estimates	Claim Payments	
2012	\$52,508	\$1,745,322	(\$1,668,738)	\$129,092
2013	\$129,092	\$1,887,663	(\$1,927,859)	\$88,896

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

Note 8 – Capital Assets

Capital asset activity for the year ended December 31, 2013, was as follows:

Governmental Activities	Balance			Balance 12/31/2013
	12/31/2012	Additions	Deletions	
<i>Capital Assets not being Depreciated:</i>				
Land	\$3,893,676	\$379,469		\$4,273,145
Construction-In-Progress	10,550,297	1,691,012	(215,199)	12,026,110
Total Capital Assets, not being Depreciated	<u>14,443,973</u>	<u>2,070,481</u>	<u>(215,199)</u>	<u>16,299,255</u>

Capital Assets being Depreciated:

Land Improvements	1,201,398	25,045	1,226,443
Buildings and Improvements	30,871,182	196,986	31,068,168
Furniture and Fixtures	80,262	0	(7,536)
Machinery and Equipment	9,219,229	400,920	(248,494)
Infrastructure:			
Streets	13,957,915	82,445	14,040,360
Sidewalks	622,414	12,064	634,478
Traffic Signals	3,195,821	0	3,195,821
Water Mains	1,920,146	28,000	1,948,146
Sanitary Sewers	2,202,948	10,600	2,213,548
Storm Sewers	3,040,934	288,474	3,329,408
Total Capital Assets being Depreciated	<u>66,312,249</u>	<u>1,044,534</u>	<u>(256,030)</u>
Less Accumulated Depreciation:			
Land Improvements	(852,803)	(33,472)	(886,275)
Buildings and Improvements	(9,862,960)	(670,247)	(10,533,207)
Furniture and Fixtures	(47,754)	(3,636)	4,710
Machinery and Equipment	(5,845,804)	(484,536)	235,210
Infrastructure:			
Streets	(3,714,394)	(349,182)	(4,063,576)
Sidewalks	(140,031)	(15,560)	(155,591)
Traffic Signals	(1,785,167)	(159,791)	(1,944,958)
Water Mains	(407,803)	(25,602)	(433,405)
Sanitary Sewers	(522,229)	(29,373)	(551,602)
Storm Sewers	(496,107)	(40,700)	(536,807)
Total Accumulated Depreciation	<u>(23,675,052)</u>	<u>(1,812,099)</u>	<u>239,920</u>
Total Capital Assets being Depreciated, Net	<u>42,637,197</u>	<u>(767,565)</u>	<u>(16,110)</u>

City of Middleburg Heights, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2013

Governmental Activities Capital Assets, Net \$57,081,170 \$1,302,916 (\$231,309) \$58,152,777

* Depreciation expense was charged to governmental activities as follows:

General Government	\$457,960
Public Safety:	
Police	132,822
Fire	190,995
Streets and Highways	620,208
Culture and Recreation	406,357
Community Development	1,219
Economic Development	2,538
Total Depreciation Expense	<u><u>\$1,812,099</u></u>

Note 9 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

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

The Ohio Revised Code provides statutory authority for member and employer contributions. Employees were required to contribute 10.00 percent of their annual covered salary to fund pension obligations. The City contributed 14.00 percent of covered payroll. The City's required contributions to OPERS for the years ended December 31, 2013, 2012 and 2011 were \$931,842, \$919,884, and \$927,493, respectively. The full amount has been contributed for all three years.

B. Ohio Police and Fire Pension Fund

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

City of Middleburg Heights, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2013

supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

From January 1, 2013 through July 1, 2013 plan members were required to contribute 10.0 percent of their annual covered salary and from July 2nd through December 31st plan members contributed 10.75% of their annual covered salary, while employers are required to contribute 19.5 percent and 24.0 percent respectively for police officers and firefighters. The City's contributions to the OP&F for the years ended December 31, 2013, 2012 and 2011 were \$1,069,224, \$1,039,163, and \$1,035,237, respectively. The full amount has been contributed for 2011 and 2012. The City has contributed \$990,309 for 2013 with the remainder being reported as "intergovernmental payable" in the governmental activities column of the statement of net position.

Note 10 - Postemployment Benefits

A. Ohio Public Employees Retirement System

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

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

In order to qualify for post-retirement health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefits recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 45.

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013 state and local employers contributed at a rate of 14 percent. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB plan.

City of Middleburg Heights, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2013

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care was 1.0% from January 1 through December 31, 2013. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's required contributions to OPERS for the years ended December 31, 2013, 2012 and 2011 were \$931,842, \$919,884, and \$927,493, respectively, of which \$66,534, \$262,811 and \$264,985, respectively, was allocated to the healthcare plan. The full amount has been contributed for all three years.

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

B. Ohio Police and Fire Pension Fund

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

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

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

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

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

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

City of Middleburg Heights, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2013

retiree healthcare benefits. The portion of employer contributions allocated to healthcare was 4.69% of covered payroll from January 1, 2013 through May 31, 2013 and 2.85% from June 1, 2013 through December 31, 2013. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Sections 115 and Section 401(h).

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

The City's required contributions to OP&F for the years ended December 31, 2013, 2012 and 2011 were \$1,069,224, \$1,039,163, and \$1,035,237, respectively, of which \$66,534, \$325,243, and \$324,112, respectively, was allocated to the healthcare plan. The full amount has been contributed for 2012 and 2011. The City has contributed \$990,309 for 2013.

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	\$108,864	\$14,684	\$0	\$0	\$0	\$0
Materials and Supplies						

City of Middleburg Heights, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2013

Inventory	122,898	39,574			137,264
Total Non-Spendable	231,762	54,258	0	0	137,264
Restricted for:					
Bond Retirement		732,000			
Recreation		199,007			
Street Construction					611,008
State Highway					167,207
Clerk of Court Computer					68,453
Law Enforcement					136,645
Police Pension					314
Fire Pension					314
Community Center					0
Total Restricted	0	199,007	732,000	0	983,941
Committed to:					
Capital Improvements			484,132		
Street/Infrastructure Imp				4,563,750	
Medical Transport					360,927
Tree Planting					9,487
Veteran's Memorial					7,112
Total Committed	0	0	484,132	4,563,750	377,526
Assigned for:					
Unpaid Obligations	336,772				
Unassigned:	7,392,204	0	0	0	0
Total Fund Balance:	\$7,960,738	\$253,265	\$732,000	\$484,132	\$4,563,750
					\$1,498,731

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			
Pearl Road Sanitary Sewer	1992	6.75%	\$3,070
Real Estate Acquisition Refunding	1998	3.35 - 5.125 %	120,000
City Hall/Fire Station Refunding	1998	3.35 - 5.125 %	2,760,000
Bagley Road/I-71/Newton Road Refunding	1998	3.35 - 5.125 %	149,659
Emergency Generator	2002	1.60 - 4.50 %	475,000
Community & Service Center Refunding	2008	3.00 - 4.00%	12,180,000
Street Improvement	2013	1.50 - 3.00%	5,860,000
Special Assessments Bonds			
Pearl Road Sanitary Sewer	1992	6.75%	\$98,930
Claremont/Morningside Road Improvements	1994	4.75 - 8.00%	301,000
Engle Road Improvements	1998	3.35 - 5.125%	814,000
Newton Road Refunding	1998	3.35 - 5.125%	295,341
Hepburn Road Improvements	1998	3.35 - 5.125%	611,000
Fowles Road Sanitary Sewer	1999	6.00%	216,000

City of Middleburg Heights, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2013

Engle Road Improvements	2002	1.60 - 4.50 %	210,000
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The changes in long-term obligations during the year were as follows:

	Outstanding 12/31/12	Additions	(Reductions)	Outstanding 12/31/13	Amounts Due in One Year
General Obligation Bonds:					
Emergency Generator	\$280,000	\$0	(\$25,000)	\$255,000	\$25,000
Community & Service Center Refunding	6,285,000		(1,090,000)	5,195,000	1,140,000
2013 Street Improvements	0	5,860,000	0	5,860,000	255,000
Unamortized Premium	106,230	263,033	(26,651)	342,612	0
Total General Obligation Bonds	6,671,230	6,123,033	(1,141,651)	11,652,612	1,420,000
Special Assessment Bonds:					
Engle Road Improvements	326,000		(50,000)	276,000	50,000
Engle Road Improvements	115,000		(10,000)	105,000	10,000
Claremont/Morningside Road Imp.	30,000		(15,000)	15,000	15,000
Hepburn Road Improvements	237,000		(30,000)	207,000	35,000
Fowles Road Sanitary Sewer	107,110		(12,760)	94,350	13,526
Total Special Assessment Bonds	815,110	0	(117,760)	697,350	123,526
Other Long-Term Liabilities					
2009 Capital Lease - Phone System	40,659		(40,659)	0	0
2010 Capital Lease - Salt Truck	58,449		(28,703)	29,746	29,746
Compensated Absences	2,735,877	1,419,749	(1,378,790)	2,776,836	1,336,190
OPWC - Loan	754,551	46,016	0	800,567	0
Total Other Long-Term Liabilities	3,589,536	1,465,765	(1,448,152)	3,607,149	1,365,936
Total Long-Term Liabilities	\$11,075,876	\$7,588,798	(\$2,707,563)	\$15,957,111	\$2,909,462

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

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

Refunded bonds In 2008, the City defeased a general obligation bond issue by placing the proceeds of new bonds in an irrevocable escrow account to provide for all future debt service payments on the old bonds. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the statement of net position. As of December 31, 2013 the amount of defeased debt outstanding on this issue amounted to \$5,242,000.

OPWC Loan - In 2005, the Cities of Middleburg Heights, Berea and Brook Park, along with Cuyahoga County entered into an agreement that involves various improvements between Bagley Road and State Route 237. The City of Berea entered into an agreement with the Ohio Public Works Commission (OPWC) in the amount of \$1,900,900 to help fund the construction costs. The City of Middleburg

City of Middleburg Heights, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2013

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 a 20 year zero percent loan paid from the capital improvement fund. The governmental project is not completed and therefore, a final amortization schedule is not available and is not incorporated in the following amortization schedule.

Other long-term obligations In prior years, the compensated absences fund, the street construction fund and the recreation liability has been paid from the general fund. The capital lease payable will be paid from the capital improvements fund.

The City's overall legal debt margin was \$53,096,574 at December 31, 2013. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2013, are as follows:

Year	General Obligation Bonds		Special Assessment Bonds		Totals
	Principal	Interest	Principal	Interest	
2014	1,420,000	352,063	123,526	35,180	1,930,769
2015	1,435,000	308,762	119,338	26,387	1,889,487
2016	1,295,000	263,513	130,198	20,970	1,709,681
2017	1,250,000	222,000	116,110	15,064	1,603,174
2018	1,230,000	181,025	135,077	9,761	1,555,863
2019-2023	1,555,000	617,375	73,101	7,611	2,253,087
2024-2028	1,630,000	392,900			2,022,900
2029-2032	1,495,000	127,350			1,622,350
Total	\$11,310,000	\$2,464,988	\$697,350	\$114,973	\$14,587,311

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

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

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

December 31, 2013, the aggregate principal amount of conduit debt obligations outstanding is \$149,841,550.

Note 15 – Capital Leases

The City did not enter into any new capital leases in 2013. In 2010, the City entered into a Capital Lease Agreement for financing the acquisition of a 2011 International Salt Truck with a down payment of \$30,825. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception dates. The assets acquired through capital lease are reported as follows:

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

	<u>Salt Truck</u>
Asset:	
Machinery and Equipment	\$143,700
Buildings and Improvements	0
Less: Accum Depreciation	<u>(42,910)</u>
	<u><u>\$100,790</u></u>

The future minimum lease obligations and the present value of these minimum lease payments as of December 31, 2013, were as follows:

Year Ending December 31:	<u>Salt Truck</u>
2014	<u>30,825</u>
Total Minimum Lease Payments	<u>30,825</u>
Less: Amount Representing Interest	<u>(1,079)</u>
Present Value of Minimum Lease Payments	<u><u>\$29,746</u></u>

Note 16 - Contractual Commitments

The City had the following contractual commitments outstanding at December 31, 2013:

Project	Remaining on Contract
Airport Monitoring	23,096
Street Improvement Program - 2013	763,927
Bagley Road and OPV Bridge	3,000
Big Creek Water Detention Study	<u>8,898</u>
	<u><u>\$798,921</u></u>

Note 17 – Interfund Transfers and Balances

During calendar year 2013, a transfer of \$700,000 was made from the General Fund to the Street Construction Fund. This transfer was made to provide additional resources to fund current operations. At December 31, 2013 an advance and an inter-fund receivable/payable of \$140,000 from the General Fund to the Capital Improvements Fund has been recorded to provide resources to fund the Lucerne Road Culvert Bridge project.

Note 18 - Jointly Governed Organizations

A. General Southwest 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, 2013

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 2013, the City of Middleburg Heights remitted \$171,004 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 2013, the City of Middleburg Heights contributed \$10,000 for operating expenses to the Cemetery.

C. Southwest Council of Governments

The Southwest Council of Governments helps foster cooperation between municipalities in areas affecting health, safety, welfare, education, economic conditions, and regional development. The Council's Board is comprised of one member from each of the 16 participating cities. The Board exercises total control over the operation of the Council including budgeting, appropriating, contracting, and designating management. Budgets are adopted by the Board. Each City's degree of control is limited to its representation on the Board. The Council has established two subsidiary organizations, the Hazardous Material Response Team ("HAZMAT"), which provides hazardous material protection and assistance, and the Southwest Enforcement Bureau, which provides extra assistance to cities in the form of a SWAT team. In 2013, the City of Middleburg Heights contributed \$10,000 to the Council. The Council's financial statements may be obtained by contacting the Southwest Council of Governments, 11 Berea Commons, Berea, Ohio.

D. Northeast Ohio Public Energy Council

The City is a member of The Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of 129 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities. NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of

City of Middleburg Heights, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2013

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 Joseph Migliorini, Board Chairman, 31320 Solon Road, Suite 20, 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.

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 restricted or committed to expenditures 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.

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

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

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

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

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

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

City of Middleburg Heights, Ohio

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2013

	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Assets and Deferred Outflows of Resources		
Assets:		
Equity in Pooled Cash and Investments	\$1,313,199	\$1,313,199
Materials and Supplies Inventory	137,264	137,264
Accounts Receivable	49,277	49,277
Intergovernmental Receivable	377,876	377,876
Property Taxes Receivable	<u>390,625</u>	<u>390,625</u>
<i>Total Assets</i>	<u>2,268,241</u>	<u>2,268,241</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$2,268,241</u></u>	<u><u>\$2,268,241</u></u>
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts Payable	\$56,093	\$56,093
Accrued Wages	28,041	28,041
Intergovernmental Payable	<u>13,307</u>	<u>13,307</u>
<i>Total Liabilities</i>	<u>97,441</u>	<u>97,441</u>
Deferred Inflows of Resources:		
Property Taxes	371,356	371,356
Unavailable Revenue-Delinquent Property Taxes	19,269	19,269
Unavailable Revenue-Other	<u>281,444</u>	<u>281,444</u>
<i>Total Deferred Inflows of Resources</i>	<u>672,069</u>	<u>672,069</u>
Fund Balances		
Non-Spendable	137,264	137,264
Restricted	983,941	983,941
Committed	<u>377,526</u>	<u>377,526</u>
<i>Total Fund Balances</i>	<u>1,498,731</u>	<u>1,498,731</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$2,268,241</u></u>	<u><u>\$2,268,241</u></u>

City of Middleburg Heights, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2013

	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Revenues		
Property Taxes	\$425,680	\$425,680
Intergovernmental	997,813	997,813
Interest	558	558
Fines, Licenses and Permits	43,918	43,918
Charges for Services	168,436	168,436
Other	<u>41,123</u>	<u>41,123</u>
<i>Total Revenues</i>	<u>1,677,528</u>	<u>1,677,528</u>
Expenditures		
Current:		
Security of Persons and Property:		
Police	160,263	160,263
Fire	237,060	237,060
Public Health and Welfare	171,096	171,096
Streets and Highways	1,607,261	1,607,261
General Government	6,722	6,722
Capital Outlay	<u>14,614</u>	<u>14,614</u>
<i>Total Expenditures</i>	<u>2,197,016</u>	<u>2,197,016</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(519,488)</u>	<u>(519,488)</u>
Other Financing Sources		
Sale of Capital Assets	4,050	4,050
Transfers In	700,000	700,000
Transfers Out	<u>(105,528)</u>	<u>(105,528)</u>
<i>Total Other Financing Sources</i>	<u>598,522</u>	<u>598,522</u>
<i>Net Change in Fund Balances</i>	79,034	79,034
<i>Fund Balances Beginning of Year</i>	1,419,697	1,419,697
<i>Fund Balances End of Year</i>	<u>\$1,498,731</u>	<u>\$1,498,731</u>

City of Middleburg Heights, Ohio

*Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2013*

	Street Construction	State Highway	Clerk of Court Computer	Law Enforcement	Medical Transport	FEMA Grant
Assets and Deferred Outflows of Resources						
Assets:						
Equity in Pooled Cash and Investments	\$588,958	\$158,086	\$68,453	\$136,645	\$343,830	
Materials and Supplies Inventory	137,225	39				
Accounts Receivable					49,277	
Intergovernmental Receivable	328,799	26,659				
Property Taxes Receivable						
<i>Total Assets</i>	1,054,982	184,784	68,453	136,645	393,107	0
Total Assets and Deferred Outflows of Resources	\$1,054,982	\$184,784	\$68,453	\$136,645	\$393,107	\$0
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts Payable	\$51,399				\$4,694	
Accrued Wages	26,501				1,540	
Intergovernmental Payable	12,541				766	
<i>Total Liabilities</i>	90,441	0	0	0	7,000	0
Deferred Inflows of Resources:						
Property Taxes						
Unavailable Revenue-Delinquent Property Taxes						
Unavailable Revenue-Other	216,308	17,538			25,180	
<i>Total Deferred Inflows of Resources</i>	216,308	17,538	0	0	25,180	0
Fund Balances:						
Non-Spendable	137,225	39				
Restricted	611,008	167,207	68,453	136,645		
Committed					360,927	
<i>Total Fund Balances</i>	748,233	167,246	68,453	136,645	360,927	0
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$1,054,982	\$184,784	\$68,453	\$136,645	\$393,107	\$0

(continued)

City of Middleburg Heights, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2013

	Police Pension	Fire Pension	Tree Planting	Veteran's Memorial	Southwest General Hospital	Total Nonmajor Special Revenue Funds
Assets and Deferred Outflows of Resources						
Assets:						
Equity in Pooled Cash and Investments	\$314	\$314	\$9,487	\$7,112	\$0	\$1,313,199
Materials and Supplies Inventory						137,264
Accounts Receivable						49,277
Intergovernmental Receivable	8,033	8,033			6,352	377,876
Property Taxes Receivable	136,828	136,828			116,969	390,625
<i>Total Assets</i>	<i>145,175</i>	<i>145,175</i>	<i>9,487</i>	<i>7,112</i>	<i>123,321</i>	<i>2,268,241</i>
Total Assets and Deferred Outflows of Resources						
	<u><u>\$145,175</u></u>	<u><u>\$145,175</u></u>	<u><u>\$9,487</u></u>	<u><u>\$7,112</u></u>	<u><u>\$123,321</u></u>	<u><u>\$2,268,241</u></u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts Payable						\$56,093
Accrued Wages						28,041
Intergovernmental Payable						13,307
<i>Total Liabilities</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>97,441</i>
Deferred Inflows of Resources:						
Property Taxes	130,078	130,078			111,200	371,356
Unavailable Revenue-Delinquent Property Taxes	6,750	6,750			5,769	19,269
Unavailable Revenue-Other	8,033	8,033			6,352	281,444
<i>Total Deferred Inflows of Resources</i>	<i>144,861</i>	<i>144,861</i>	<i>0</i>	<i>0</i>	<i>123,321</i>	<i>672,069</i>
Fund Balances:						
Non-Spendable						137,264
Restricted	314	314				983,941
Committed			9,487	7,112		377,526
<i>Total Fund Balances</i>	<i>314</i>	<i>314</i>	<i>9,487</i>	<i>7,112</i>	<i>0</i>	<i>1,498,731</i>
Total Liabilities, Deferred Inflows of Resources and Fund Balances						
	<u><u>\$145,175</u></u>	<u><u>\$145,175</u></u>	<u><u>\$9,487</u></u>	<u><u>\$7,112</u></u>	<u><u>\$123,321</u></u>	<u><u>\$2,268,241</u></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, 2013

	Street Construction	State Highway	Clerk of Court Computer	Law Enforcement	Medical Transport	FEMA Grant
Revenues						
Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0
Intergovernmental	777,578	63,047			2,500	105,528
Interest	372	151		26		
Fines, Licenses and Permits			46	43,872		
Charges for Services	11,854				154,607	
Other	34,918	5,282			823	
<i>Total Revenues</i>	<i>824,722</i>	<i>68,480</i>	<i>46</i>	<i>43,898</i>	<i>157,930</i>	<i>105,528</i>
Expenditures						
Current:						
Security of Persons and Property:						
Police				5,183		
Fire					81,980	
Public Health and Welfare						
Streets and Highways	1,549,936	57,325				
General Government			4,215			
Capital Outlay					14,614	
<i>Total Expenditures</i>	<i>1,549,936</i>	<i>57,325</i>	<i>4,215</i>	<i>5,183</i>	<i>96,594</i>	<i>0</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(725,214)</i>	<i>11,155</i>	<i>(4,169)</i>	<i>38,715</i>	<i>61,336</i>	<i>105,528</i>
Other Financing Sources						
Sale of Capital Assets	0	0	0	4,050	0	0
Transfers In	700,000	0	0	0	0	0
Transfers Out	0	0	0	0	0	(105,528)
<i>Total Other Financing Sources</i>	<i>700,000</i>	<i>0</i>	<i>0</i>	<i>4,050</i>	<i>0</i>	<i>(105,528)</i>
<i>Net Change in Fund Balances</i>	<i>(25,214)</i>	<i>11,155</i>	<i>(4,169)</i>	<i>42,765</i>	<i>61,336</i>	<i>0</i>
<i>Fund Balances Beginning of Year</i>	<i>773,447</i>	<i>156,091</i>	<i>72,622</i>	<i>93,880</i>	<i>299,591</i>	<i>0</i>
<i>Fund Balances End of Year</i>	<i>\$748,233</i>	<i>\$167,246</i>	<i>\$68,453</i>	<i>\$136,645</i>	<i>\$360,927</i>	<i>\$0</i>

(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, 2013

	Police Pension	Fire Pension	Tree Planting	Veteran's Memorial	Southwest General Hospital	Total Nonmajor Special Revenue Funds
Revenues						
Property Taxes	\$133,647	\$133,647	\$0	\$0	\$158,386	\$425,680
Intergovernmental	18,225	18,225			12,710	997,813
Interest				9		558
Fines, Licenses and Permits						43,918
Charges for Services			1,975			168,436
Other				100		41,123
<i>Total Revenues</i>	<i>151,872</i>	<i>151,872</i>	<i>1,975</i>	<i>109</i>	<i>171,096</i>	<i>1,677,528</i>
Expenditures						
Current:						
Security of Persons and Property:						
Police	155,080					160,263
Fire		155,080				237,060
Public Health and Welfare					171,096	171,096
Streets and Highways						1,607,261
General Government			805	1,702		6,722
Capital Outlay						14,614
<i>Total Expenditures</i>	<i>155,080</i>	<i>155,080</i>	<i>805</i>	<i>1,702</i>	<i>171,096</i>	<i>2,197,016</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(3,208)</i>	<i>(3,208)</i>	<i>1,170</i>	<i>(1,593)</i>	<i>0</i>	<i>(519,488)</i>
Other Financing Sources						
Sale of Capital Assets	0	0	0	0	0	4,050
Transfers In	0	0	0	0	0	700,000
Transfers Out						(105,528)
<i>Total Other Financing Sources</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>598,522</i>
<i>Net Change in Fund Balances</i>	<i>(3,208)</i>	<i>(3,208)</i>	<i>1,170</i>	<i>(1,593)</i>	<i>0</i>	<i>79,034</i>
<i>Fund Balances Beginning of Year</i>	<i>3,522</i>	<i>3,522</i>	<i>8,317</i>	<i>8,705</i>	<i>0</i>	<i>1,419,697</i>
<i>Fund Balances End of Year</i>	<i>\$314</i>	<i>\$314</i>	<i>\$9,487</i>	<i>\$7,112</i>	<i>\$0</i>	<i>\$1,498,731</i>

**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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$1,459,207	\$1,459,207	\$1,492,390	\$33,183
Income Taxes	12,929,010	12,929,010	14,044,911	1,115,901
Other Local Taxes	545,000	545,000	621,098	76,098
Intergovernmental	611,363	611,363	937,833	326,470
Interest	65,000	65,000	38,474	(26,526)
Fines, Licenses and Permits	1,793,870	1,793,870	1,603,189	(190,681)
Charges for Services	358,300	358,300	420,273	61,973
Other	368,173	363,873	446,387	82,514
<i>Total Revenues</i>	<u>18,129,923</u>	<u>18,125,623</u>	<u>19,604,555</u>	<u>1,478,932</u>
Expenditures				
Current:				
Public Safety:				
Police:				
Personal Services	4,405,461	4,405,461	4,382,284	23,177
Other	543,956	543,956	461,251	82,705
Total Police	<u>4,949,417</u>	<u>4,949,417</u>	<u>4,843,535</u>	<u>105,882</u>
Fire:				
Personal Services	3,330,318	3,330,318	3,221,571	108,747
Other	415,274	415,274	341,765	73,509
Total Fire	<u>3,745,592</u>	<u>3,745,592</u>	<u>3,563,336</u>	<u>182,256</u>
Safety Director:				
Personal Services	62,159	62,159	62,002	157
Other	575	575	10	565
Total Safety Director	<u>62,734</u>	<u>62,734</u>	<u>62,012</u>	<u>722</u>
Total Public Safety	<u>8,757,743</u>	<u>8,757,743</u>	<u>8,468,883</u>	<u>288,860</u>
Public Health and Welfare:				
Senior Bus:				
Other	105,140	105,140	98,806	6,334
Total Senior Bus	<u>105,140</u>	<u>105,140</u>	<u>98,806</u>	<u>6,334</u>
Senior Programs				
Personal Services	45,555	45,555	36,976	8,579
Other	22,250	22,250	14,202	8,048
Total Senior Programs	<u>67,805</u>	<u>67,805</u>	<u>51,178</u>	<u>16,627</u>
Total Public Health and Welfare	<u>172,945</u>	<u>172,945</u>	<u>149,984</u>	<u>22,961</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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Community Development:				
Planning and Zoning:				
Personal Services	\$90,015	\$90,015	\$85,780	\$4,235
Other	3,900	3,900	1,845	2,055
Total Planning and Zoning	<u>93,915</u>	<u>93,915</u>	<u>87,625</u>	<u>6,290</u>
Building:				
Personal Services	419,756	437,256	435,010	2,246
Other	27,506	27,506	20,645	6,861
Total Building	<u>447,262</u>	<u>464,762</u>	<u>455,655</u>	<u>9,107</u>
Engineer:				
Other	64,775	64,775	55,887	8,888
Total Engineer	<u>64,775</u>	<u>64,775</u>	<u>55,887</u>	<u>8,888</u>
Total Community Development	<u>605,952</u>	<u>623,452</u>	<u>599,167</u>	<u>24,285</u>
Economic Development:				
Personal Services	135,454	135,454	135,125	329
Other	329,844	329,844	280,004	49,840
Total Economic Development	<u>465,298</u>	<u>465,298</u>	<u>415,129</u>	<u>50,169</u>
Sanitation:				
Other	1,122,344	1,122,344	1,099,052	23,292
Total Refuse Removal	<u>1,122,344</u>	<u>1,122,344</u>	<u>1,099,052</u>	<u>23,292</u>
Total Sanitation	<u>1,122,344</u>	<u>1,122,344</u>	<u>1,099,052</u>	<u>23,292</u>
General Government:				
Mayor's Court:				
Personal Services	189,983	189,983	184,871	5,112
Other	65,929	65,929	51,356	14,573
Total Mayor's Court	<u>255,912</u>	<u>255,912</u>	<u>236,227</u>	<u>19,685</u>
Mayor:				
Personal Services	478,102	478,102	456,494	21,608
Other	24,803	24,803	22,505	2,298
Total Mayor	<u>502,905</u>	<u>502,905</u>	<u>478,999</u>	<u>23,906</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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Finance:				
Personal Services	\$542,946	\$542,946	\$541,935	\$1,011
Other	45,091	45,091	33,469	11,622
Total Finance	588,037	588,037	575,404	12,633
Law:				
Personal Services	286,599	286,599	285,621	978
Other	63,666	63,666	25,527	38,139
Total Law	350,265	350,265	311,148	39,117
Service:				
Personal Services	2,841,561	2,841,561	2,615,300	226,261
Other	393,634	393,634	311,319	82,315
Total Service	3,235,195	3,235,195	2,926,619	308,576
Facilities Maintenance:				
Personal Services	445,008	445,008	432,085	12,923
Other	297,023	297,023	267,759	29,264
Total Facilities Maintenance	742,031	742,031	699,844	42,187
Council:				
Personal Services	341,827	341,827	334,501	7,326
Other	23,260	23,260	10,950	12,310
Total Council	365,087	365,087	345,451	19,636
Boards and Commissions:				
Personal Services	4,815	4,815	870	3,945
Other	11,950	11,950	8,437	3,513
Total Boards and Commissions	16,765	16,765	9,307	7,458
City Hall:				
Personal Services	200,000	200,000	148,986	51,014
Other	782,695	890,478	725,820	164,658
Total City Hall-Gen. Govt.	982,695	1,090,478	874,806	215,672
Statutory Accounts:				
Other	680,290	680,290	665,827	14,463
Total Statutory Accounts	680,290	680,290	665,827	14,463
Total General Government	7,719,182	7,826,965	7,123,632	703,333
Total Expenditures	18,843,464	18,968,747	17,855,847	1,112,900

(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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(\$713,541)</u>	<u>(\$843,124)</u>	<u>\$1,748,708</u>	<u>\$2,591,832</u>
Other Financing Sources (Uses)				
Advances In	218,784	218,784	218,784	0
Advances Out	0	(140,000)	(140,000)	0
Transfers In		105,528	105,528	0
Transfers Out	<u>(875,000)</u>	<u>(875,000)</u>	<u>(700,000)</u>	<u>175,000</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(656,216)</u>	<u>(690,688)</u>	<u>(515,688)</u>	<u>175,000</u>
<i>Net Change in Fund Balance</i>	<u>(1,369,757)</u>	<u>(1,533,812)</u>	<u>1,233,020</u>	<u>2,766,832</u>
<i>Fund Balance Beginning of Year</i>	3,649,228	3,649,228	3,649,228	0
Prior Year Encumbrances Appropriated	<u>560,858</u>	<u>560,858</u>	<u>560,858</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,840,329</u></u>	<u><u>\$2,676,274</u></u>	<u><u>\$5,443,106</u></u>	<u><u>\$2,766,832</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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Income Taxes	\$1,800,000	\$1,800,000	\$1,311,560	(\$488,440)
Charges for Services	1,307,400	1,307,400	1,414,260	106,860
Other	2,600	2,600	21,183	18,583
<i>Total Revenues</i>	<u>3,110,000</u>	<u>3,110,000</u>	<u>2,747,003</u>	<u>(362,997)</u>
Expenditures				
Current:				
Culture and Recreation:				
Personal Services	2,111,583	2,111,583	2,050,625	60,958
Other	981,661	981,661	822,839	158,822
<i>Total Expenditures</i>	<u>3,093,244</u>	<u>3,093,244</u>	<u>2,873,464</u>	<u>219,780</u>
<i>Net Change in Fund Balance</i>	16,756	16,756	(126,461)	(143,217)
<i>Fund Balance Beginning of Year</i>	150,000	150,000	150,000	0
Prior Year Encumbrances Appropriated	126,461	126,461	126,461	0
<i>Fund Balance End of Year</i>	<u>\$293,217</u>	<u>\$293,217</u>	<u>\$150,000</u>	<u>(\$143,217)</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, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$217,792	\$217,792	\$222,745	\$4,953
Income Taxes	1,020,000	1,020,000	1,020,000	\$0
Special Assessments	180,000	180,000	186,528	6,528
Intergovernmental	47,586	47,586	47,676	90
Interest	6,427	6,427	6,427	0
<i>Total Revenues</i>	<u>1,471,805</u>	<u>1,471,805</u>	<u>1,483,376</u>	<u>11,571</u>
Expenditures				
Current:				
General Government:				
Other	130,745	130,745	120,773	9,972
Debt Service:				
Principal Retirement	1,232,761	1,232,761	1,232,761	0
Interest and Fiscal Charges	156,878	364,085	363,654	431
<i>Total Expenditures</i>	<u>1,520,384</u>	<u>1,727,591</u>	<u>1,717,188</u>	<u>10,403</u>
<i>Excess of Revenues Over Expenditures</i>	<u>(48,579)</u>	<u>(255,786)</u>	<u>(233,812)</u>	<u>21,974</u>
Other Financing Sources (Uses)				
Bond Proceeds	0	263,033	263,033	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>263,033</u>	<u>263,033</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(48,579)</u>	<u>7,247</u>	<u>29,221</u>	<u>21,974</u>
<i>Fund Balance Beginning of Year</i>	<u>427,466</u>	<u>427,466</u>	<u>427,466</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$378,887</u>	<u>\$434,713</u>	<u>\$456,687</u>	<u>\$21,974</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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Income Taxes	\$845,495	\$845,495	\$879,842	\$34,347
Intergovernmental	0	0	0	0
Charges for Services	7,000	7,000	8,324	1,324
Other	<u>360,000</u>	<u>500,000</u>	<u>306,166</u>	<u>(193,834)</u>
<i>Total Revenues</i>	<u>1,212,495</u>	<u>1,352,495</u>	<u>1,194,332</u>	<u>(158,163)</u>
Expenditures				
Current:				
Capital Outlay	<u>1,618,335</u>	<u>1,973,335</u>	<u>1,781,209</u>	<u>192,126</u>
Total Capital Outlay	<u>1,618,335</u>	<u>1,973,335</u>	<u>1,781,209</u>	<u>192,126</u>
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Expenditures</i>	<u>1,618,335</u>	<u>1,973,335</u>	<u>1,781,209</u>	<u>192,126</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(405,840)</u>	<u>(620,840)</u>	<u>(586,877)</u>	<u>33,963</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	6,600	6,600
Advances In	0	0	140,000	140,000
Advances Out	<u>(218,784)</u>	<u>(218,784)</u>	<u>(218,784)</u>	<u>0</u>
<i>Total Other Financing Sources</i>	<u>(218,784)</u>	<u>(218,784)</u>	<u>(72,184)</u>	<u>146,600</u>
<i>Net Change in Fund Balance</i>	<u>(624,624)</u>	<u>(839,624)</u>	<u>(659,061)</u>	<u>180,563</u>
<i>Fund Balance Beginning of Year</i>	166,155	166,155	166,155	0
Prior Year Encumbrances Appropriated	<u>734,793</u>	<u>734,793</u>	<u>734,793</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$276,324</u>	<u>\$61,324</u>	<u>\$241,887</u>	<u>\$180,563</u>

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Infrastructure Improvement Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Income Taxes	\$845,495	\$845,495	\$879,842	\$34,347
Interest	0	0	5,790	5,790
<i>Total Revenues</i>	<u>845,495</u>	<u>845,495</u>	<u>885,632</u>	<u>40,137</u>
Expenditures				
Current:				
Capital Outlay	6,060,000	6,163,000	3,055,653	3,107,347
<i>Total Capital Outlay</i>	<u>6,060,000</u>	<u>6,163,000</u>	<u>3,055,653</u>	<u>3,107,347</u>
<i>Total Expenditures</i>	<u>6,060,000</u>	<u>6,163,000</u>	<u>3,055,653</u>	<u>3,107,347</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(5,214,505)</u>	<u>(5,317,505)</u>	<u>(2,170,021)</u>	<u>3,147,484</u>
Other Financing Sources (Uses)				
Bond Proceeds	6,000,000	6,000,000	5,860,000	(140,000)
<i>Total Other Financing Sources</i>	<u>6,000,000</u>	<u>6,000,000</u>	<u>5,860,000</u>	<u>(140,000)</u>
<i>Net Change in Fund Balance</i>	785,495	682,495	3,689,979	3,007,484
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$785,495</u>	<u>\$682,495</u>	<u>\$3,689,979</u>	<u>\$3,007,484</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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$782,000	\$782,000	\$774,976	(\$7,024)
Interest	400	400	372	(28)
Charges for Services	12,000	12,000	11,854	(146)
Other	<u>25,000</u>	<u>25,000</u>	<u>34,918</u>	<u>9,918</u>
<i>Total Revenues</i>	<u>819,400</u>	<u>819,400</u>	<u>822,120</u>	<u>2,720</u>
Expenditures				
Current:				
Transportation:				
Streets and Highways:				
Personal Services	785,176	785,176	712,356	72,820
Other	<u>1,267,290</u>	<u>1,291,290</u>	<u>1,031,159</u>	<u>260,131</u>
<i>Total Expenditures</i>	<u>2,052,466</u>	<u>2,076,466</u>	<u>1,743,515</u>	<u>332,951</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,233,066)</u>	<u>(1,257,066)</u>	<u>(921,395)</u>	<u>335,671</u>
Other Financing Sources				
Transfers In	<u>875,000</u>	<u>875,000</u>	<u>700,000</u>	<u>(175,000)</u>
<i>Net Change in Fund Balance</i>	<u>(358,066)</u>	<u>(382,066)</u>	<u>(221,395)</u>	<u>160,671</u>
<i>Fund Balance Beginning of Year</i>	347,522	347,522	347,522	0
Prior Year Encumbrances Appropriated	<u>295,210</u>	<u>295,210</u>	<u>295,210</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$284,666</u>	<u>\$260,666</u>	<u>\$421,337</u>	<u>\$160,671</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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$63,500	\$63,500	\$62,836	(\$664)
Interest	200	200	151	(49)
Other	2,000	2,000	5,282	3,282
<i>Total Revenues</i>	<u>65,700</u>	<u>65,700</u>	<u>68,269</u>	<u>2,569</u>
Expenditures				
Current:				
Transportation:				
Streets and Highways:				
Other	<u>108,315</u>	<u>108,315</u>	<u>83,069</u>	<u>25,246</u>
<i>Net Change in Fund Balance</i>	<u>(42,615)</u>	<u>(42,615)</u>	<u>(14,800)</u>	<u>27,815</u>
<i>Fund Balance Beginning of Year</i>	<u>89,571</u>	<u>89,571</u>	<u>89,571</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>3,315</u>	<u>3,315</u>	<u>3,315</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$50,271</u></u>	<u><u>\$50,271</u></u>	<u><u>\$78,086</u></u>	<u><u>\$27,815</u></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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Fines, Licenses and Permits	<u>\$10,000</u>	<u>\$10,000</u>	<u>\$46</u>	<u>(\$9,954)</u>
Expenditures				
Current:				
General Government:				
Other	<u>7,800</u>	<u>7,800</u>	<u>4,215</u>	<u>3,585</u>
<i>Net Change in Fund Balance</i>	<i>2,200</i>	<i>2,200</i>	<i>(4,169)</i>	<i>(6,369)</i>
<i>Fund Balance Beginning of Year</i>	<i>72,622</i>	<i>72,622</i>	<i>72,622</i>	<i>0</i>
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$74,822</u>	<u>\$74,822</u>	<u>\$68,453</u>	<u>(\$6,369)</u>

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$10	\$10	\$26	\$16
Fines, Licenses and Permits	3,600	3,600	43,872	40,272
<i>Total Revenues</i>	<i>3,610</i>	<i>3,610</i>	<i>43,898</i>	<i>40,288</i>
Expenditures				
Current:				
Public Safety:				
Other	2,000	7,100	5,183	1,917
Capital Outlay	0	0	0	0
Total Transportation	2,000	7,100	5,183	1,917
<i>Total Expenditures</i>	<i>2,000</i>	<i>7,100</i>	<i>5,183</i>	<i>1,917</i>
<i>Excess of Revenues Over Expenditures</i>	<i>1,610</i>	<i>(3,490)</i>	<i>38,715</i>	<i>42,205</i>
Other Financing Sources				
Sales of Fixed Assets	0	0	4,050	4,050
<i>Total Other Financing Uses</i>	<i>0</i>	<i>0</i>	<i>4,050</i>	<i>4,050</i>
<i>Net Change in Fund Balance</i>	<i>1,610</i>	<i>(3,490)</i>	<i>42,765</i>	<i>46,255</i>
<i>Fund Balance Beginning of Year</i>	<i>93,879</i>	<i>93,879</i>	<i>93,879</i>	<i>0</i>
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	<i>\$95,489</i>	<i>\$90,389</i>	<i>\$136,644</i>	<i>\$46,255</i>

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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$135,000	\$135,000	\$162,066	\$27,066
Intergovernmental	3,000	3,000	2,500	(500)
Other	0	0	823	823
<i>Total Revenues</i>	<u>138,000</u>	<u>138,000</u>	<u>165,389</u>	<u>27,389</u>
Expenditures				
Current:				
Transportation:				
Public Safety:				
Personal Services	35,666	35,666	35,119	547
Other	51,749	51,749	48,987	2,762
Capital Outlay	<u>315,880</u>	<u>315,880</u>	<u>315,880</u>	<u>0</u>
<i>Total Expenditures</i>	<u>403,295</u>	<u>403,295</u>	<u>399,986</u>	<u>3,309</u>
<i>Net Change in Fund Balance</i>	(265,295)	(265,295)	(234,597)	30,698
<i>Fund Balance Beginning of Year</i>	267,548	267,548	267,548	0
Prior Year Encumbrances Appropriated	<u>8,129</u>	<u>8,129</u>	<u>8,129</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$10,382</u>	<u>\$10,382</u>	<u>\$41,080</u>	<u>\$30,698</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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$0	\$105,528	\$105,528	\$0
<i>Excess of Revenues Under Expenditures</i>	0	105,528	105,528	0
Other Financing Use				
Transfers Out	0	(105,528)	(105,528)	0
<i>Total Other Financing Sources</i>	0	(105,528)	(105,528)	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$130,675	\$130,675	\$133,647	\$2,972
Intergovernmental	21,513	21,513	18,225	(3,288)
<i>Total Revenues</i>	<u>152,188</u>	<u>152,188</u>	<u>151,872</u>	<u>(316)</u>
Expenditures				
Current:				
Public Safety:				
Personal Services	155,000	155,000	155,000	0
Other	135	135	80	55
<i>Total Expenditures</i>	<u>155,135</u>	<u>155,135</u>	<u>155,080</u>	<u>55</u>
<i>Net Change in Fund Balance</i>	(2,947)	(2,947)	(3,208)	(261)
<i>Fund Balance Beginning of Year</i>	<u>3,522</u>	<u>3,522</u>	<u>3,522</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$575</u>	<u>\$575</u>	<u>\$314</u>	<u>(\$261)</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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$130,675	\$130,675	\$133,647	\$2,972
Intergovernmental	21,513	21,513	18,225	(3,288)
<i>Total Revenues</i>	<u>152,188</u>	<u>152,188</u>	<u>151,872</u>	<u>(316)</u>
Expenditures				
Current:				
Public Safety:				
Personal Services	155,000	155,000	155,000	0
Other	135	135	80	55
<i>Total Expenditures</i>	<u>155,135</u>	<u>155,135</u>	<u>155,080</u>	<u>55</u>
<i>Net Change in Fund Balance</i>	(2,947)	(2,947)	(3,208)	(261)
<i>Fund Balance Beginning of Year</i>	<u>3,522</u>	<u>3,522</u>	<u>3,522</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$575</u>	<u>\$575</u>	<u>\$314</u>	<u>(\$261)</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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	<u>\$2,000</u>	<u>\$2,000</u>	<u>\$1,975</u>	<u>(\$25)</u>
Expenditures				
Current:				
General Government:				
Other	<u>9,000</u>	<u>9,000</u>	<u>805</u>	<u>8,195</u>
<i>Net Change in Fund Balance</i>	<i>(7,000)</i>	<i>(7,000)</i>	<i>1,170</i>	<i>8,170</i>
<i>Fund Balance Beginning of Year</i>	<u>8,317</u>	<u>8,317</u>	<u>8,317</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,317</u></u>	<u><u>\$1,317</u></u>	<u><u>\$9,487</u></u>	<u><u>\$8,170</u></u>

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Veteran's Memorial Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest		\$0	\$9	\$9
Other	2,000	100	100	0
<i>Total Revenues</i>	<u>2,000</u>	<u>100</u>	<u>109</u>	<u>9</u>
Expenditures				
Current:				
General Government:				
Other	10,667	8,767	1,702	7,065
<i>Net Change in Fund Balance</i>	(8,667)	(8,667)	(1,593)	7,074
<i>Fund Balance Beginning of Year</i>	7,063	7,063	7,063	0
Prior Year Encumbrances Appropriated	1,642	1,642	1,642	0
<i>Fund Balance End of Year</i>	<u>\$38</u>	<u>\$38</u>	<u>\$7,112</u>	<u>\$7,074</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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$155,188	\$158,386	\$158,386	\$0
Intergovernmental	12,665	12,710	12,710	0
<i>Total Revenues</i>	<u>167,853</u>	<u>171,096</u>	<u>171,096</u>	<u>0</u>
Expenditures				
Current:				
Public Health and Welfare:				
Other	166,800	171,096	171,096	0
<i>Net Change in Fund Balance</i>	1,053	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$1,053</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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Service	<u>\$2,016,707</u>	<u>\$2,016,707</u>	<u>\$2,006,976</u>	<u>(\$2,104)</u>
Expenditures				
General Government:				
Other	<u>2,160,000</u>	<u>2,260,000</u>	<u>2,239,094</u>	<u>20,906</u>
<i>Net Change in Fund Balance</i>	<i>(143,293)</i>	<i>(243,293)</i>	<i>(232,118)</i>	<i>11,175</i>
<i>Fund Balance Beginning of Year</i>	<i>590,439</i>	<i>590,439</i>	<i>590,439</i>	<i>0</i>
<i>Fund Balance End of Year</i>	<i><u>\$447,146</u></i>	<i><u>\$347,146</u></i>	<i><u>\$358,321</u></i>	<i><u>\$11,175</u></i>

Combining Statements – Agency Funds

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

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

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

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

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

City of Middleburg Heights, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended December 31, 2013

	Ending Balance 12/31/12	Additions	Deductions	Ending Balance 12/31/13
<i>Flexible Spending Account</i>				
Assets				
Equity in Pooled Cash and Investments	\$8,817	\$56,376	\$56,265	<u>\$8,928</u>
Liabilities				
Deposits Held and Due to Others	<u>\$8,817</u>	<u>\$56,376</u>	<u>\$56,265</u>	<u>\$8,928</u>
<i>Board of Buildings Standards Fee</i>				
Assets				
Equity in Pooled Cash and Investments	\$143	\$22,203	\$22,118	<u>\$228</u>
Liabilities				
Deposits Held and Due to Others	<u>\$143</u>	<u>\$22,203</u>	<u>\$22,118</u>	<u>\$228</u>
<i>Mayor's Court</i>				
Assets				
Cash in Segregated Accounts	\$57,999	\$753,217	\$767,621	<u>\$43,595</u>
Liabilities				
Deposits Held and Due to Others	<u>\$57,999</u>	<u>\$753,217</u>	<u>\$767,621</u>	<u>\$43,595</u>
<i>Deposits</i>				
Assets				
Equity in Pooled Cash and Investments	<u>\$195,872</u>	<u>\$94,765</u>	<u>\$130,948</u>	<u>\$159,689</u>
Liabilities				
Deposits Held and Due to Others	<u>\$195,872</u>	<u>\$94,765</u>	<u>\$130,948</u>	<u>\$159,689</u>
<i>Total - All Agency Funds</i>				
Assets				
Equity in Pooled Cash and Investments	\$204,832	\$173,344	\$209,331	\$168,845
Cash in Segregated Accounts	\$57,999	\$753,217	\$767,621	\$43,595
Total Assets	<u>\$262,831</u>	<u>\$926,561</u>	<u>\$976,952</u>	<u>\$212,440</u>
Liabilities				
Deposits Held and Due to Others	<u>\$262,831</u>	<u>\$926,561</u>	<u>\$976,952</u>	<u>\$212,440</u>

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Statistical Section



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Statistical Section

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

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

<i>Net Position by Component-Last Ten Years.....</i>	85
<i>Changes in Net Position-Last Ten Years.....</i>	86
<i>Fund Balances, Governmental Funds- Last Ten Years.....</i>	88
<i>Changes in Fund Balances, Governmental Funds-Last Ten Years.....</i>	90

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

<i>Tax Revenues by Source, Governmental Funds-Last Ten Years.....</i>	92
<i>Income Tax Revenue Base and Collections-Last Ten Years.....</i>	93
<i>Principal Taxpayers-Current Year and Nine Years Ago.....</i>	94
<i>Property Tax Rates-All Direct and Overlapping Governments.....</i>	95
<i>Assessed and Estimated Actual Value of Taxable Property- Last Ten Years.....</i>	96
<i>Property Tax Levies and Collections-Real and Public Utility Taxes-Last Ten Years.....</i>	97

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>	98
<i>Computation of Direct and Overlapping Debt.....</i>	100

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>	101
<i>Principal Employers-Current Year and Nine Years Ago.....</i>	102

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>	103
<i>Operating Indicators by Function/Program-Last Ten Years.....</i>	104
<i>Capital Asset Statistics by Function/Program-Last Ten Years.....</i>	106

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

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities										
Net Investment in Capital Assets	\$48,813,578	\$49,174,710	\$47,345,795	\$45,336,826	\$43,670,819	\$35,941,389	\$33,862,810	\$32,770,521	\$31,196,151	\$29,822,417
Restricted for:										
Capital Projects	5,177,947	989,661	1,020,901	1,105,143	849,193	1,202,622	1,529,607	1,596,987	551,559	442,211
Debt Service	1,588,993	1,548,018	1,988,524	2,824,066	2,870,466	3,083,637	3,237,703	3,312,729	3,939,645	4,128,272
Other Purposes	448,796	409,375	452,608	482,196	492,426	469,104	396,550	368,712	398,548	418,588
Unrestricted	5,012,054	6,692,960	6,006,694	5,344,333	5,796,309	4,575,931	4,868,489	4,760,416	4,085,445	5,270,879
Total Net Position	<u><u>\$51,041,368</u></u>	<u><u>\$58,814,724</u></u>	<u><u>\$56,814,522</u></u>	<u><u>\$55,092,564</u></u>	<u><u>\$53,679,213</u></u>	<u><u>\$45,272,683</u></u>	<u><u>\$43,895,159</u></u>	<u><u>\$42,809,365</u></u>	<u><u>\$40,171,348</u></u>	<u><u>\$40,082,367</u></u>

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

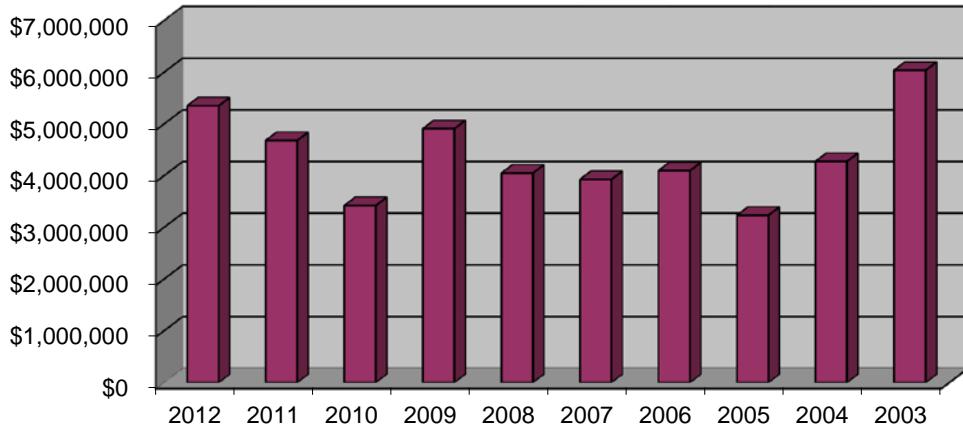
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Program Revenues										
Governmental Activities:										
Charges for Services:										
Security of Persons and Property:										
Police	\$671,898	\$664,237	\$684,320	\$620,746	\$642,294	\$683,545	\$760,864	\$672,077	\$679,012	\$766,507
Fire	530,050	503,394	512,706	462,126	434,991	426,413	394,681	384,615	355,800	357,415
Safety Director	0	0	0	0	0	0	0	0	0	0
Public Health and Welfare	22,075	25,508	23,924	22,980	16,515	1,733	5,929	2,739	0	0
Culture and Recreation	1,399,464	1,344,899	1,243,202	1,211,993	1,177,233	1,172,304	1,121,296	1,105,925	1,054,775	992,986
Community Development	819,185	409,400	233,664	144,288	185,671	186,603	353,339	354,273	329,658	198,759
Economic Development	6,443	4,784	4,275	5,768	3,000	1,500	1,750	500	0	0
Streets and Highways	11,854	10,017	8,058	18,482	10,875	24,426	0	758	4,867	0
Sanitation	0	0	0	0	0	0	0	0	0	0
General Government	181,832	212,840	178,816	176,929	165,561	148,066	164,540	227,337	174,977	214,146
Interest and Fiscal Charges	0	0	0	0	0	0	0	0	0	0
Operating Grants and Contributions	929,590	848,150	842,714	862,290	849,270	875,100	862,363	938,974	761,102	756,071
Capital Grants and Contributions	752,693	1,238,019	1,289,377	1,183,203	7,258,633	162,694	184,981	1,138,124	1,153,013	539,301
<i>Total Governmental Activities Program Revenues</i>	<i>5,325,084</i>	<i>5,261,248</i>	<i>5,021,056</i>	<i>4,708,805</i>	<i>10,744,043</i>	<i>3,682,384</i>	<i>3,849,743</i>	<i>4,825,322</i>	<i>4,513,204</i>	<i>3,825,185</i>
Expenses										
Governmental Activities:										
Security of Persons and Property:										
Police	5,064,507	4,981,352	4,919,272	5,143,489	4,806,928	4,727,460	4,441,487	4,234,859	4,341,528	4,343,435
Fire	3,924,587	3,923,428	3,801,258	3,726,461	3,696,714	3,639,936	3,588,665	3,260,065	3,208,411	3,026,842
Safety Director	64,010	61,957	58,909	59,728	57,850	55,867	53,720	50,592	48,360	45,650
Public Health and Welfare	311,680	307,505	330,767	362,515	339,612	284,520	263,939	256,254	246,274	258,754
Culture and Recreation	3,148,384	3,193,469	3,176,067	3,237,956	3,280,588	3,163,391	3,159,631	3,013,378	3,080,371	3,152,424
Community Development	603,864	555,959	534,590	552,358	579,608	620,457	645,709	589,575	632,819	631,527
Economic Development	402,294	326,237	305,201	325,270	286,350	164,696	163,873	95,056	0	0
Streets and Highways	3,298,197	2,664,848	2,786,636	3,140,956	3,052,119	3,011,490	2,679,466	2,089,356	2,642,158	3,345,946
Sanitation	1,080,775	1,075,455	1,091,845	933,094	948,225	939,330	948,598	851,522	767,324	729,743
General Government	7,424,587	7,297,006	7,186,714	7,089,138	7,321,308	7,159,940	6,871,475	6,132,310	6,308,086	6,295,289
Interest and Fiscal Charges	520,272	511,361	457,423	527,452	580,827	474,061	836,386	905,016	974,678	1,045,256
<i>Total Governmental Activities Expenses</i>	<i>25,843,357</i>	<i>24,898,577</i>	<i>24,648,682</i>	<i>25,098,417</i>	<i>24,950,129</i>	<i>24,241,148</i>	<i>23,652,949</i>	<i>21,477,983</i>	<i>22,250,009</i>	<i>22,874,866</i>

Net (Expense)/Revenue	Governmental Activities:									
Security of Persons and Property:										
Police	(4,392,609)	(4,317,115)	(4,234,952)	(4,522,123)	(4,164,093)	(4,038,095)	(3,680,623)	(3,562,782)	(3,647,516)	(3,576,928)
Fire	(3,286,609)	(3,402,506)	(3,284,507)	(3,261,335)	(3,258,223)	(3,210,523)	(3,193,984)	(2,270,366)	(2,851,611)	(2,669,427)
Safety Director	(64,010)	(61,957)	(58,909)	(59,728)	(57,850)	(55,867)	(53,720)	(50,592)	(48,360)	(45,650)
Public Health and Welfare	(289,605)	(281,997)	(306,843)	(339,535)	(323,097)	(282,787)	(258,010)	(253,515)	(246,274)	(258,754)
Culture and Recreation	(1,748,920)	(1,848,570)	(1,932,865)	(2,055,963)	(2,103,355)	(1,991,087)	(2,058,335)	(1,907,453)	(2,025,596)	(2,159,438)
Community Development	215,321	(146,559)	(300,926)	(408,070)	(393,957)	(433,854)	(292,370)	(235,302)	(303,161)	(432,768)
Economic Development	(395,851)	(321,453)	(300,926)	(319,502)	(283,350)	(163,196)	(162,123)	(94,556)	0	0
Streets and Highways	(1,712,088)	(586,190)	(650,532)	(1,080,601)	5,062,618	(1,958,090)	(1,632,122)	(616,584)	(739,176)	(2,050,574)
Sanitation	(1,080,775)	(1,075,455)	(1,091,845)	(933,094)	(948,225)	(939,330)	(948,598)	(851,522)	(767,324)	(729,743)
General Government	(7,242,855)	(7,084,166)	(7,007,898)	(6,912,209)	(7,155,747)	(7,011,874)	(6,706,935)	(5,904,973)	(6,133,109)	(6,081,143)
Interest and Fiscal Charges	(520,272)	(511,361)	(457,423)	(527,452)	(580,827)	(474,061)	(836,386)	(905,016)	(974,678)	(1,045,256)
<i>Total Net Expense</i>	<i>(20,518,273)</i>	<i>(19,637,329)</i>	<i>(19,627,626)</i>	<i>(20,389,612)</i>	<i>(14,206,086)</i>	<i>(20,558,764)</i>	<i>(19,803,206)</i>	<i>(16,652,661)</i>	<i>(17,736,805)</i>	<i>(19,049,681)</i>
General Revenues										
Property and Other Local Taxes Levied for:										
General Purposes	2,114,690	2,094,556	2,122,527	1,946,835	1,983,876	2,082,355	2,104,512	2,009,978	1,927,455	1,947,370
Debt Service	221,713	224,823	238,448	418,706	447,616	459,118	473,010	439,446	422,528	491,408
Police and Fire Pension	266,058	269,788	286,136	291,830	298,410	306,078	315,340	292,962	281,686	297,448
Public Health and Welfare	157,862	149,000	159,755	160,477	156,133	168,159	180,878	189,236	183,855	198,408
Income Tax Levied for:										
General Purposes	14,167,574	13,806,366	13,529,681	11,350,197	11,039,967	11,285,237	10,452,686	10,169,116	8,990,441	8,507,278
Debt Service	1,150,763	1,103,726	1,097,026	1,679,911	1,520,127	1,894,990	2,056,875	1,485,088	1,974,159	1,681,241
Police and Fire Pension	1,277,539	1,400,216	1,569,497	1,690,513	1,591,301	1,596,976	1,579,588	1,277,277	1,454,103	1,432,876
Public Health and Welfare	1,678,133	1,071,646	608,868	1,591,385	1,520,723	1,587,193	1,563,051	890,868	728,306	681,137
Grants and Entitlements not Restricted to										
Specific Programs	959,520	953,727	1,341,682	2,244,208	3,552,070	1,794,816	1,268,580	1,792,104	1,187,184	1,053,794
Investment Earnings	(12,318)	69,863	74,330	62,294	97,034	339,326	537,883	456,495	287,866	164,962
Miscellaneous	763,383	493,820	321,634	366,607	405,359	422,040	356,597	288,108	388,203	355,037
<i>Total General Revenues</i>	<i>22,744,917</i>	<i>21,637,531</i>	<i>21,349,584</i>	<i>21,802,963</i>	<i>22,612,616</i>	<i>21,936,288</i>	<i>20,889,000</i>	<i>19,290,678</i>	<i>17,825,786</i>	<i>16,810,659</i>
Change in Net Position	\$2,226,644	\$2,000,202	\$1,721,958	\$1,413,351	\$8,406,550	\$1,377,524	\$1,085,794	\$2,638,017	\$88,981	(\$2,239,022)

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

	2013	2012	2011	2010
General Fund				
Nonspendable	\$231,762	\$171,906	\$123,363	\$122,612
Assigned	336,772	415,065	266,188	246,735
Unassigned	<u>7,392,204</u>	<u>5,573,277</u>	<u>4,684,103</u>	<u>3,424,467</u>
<i>Total General Fund</i>	<u>7,960,738</u>	<u>6,160,248</u>	<u>5,073,654</u>	<u>3,793,814</u>
All Other Governmental Funds				
Nonspendable	191,522	249,040	208,718	263,459
Restricted	1,914,948	1,744,505	1,930,548	2,519,190
Committed	<u>5,425,408</u>	<u>937,834</u>	<u>1,230,419</u>	<u>1,461,609</u>
<i>Total All Other Governmental Funds</i>	<u>7,531,878</u>	<u>2,931,379</u>	<u>3,369,685</u>	<u>4,244,258</u>
<i>Total Governmental Funds</i>	<u><u>\$15,492,616</u></u>	<u><u>\$9,091,627</u></u>	<u><u>\$8,443,339</u></u>	<u><u>\$8,038,072</u></u>

Unassigned General Fund Balance



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

2009	2008	2007	2006	2005	2004
\$138,642	\$137,211	\$141,197	\$145,094	\$131,661	\$156,895
271,315	229,568	186,616	135,025	216,652	120,798
<u>4,911,804</u>	<u>4,051,436</u>	<u>3,929,119</u>	<u>4,099,457</u>	<u>3,237,376</u>	<u>4,278,365</u>
<u>5,321,761</u>	<u>4,418,215</u>	<u>4,256,932</u>	<u>4,379,576</u>	<u>3,585,689</u>	<u>4,556,058</u>
277,412	195,881	199,136	150,461	135,409	150,736
2,446,356	2,418,999	2,437,342	2,284,900	2,739,523	3,040,079
<u>1,009,860</u>	<u>1,194,834</u>	<u>1,841,166</u>	<u>1,803,760</u>	<u>838,818</u>	<u>838,276</u>
<u>3,733,628</u>	<u>3,809,714</u>	<u>4,477,644</u>	<u>4,239,121</u>	<u>3,713,750</u>	<u>4,029,091</u>
<u>\$9,055,389</u>	<u>\$8,227,929</u>	<u>\$8,734,576</u>	<u>\$8,618,697</u>	<u>\$7,299,439</u>	<u>\$8,585,149</u>

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

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

	2013	2012	2011	2010
Revenues				
Property Taxes	2,140,815	\$2,217,751	\$2,299,773	\$2,244,665
Income Taxes	18,214,580	17,287,724	16,726,038	16,184,484
Other Local Taxes	629,209	588,245	524,929	514,964
Intergovernmental	1,949,745	1,799,116	2,544,924	2,878,977
Special Assessments	186,528	189,768	215,663	218,592
Interest	(12,318)	69,863	74,330	62,294
Fines, Licenses and Permits	1,647,011	1,255,426	1,076,206	899,685
Charges for Services	1,979,092	1,938,131	1,785,024	1,762,696
Other	814,859	508,892	337,743	368,072
Total Revenues	27,549,521	25,854,916	25,584,630	25,134,429
Expenditures				
Current:				
Security of Persons and Property	8,543,082	8,538,832	8,395,875	8,776,924
Public Health and Welfare	311,680	307,505	330,767	362,515
Culture and Recreation	2,729,357	2,742,285	2,771,542	2,844,270
Community Development	592,322	546,761	532,084	544,812
Economic Development	395,327	323,904	304,620	321,510
Streets and Highways	1,607,261	1,671,530	1,691,980	1,758,271
Sanitation	1,080,775	1,075,455	1,091,845	933,094
General Government	6,829,343	6,692,911	6,620,502	6,771,287
Capital Outlay	3,404,849	1,324,813	1,494,121	2,131,384
Debt Service:				
Principal Retirement	1,302,122	1,647,732	1,988,289	1,973,229
Interest and Fiscal Charges	367,352	335,900	408,146	477,982
Bond Issuance Costs	118,745	0	0	0
Total Expenditures	27,282,215	25,207,628	25,629,771	26,854,935
<i>Excess of Revenues Over (Under) Expenditures</i>	267,306	647,288	(45,141)	(1,112,824)
Other Financing Sources (Uses)				
General Obligation Bonds Issued	5,860,000	0	0	0
Refunding Bonds Issued	0	0	0	0
Premium on Debt Issuance	263,033	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Sale of Capital Assets	10,650	1,000	303,539	1,807
Inception of Capital Lease	0	0	143,700	
Loan Proceeds	0	146,869	607,682	
Transfers In	805,528	925,000	850,000	2,118,585
Transfers Out	(805,528)	(925,000)	(850,000)	(2,118,585)
Total Other Financing Sources (Uses)	6,133,683	1,000	450,408	753,189
Net Change in Fund Balances	\$6,400,989	\$648,288	\$405,267	(\$967,317)
Debt Service as a percentage of noncapital expenditures	6.37%	7.94%	9.39%	9.31%

2009	2008	2007	2006	2005	2004
\$2,398,978	\$2,400,470	\$2,506,371	\$2,399,205	\$2,321,783	\$2,368,704
15,810,195	16,176,983	15,421,461	13,754,427	12,914,040	12,554,485
494,692	577,467	554,088	569,575	542,499	532,080
4,452,591	2,652,042	2,136,074	3,259,702	2,101,960	2,405,486
155,908	213,368	177,035	223,391	220,757	257,223
158,609	339,326	537,883	456,495	287,866	153,393
970,642	999,295	1,234,800	1,116,500	1,138,066	1,139,530
1,677,224	1,669,275	1,545,425	1,594,664	1,450,352	1,422,075
407,770	480,379	358,957	309,760	286,986	246,698
26,526,609	25,508,605	24,472,094	23,683,719	21,264,309	21,079,674
8,049,713	7,928,650	7,522,883	7,055,890	7,220,518	7,187,492
338,927	280,413	259,832	252,147	242,167	251,187
2,800,812	2,708,975	2,614,153	2,554,708	2,631,011	2,648,981
597,099	613,927	626,627	570,045	638,449	623,163
280,958	150,505	161,916	86,653	0	0
1,563,244	1,729,497	1,581,516	1,322,841	1,758,966	1,618,920
948,225	939,330	948,598	851,522	767,324	729,743
6,765,399	6,371,715	6,166,876	5,609,843	5,814,271	5,866,851
2,144,886	2,703,366	1,735,992	1,446,315	745,997	2,503,769
1,925,422	2,276,598	1,900,036	1,833,587	1,783,106	1,757,653
531,253	460,452	841,476	908,485	977,988	1,048,399
0	194,549	0	0	0	0
25,945,938	26,357,977	24,359,905	22,492,036	22,579,797	24,236,158
580,671	(849,372)	112,189	1,191,683	(1,315,488)	(3,156,484)
0	12,180,000	0	0	0	0
0	187,315	690	0	0	0
0	(12,171,866)	0	0	0	0
800	10,000	3,000	7,475	29,778	0
195,989	137,276	0	120,100	0	0
0	0	0	0	0	0
850,000	850,000	750,000	1,488,000	850,000	797,018
(850,000)	(850,000)	(750,000)	(1,488,000)	(850,000)	(797,018)
196,789	342,725	3,690	127,575	29,778	0
\$777,460	(\$506,647)	\$115,879	\$1,319,258	(\$1,285,710)	(\$3,156,484)
12.55%	10.40%	11.64%	12.27%	12.45%	11.82%

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

<u>Year</u>	<u>Property Taxes</u>	<u>Income Taxes</u>	<u>Other Local Taxes</u>	<u>Total</u>
2013	\$2,140,815	\$18,214,580	\$629,209	\$20,984,604
2012	2,217,751	17,287,724	588,245	20,093,720
2011	2,299,773	16,726,038	524,929	19,550,740
2010	2,244,665	16,184,484	514,964	18,944,113
2009	2,398,978	15,810,195	494,692	18,703,865
2008	2,400,470	16,176,983	577,467	19,154,920
2007*	2,506,371	15,421,461	554,088	18,481,920
2006	2,399,205	13,754,427	569,575	16,723,207
2005	2,321,783	12,914,040	542,499	15,778,322
2004	2,368,704	12,554,485	532,080	15,455,269

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

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

Tax Year	Tax Rate	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes from Individuals	Percentage of Taxes from Individuals	Taxes from Net Profits	Percentage of Taxes from Net Profits
2013	2.00%	18,011,584	14,540,186	80.7%	989,719	5.5%	2,481,680	13.8%
2012	2.00%	17,430,871	14,322,468	82.2%	941,263	5.4%	2,167,140	12.4%
2011	2.00%	16,097,705	13,272,250	82.4%	995,822	6.2%	1,829,633	11.4%
2010	2.00%	15,663,489	12,922,672	82.5%	923,354	5.9%	1,817,462	11.6%
2009	2.00%	15,538,504	12,986,724	83.6%	939,809	6.0%	1,611,971	10.4%
2008	2.00%	15,934,338	12,922,443	81.1%	959,605	6.0%	2,052,290	12.9%
2007*	2.00%	14,954,277	12,551,335	83.9%	883,312	5.9%	1,519,630	10.2%
2006	1.75%	13,426,469	11,102,728	82.7%	777,397	5.8%	1,546,344	11.5%
2005	1.75%	12,441,974	10,426,199	83.8%	792,071	6.4%	1,223,704	9.8%
2004	1.75%	12,608,294	10,855,024	86.1%	718,757	5.7%	1,034,513	8.2%
2003	1.75%	12,592,155	10,461,929	83.1%	768,988	6.1%	1,361,238	10.8%

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

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

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

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

2013		
	Rank	Taxpayer
	1	Southwest General Hospital
	2	United Parcel Service
	3	Quadax, Inc.
	4	Amerimark Direct LLC
	5	Zin Technologies
	6	Berea City School District
	7	City of Middleburg Heights
	8	Polaris Joint Vocational
	9	Codonics Inc.
	10	Brewer Garrett Co.

2004		
2013 Rank	Rank	Taxpayer
1	1	Southwest General Hospital
2	2	United Parcel Service
	3	Advanstar Communications Inc.
9	4	Codonics Inc.
7	5	City of Middleburg Heights
6	6	Berea City School District
	7	Transamerica Holdings LLC
8	8	Polaris Joint Vocational School
	9	Citicorp Credit Services, Inc.
	10	Sunnyside Automotive Inc.

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			Cuyahoga County (1)	Total
	General Fund	Debt Service Fund	Police Fund	Pension Fund	Fire Fund	Southwest Community Hospital	Total	District	School		
2004/2005	2.95	0.90	0.30	0.30	1.00	5.45	72.20	20.30	20.30	97.95	97.95
2005/2006	2.95	0.90	0.30	0.30	1.00	5.45	72.10	20.30	20.30	97.85	97.85
2006/2007	2.95	0.90	0.30	0.30	1.00	5.45	77.30	20.20	20.20	102.95	102.95
2007/2008	2.95	0.90	0.30	0.30	1.00	5.45	77.30	20.20	20.20	102.95	102.95
2008/2009	2.95	0.90	0.30	0.30	1.00	5.45	77.30	20.60	20.60	103.35	103.35
2009/2010	2.95	0.90	0.30	0.30	1.00	5.45	77.40	20.60	20.60	103.45	103.45
2010/2011	3.35	0.50	0.30	0.30	1.00	5.45	77.30	20.90	20.90	103.65	103.65
2011/2012	3.35	0.50	0.30	0.30	1.00	5.45	77.40	20.80	20.80	103.65	103.65
2012/2013	3.35	0.50	0.30	0.30	1.00	5.45	81.30	20.80	20.80	107.55	107.55
2013/2014	3.35	0.50	0.30	0.30	1.00	5.45	81.20	22.53	22.53	109.18	109.18

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

Source: Cuyahoga County Auditor

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	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Total Mills	
2004/2005	498,434,550	1,424,098,714	45,358,039	197,208,815	13,200,050	15,000,057	556,992,639	1,636,307,586	34.0%	5.45					
2005/2006	494,600,890	1,413,145,400	45,922,606	199,663,504	11,822,630	13,434,807	552,346,126	1,626,243,711	34.0%	5.45					
2006/2007	538,328,450	1,538,081,285	38,632,772	206,041,450	11,795,370	13,403,829	588,756,592	1,757,526,564	33.5%	5.45					
2007/2008	542,446,760	1,549,847,885	26,697,752	213,582,016	9,997,300	11,360,568	579,141,812	1,774,790,469	32.6%	5.45					
2008/2009	544,498,220	1,555,709,200	14,219,539	227,512,624	10,284,260	11,686,659	569,002,019	1,794,908,483	31.7%	5.45					
2009/2010	520,228,840	1,486,368,114	-	-	10,739,770	12,204,284	530,968,610	1,498,572,398	35.4%	5.45					
2010/2011	519,254,880	1,483,585,371	-	-	10,990,360	12,489,045	530,245,240	1,496,074,416	35.4%	5.45					
2011/2012	519,580,370	1,484,515,342	-	-	11,396,260	12,950,295	530,976,630	1,497,465,637	35.5%	5.45					
2012/2013	489,803,670	1,399,439,057	-	-	12,277,670	13,951,898	502,081,340	1,413,390,955	35.5%	5.45					
2013/2014	492,306,950	1,406,591,286	-	-	13,374,710	15,198,534	505,681,660	1,421,789,820	35.6%	5.45					

(1) The percentages for tax year 2011 were 35% for all Real Property and 88% for Public Utility Property.

Source: Cuyahoga County Auditor

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
2003/2004	2,420,193	2,292,801	94.7	2,354,793	97.4	162,854
2004/2005	2,453,253	2,277,192	92.8	2,340,210	95.4	111,224
2005/2006	2,423,430	2,299,832	94.9	2,363,723	97.5	84,041
2006/2007	2,619,454	2,501,316	95.5	2,550,730	97.4	90,448
2007/2008	2,712,622	2,574,035	94.9	2,655,520	97.9	124,972
2008/2009	2,645,923	2,539,405	96.0	2,623,494	99.2	115,126
2009/2010	2,537,015	2,450,568	96.6	2,500,072	98.5	159,157
2010/2011	2,535,734	2,448,667	98.6	2,544,126	100.0	148,230
2011/2012	2,543,961	2,406,690	94.6	2,487,191	97.8	114,714
2012/2013	2,413,806	2,306,080	95.5	2,373,140	98.3	93,953

(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 Auditor

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

	2013	2012	2011
General Obligation Bonds	5,450,000	6,565,000	7,985,153
Percent of estimated actual property value	0.38%	0.46%	0.53%
Per Capita	\$341.78	\$411.70	\$500.76
Special Assessment Bonds	697,350	815,110	947,096
Bond Anticipation Notes			
OPWC Loans	800,567	754,551	754,551
Capital Leases	29,746	99,107	194,701
Total Gross Indebtedness	<u>6,977,663</u>	<u>8,233,768</u>	<u>9,881,501</u>
Percentage of Personal Income	1.45%	1.71%	2.05%
Per Capita	\$437.58	\$516.35	\$619.69
Less:			
Special Assessment Bonds	(697,350)	(815,110)	(947,096)
Community & Service Center Refunding Bonds	(5,195,000)	(6,285,000)	(7,685,000)
Service Center Bonds			
OPWC Loans	(800,567)	(754,551)	(754,551)
Capital Leases	(29,746)	(99,107)	(194,701)
Bond Retirement Fund Balance	<u>(732,000)</u>	<u>(615,483)</u>	<u>(907,696)</u>
Total Net Debt Applicable to Debt Limit	<u>(477,000)</u>	<u>(335,483)</u>	<u>(607,543)</u>
Overall Legal Debt Limit			
10 1/2% of Assessed Valuation	<u>53,096,574</u>	<u>52,718,541</u>	<u>55,752,546</u>
Legal Debt Margin Within 10 1/2% Limitations	<u>\$53,573,574</u>	<u>\$53,054,024</u>	<u>\$56,360,089</u>
Legal Debt Margin as a Percentage of the Debt Limit	100.90%	100.64%	101.09%
Unvoted Debt Limitation			
5 1/2% of Assessed Valuation	\$27,812,491	\$27,614,474	\$29,203,715
Net Unvoted Indebtedness Authorized by Council	6,977,663	8,233,768	9,881,501
Less:			
Special Assessment Bonds	(697,350)	(815,110)	(947,096)
Community & Service Center Refunding Bonds	(5,195,000)	(6,285,000)	(7,685,000)
Service Center Bonds			
OPWC Loans	(800,567)	(754,551)	(754,551)
Capital Leases	(29,746)	(99,107)	(194,701)
General Obligation Bond Retirement Fund Balance	<u>(732,000)</u>	<u>(615,483)</u>	<u>(907,696)</u>
Net Debt Within 5 1/2% Limitations	<u>(477,000)</u>	<u>(335,483)</u>	<u>(607,543)</u>
Unvoted Legal Debt Margin Within 5 1/2% Limitations	<u>\$28,289,491</u>	<u>\$27,949,957</u>	<u>\$29,811,258</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	101.72%	101.21%	102.08%

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

2010	2009	2008	2007	2006	2005	2004
9,730,327	11,456,736	\$13,154,922	\$14,796,884	\$16,423,178	\$18,110,804	\$19,769,318
0.65%	0.76%	0.73%	0.83%	0.93%	1.11%	1.21%
\$610.20	\$737.15	\$846.41	\$952.06	\$1,056.70	\$1,165.28	\$1,271.99
1098379	1227784	1,364,806	1,509,480	1,647,282	1,763,243	1,887,835
335,000	500,000					
607,682						
286,533	260,247	154,473	69,160	90,100		
<u>12,057,921</u>	<u>13,444,767</u>	<u>14,674,201</u>	<u>16,375,524</u>	<u>18,160,560</u>	<u>19,874,047</u>	<u>21,657,153</u>
2.50%	3.43%	3.75%	4.18%	4.64%	5.07%	5.53%
\$756.17	\$865.06	\$944.16	\$1,053.63	\$1,168.48	\$1,278.73	\$1,393.46
(1,098,379)	(1,227,784)	(1,364,806)	(1,509,480)	(1,647,282)	(1,763,243)	(1,887,835)
(9,205,000)	(10,565,000)	(11,915,000)				
			(8,853,500)	(9,783,500)	(10,703,500)	(11,613,500)
			(4,258,500)	(4,708,500)	(5,128,500)	(5,538,500)
(607,682)						
(286,533)	(260,247)	(154,473)	(69,160)	(90,100)		
<u>(1,586,109)</u>	<u>(739,402)</u>	<u>(825,810)</u>	<u>(842,882)</u>	<u>(780,071)</u>	<u>(1,331,605)</u>	<u>(1,392,721)</u>
<u>(725,782)</u>	<u>652,334</u>	<u>414,112</u>	<u>842,002</u>	<u>1,151,107</u>	<u>947,199</u>	<u>1,224,597</u>
<u>55,675,750</u>	<u>55,751,704</u>	<u>59,745,212</u>	<u>60,809,890</u>	<u>61,819,442</u>	<u>57,996,343</u>	<u>58,484,227</u>
<u>\$56,401,532</u>	<u>\$55,099,370</u>	<u>\$59,331,100</u>	<u>\$59,967,888</u>	<u>\$60,668,335</u>	<u>\$57,049,144</u>	<u>\$57,259,630</u>
101.30%	98.83%	99.31%	98.62%	98.14%	98.37%	97.91%
\$29,163,488	\$29,203,274	\$31,295,111	\$31,852,800	\$32,381,613	\$30,379,037	\$30,634,595
12,057,921	13,444,767	14,674,201	16,375,524	18,160,560	19,874,047	21,657,153
(1,098,379)	(1,227,784)	(1,364,806)	(1,509,480)	(1,647,282)	(1,763,243)	(1,887,835)
(9,205,000)	(10,565,000)	(11,915,000)				
			(8,853,500)	(9,783,500)	(10,703,500)	(11,613,500)
			(4,258,500)	(4,708,500)	(5,128,500)	(5,538,500)
(607,682)						
(286,533)	(260,247)	(154,473)	(69,160)	(90,100)		
<u>(1,586,109)</u>	<u>(739,402)</u>	<u>(825,810)</u>	<u>(842,882)</u>	<u>(780,071)</u>	<u>(1,331,605)</u>	<u>(1,392,721)</u>
<u>(725,782)</u>	<u>652,334</u>	<u>414,112</u>	<u>842,002</u>	<u>1,151,107</u>	<u>947,199</u>	<u>1,224,597</u>
<u>\$29,889,270</u>	<u>\$28,550,940</u>	<u>\$30,880,999</u>	<u>\$31,010,798</u>	<u>\$31,230,506</u>	<u>\$29,431,838</u>	<u>\$29,409,998</u>
102.49%	97.77%	98.68%	97.36%	96.45%	96.88%	96.00%

City of Middleburg Heights, Ohio
Computation of Direct and Overlapping Debt
December 31, 2013

Jurisdiction	Debt Outstanding	Percentage Applicable To City of Middleburg Heights [©]	Amount Applicable To City of Middleburg Heights
Direct:			
General Obligation Bonds	\$ 11,310,000	(a) 100.00%	\$ 11,310,000
Special Assessment Bonds	\$ 697,350	(a) 100.00%	\$ 697,350
Total Direct Debt	<u>\$ 12,007,350</u>		<u>\$ 12,007,350</u>
Overlapping:			
Berea School District	11,870,000	(b) 37.98%	4,508,226
Cuyahoga County	314,245,000	(b) 1.83%	5,750,684
Greater Cleveland Regional Transit	<u>116,450,000</u>	(b) 1.83%	<u>2,131,035</u>
Total Overlapping Debt	<u>442,565,000</u>		<u>12,389,945</u>
Total Direct and Overlapping	<u><u>\$ 454,572,350</u></u>		<u><u>\$ 24,397,295</u></u>

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

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

(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)
2013	15,946	b	\$481,792,444	\$30,214	b	\$66,337	b	7.1%
2012	15,946	b	\$481,792,444	\$30,214	b	\$66,337	b	7.1%
2011	15,946	b	481,792,444	30,214	b	66,337	b	7.7%
2010	15,946	b	481,792,444	30,214	b	66,337	b	9.2%
2009	15,542	a	391,673,942	25,201	a	60,015	a	9.0%
2008	15,542	a	391,673,942	25,201	a	60,015	a	6.6%
2007	15,542	a	391,673,942	25,201	a	60,015	a	5.9%
2006	15,542	a	391,673,942	25,201	a	60,015	a	5.4%
2005	15,542	a	391,673,942	25,201	a	60,015	a	6.5%
2004	15,542	a	391,673,942	25,201	a	60,015	a	6.5%

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

(a) 2000 Federal Census

(b) 2010 Federal Census

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

(3) Source: Ohio Bureau of Employment Services,

U.S. Department of Labor, Bureau of Labor Statistics for Cleveland MSA

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

2013	Employees	Percentage of Total City Employment
<u>Employer</u>		
Southwest General Hospital	2,599 (a)	13.47%
United Parcel Service	1,793 (a)	9.29%
Amerimark Direct LLC	608 (a)	3.15%
Sears Roebuck & Company	538 (a)	2.79%
Quadax	502 (a)	2.60%
Polaris Joint Vocational	431 (a)	2.23%
City of Middleburg Heights	430 (a)	2.23%
Middleburg-Legacy Place LLC	401 (a)	2.08%
Berea City School District	277 (a)	1.44%
Sunnyside Automotive Inc.	246 (a)	1.27%
 Total	 7,825 (a)	 40.55%
Total City Employment	 19,297 (b)	
<hr/>		
2004	Employees	Percentage of Total City Employment
<u>Employer</u>		
Southwest General Hospital	2,892 (a)	15.55%
United Parcel Service	2,461 (a)	13.23%
Sears Roebuck & Company	498 (a)	2.68%
City of Middleburg Heights	477 (a)	2.56%
Polaris Joint Vocational	441 (a)	2.37%
Transamerica Holdings	389 (a)	2.09%
Berea City School District	295 (a)	1.59%
Codonics, Inc.	224 (a)	1.20%
Advanstar Communications	205 (a)	1.10%
Cleveland Urology	62 (a)	0.33%
 Total	 7,944 (a)	 42.71%
Total City Employment	 18,600 (a)	

(a) Regional Income Tax Agency. Total City Employment based upon estimate from the Regional Income Tax Agency withholding information.

(b) Applied Geographic Solutions, 2013

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

Function/Program	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government:										
Council	2	2	2	2	2	2	2	2	2	2
Finance	5	5	5	5	5	5	5	5	5	5
Law	2	2	2	2	2	2	2	2	2	2
Mayor's Court	2	2	2	2	2	2	2	2	2	2
Mayor's Office	3	3	4	4	4	4	4	4	4	4
Public Service	34	34	34	34	34	33	33	32	33	33
Community Development:										
Planning & Zoning	1	1	1	1	1	1	1	1	1	1
Building	4	4	4	4	4	5	5	5	5	5
Economic Development:	1	1	1	1	1	1	1	1	0	0
Public Safety:										
Police	38	38	38	41	38	38	38	38	39	41
Fire	27	27	27	27	27	27	26	26	26	26
Culture and Recreation:										
Programs	2	2	2	2	2	2	2	2	2	2
Recreation Center	9	9	9	9	11	11	11	11	11	12
Streets and Highways:										
Street Department	10	10	10	10	10	10	10	11	12	12
Totals:	140	140	141	144	143	143	142	142	144	147

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		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
		Fire	Emergency Responses	2,758	2,770	2,553	2,498	2,647	2,565	2,431	2,355
Ambulance runs	2,155	2,084	2,036	1,904	1,823	1,848	1,711	1,606	1,755	1,738	1,738
Fire Runs	666	674	734	649	675	799	854	825	716	617	617
Fire Safety Inspections/Re-Inspections	317	266	170	338	453	370	387	230	267	231	231
Fire Protection Systems Inspected	61	51	48	111	226	211	331	129	208	355	355
Building/Fire Protection Plan Received	156	147	139	139	138	177	300	275	261	173	173
Number of Community Program Hours	170	237	200	382	440	261	180	218	220	125	125
Hydrants Tested	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,078	1,078
Public Service											
Snowfall in inches ¹	58	30.8	69.5	59.8	66.7	85.3	62.3	34.6	108.4	95.8	95.8
Tons of salt used	5,800	3,200	5,796	7,326	5,000	6,000	7,286	3,255	7,500	5,080	5,080
Asphalt used in road maintenance (tons)	267.5	155.5	351.5	317.5	447	149.5	191	117.0	160.5	213.5	213.5
Concrete used in road maintenance (yards)	326	345.5	286.75	458.5	210	314.5	376.5	272.0	389.5	203.0	203.0
Number of Trees removed	109	160	122	84	53	115	158	78	88	148	148
Number of Trees planted	120	201	134	198	155	119	154	99	102	177	177
Senior citizen driveway plowing participants	1,044	1,119	1,155	1,127	1,112	1,119	1,100	1,100	1,071	1,129	1,129
Building											
Number of Permits issued by type:											
Building Permits	223	211	196	166	148	186	269	255	273	279	279
Electrical Permits	184	185	225	156	142	177	220	226	244	248	248
Plumbing Permits	126	105	121	92	78	96	131	125	139	179	179
HVAC Permits	152	133	131	125	102	127	142	153	188	199	199
Miscellaneous Permits	693	710	734	616	631	633	676	674	673	715	715
Inspections performed	2,265	2,180	1,956	1,671	1,577	1,000	2,705	2,743	3,285	3,445	3,445
Estimated value of construction	\$68,254,025	\$40,949,916	\$15,993,740	\$4,940,229	\$10,141,903	\$16,361,351	\$34,020,291	\$21,074,047	\$24,200,342	\$15,837,695	\$15,837,695
Number of Plans examined	120	106	134	98	54	124	136	136	59	21	21
Court											
Number of court cases	5,750	6,559	6,831	6,247	6,836	7,243	8,341	7,256	7,990	10,251	10,251
Number of tickets	4,773	5,421	5,602	5,236	5,672	5,990	6,785	5,885	6,437	8,417	8,417
Number of Transferred Cases	264	273	283	259	303	294	385	359	551	646	646
Number of Waivers taken at Violations Bureau (Estimated)	1,012	1,474	1,539	1,722	2,072	2,274	2,654	2,315	2,619	3,358	3,358
Number of Court Appearances (Estimated prior to 2005)	1,161	1,228	1,471	1,330	1,438	1,268	1,260	1,391	1,515	1,608	1,608
Number of Waivers received by Mail	1,140	1,488	1,506	1,380	2,072	2,274	2,654	2,315	2,619	3,358	3,358
Number of Waivers received online	1,342	1,259	1,083	282	n/a						

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

Operating Indicators by Function/Program		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Council		80	100	105	91	100	111	123	83	133	104
Number of Ordinances & resolutions											
Finance											
Number of checks processed (excluding payroll)	3501	3,461	3,624	3,486	3,578	3,644	3,756	3,561	3,474	3,826	
Number of Purchase orders issued	3628	3,128	3,230	3,122	3,251	3,197	3,400	3,264	3,504	3,755	
Number of W-2 forms issued	430	440	429	434	426	435	420	420	438	477	
City W-2 Wages (in Millions) ²	\$11.82	\$11.58	\$11.72	\$11.80	\$11.51	\$11.10	\$10.63	\$10.34	\$10.22	\$10.20	
Mayor's Office											
Newspapers mailed (Winter and Summer issues) ³	8,413	8,413	8,413	8,386	8,384	8,494	8,377	15,642	16,110	14,746	
Recreation											
Number of Memberships	8,347	7,894	7,788	7,834	7,681	7,944	7,829	7,658	7,239	7,360	
Learn to Swim enrollment	1,281	1,301	1,362	1,356	1,358	1,419	1,481	1,344	1,418	1,367	
Enrollment in athletics programs	2,302	1,718	1,761	1,803	1,928	1,910	2,072	1,973	2,029	2,081	
Number of Rental Events	3,089	3,151	2,967	2,172	1,783	1,800	1,595	1,549	1,429	1,301	
Enrollment in classes, programs, and special events	17,215	19,805	14,603	13,352	10,674	10,542	9,756	5,312	5,213	5,344	
Law											
Number of new litigations filed (traffic & criminal cases)	560	604	552	525	628	615	689	659	1,266	1,100	
Number of Municipal Court cases heard and disposed	603	635	589	586	682	661	706	812	1,151	1,140	
Planning & Zoning											
Number of Planning commission agenda items	77	82	88	68	52	79	94	73	72	87	
Civil Service											
Number of Exams given	42	41	57	96	97	57	73	37	123	59	

1 - National Weather Service, Cleveland, OH - Hopkins International Airport
 2 - The 2004 payroll included 27 pay periods as opposed to the normal 26 pay periods.
 3- Prior to 2007, newsletters were mailed bi-annually to residents, beginning in 2007 newsletters were mailed annually.

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

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

Function/Program	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government:										
Other Departmental Vehicles	5	5	5	5	5	5	7	6	6	6
City Hall Square Footage	18,746	18,746	18,746	18,746	18,746	18,746	18,746	18,746	18,746	18,746
Police:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Vehicles	25	23	23	25	23	23	29	22	21	22
Square Footage of Building	13,400	13,400	13,400	13,400	13,400	13,400	13,400	13,400	13,400	13,400
Fire:										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Vehicles	10	10	10	10	10	10	10	10	10	10
Square Footage of Building	19,730	19,730	19,730	19,730	19,730	19,730	19,730	19,730	19,730	19,730
Culture and Recreation:										
Number of Parks	1	1	1	1	1	1	1	1	1	1
Number of Vehicles	1	2	2	1	1	1	2	2	3	3
Recreation Center Square Footage	83,768	83,768	83,768	83,768	83,768	83,768	83,768	83,768	83,768	83,768
Public Service:										
Number of Vehicles	45	44	42	45	43	45	42	41	44	43
Service Center Square Footage	62,445	62,445	62,445	62,445	62,445	62,445	62,445	62,445	62,445	62,445
Streets (miles)	65	65	65	65	65	65	65	65	65	65
Senior Transportation:										
Number of Vehicles	2	2	2	2	2	2	2	2	2	2



Dave Yost • Auditor of State

CITY OF MIDDLEBURG HEIGHTS

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

**CERTIFIED
JUNE 10, 2014**