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# City Of Middleburg Heights, Ohio



## **Comprehensive Annual Financial Report**

For The Year Ended December 31, 2010

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Issued By The Department of Finance

Jason Stewart, CPA  
Director

Nicholas Vitalone, CPA  
Assistant Director





# Dave Yost • Auditor of State

City Council  
City of Middleburg Heights  
15700 Bagley Road  
Middleburg Heights, Ohio 44130

We have reviewed the *Independent Auditor's Report* of the City of Middleburg Heights, Cuyahoga County, prepared by Rea & Associates, Inc., for the audit period January 1, 2010 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

June 15, 2011

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**City of Middleburg Heights, Ohio**  
*Comprehensive Financial Annual Report*  
*For the Year Ended December 31, 2010*  
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**Finance Department**  
**CITY OF MIDDLEBURG HEIGHTS**

15700 Bagley Road • Middleburg Heights, Ohio 44130-4832  
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**Gary W. Starr**  
Mayor

**Jason Stewart, CPA**  
Director of Finance

May 27, 2011

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 audited financial reports prepared on a GAAP (Generally Accepted Accounting Principles) basis with the Auditor of State within six months of the close of each fiscal year. This report is published to fulfill that requirement for the fiscal year ended December 31, 2010.

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

Rea & Associates, Inc., has issued an unqualified ("clean") opinion on the City of Middleburg Heights' financial statements for the year ended December 31, 2010. The independent auditor's report is located at the front of the financial section of this report.

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

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

### **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. 14, "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 23 years. The Capital Budget is customarily passed within 90 days of the start of the new year, though it was passed at the same time as the operating budget for 2010. 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

**Summary of Local Economy:** Location is one of the greatest assets of the City of Middleburg Heights. As a major suburb of the City of Cleveland, its proximity to Cleveland Hopkins International Airport and easy access to three interstate highways has contributed to the City's continued economic stability.

**Major Industries Affecting the City Economy:** The City has seen a significant growth in medical and health related businesses over the last decade. Southwest General Health Center, in partnership with University Hospitals of Cleveland, has continued as the largest employer in the City of Middleburg Heights. With 340 beds and a 30 bed, 24 hour, emergency room with an affiliated heart center on site, Southwest General has approximately 544 associated physicians, 537 registered nurses, and 97 licensed practicing nurses. Other medical office and medical service related buildings and businesses in Middleburg Heights include:

- Big Creek Surgery Center began operations in May 2006 as a state of the art outpatient surgical facility with four operating rooms. Specializing in orthopedic, ear, nose and throat, and podiatry, the center supports thirteen physician partners.
- The Middleburg Heights Medical Arts Center, located across from Southwest General Health Center, provides a two building campus with approximately 66,000 square feet of medical office building that is currently leased at over 90% occupancy.
- The Pearl Professional Medical Office Building, 37,000 square feet, opened in 2007 to serve regional physician groups and will include an advanced surgery center.
- Regency Hospital is a new long-term acute-care hospital with 43 beds and a 10-bed intensive care unit. Regency Hospital employs approximately 200 health care professionals.
- The Surgery Center, a multi-specialty outpatient surgery center, founded by a group of 30 area physicians, services approximately 8,000 outpatient surgical and diagnostic cases per year.
- The Davita HillMed Medical Office Building was occupied in August 2009 by its largest tenant, Davita Dialysis Clinic. The office building represented a \$4 million dollar investment in the City.

Middleburg Heights also has six nursing home and assisted living facilities, providing care to almost 600 individuals at any one time.

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.

**Major achievements:** Through the efforts of its Department of Economic Development and elected officials the City has been able to assist several companies in receiving job creation tax credits from the State of Ohio over the past several years. One of these credits was granted to McCarthy, Burgess & Wolff Consumer Collections, Inc. The company anticipates having over 75 employees for its new business division in Middleburg Heights. The company purchased an existing 19,500 square foot building to accommodate its office and call center operations. Another of these credits was granted to DuBose National Energy Services. This company is a major strategic supplier of metal products to the international nuclear power industry. This project is expected to create 15 new

jobs and create over \$1,000,000 in new payroll. They have leased a 10,000 square foot space on Sheldon Road to serve as their new location for their Ohio manufacturing distribution and office operations. They began operations in summer of 2010.

2010 was a busy year for our Economic Development Department. In addition to the two companies listed above, several other new businesses moved into Middleburg Heights last year. They include DHL Express (60 new jobs), America's Recovery Solutions (70 new jobs), Professional Recovery Services, Inc. (30 new jobs), the Big Creek Medical Arts Building (65 new jobs), Integrity Home Care Agency (10 new jobs) and First Avenue Restoration (5 new jobs). This is in addition to the numerous business retentions that the department diligently helped to facilitate including Kuehne and Nagel, US Customs and Border Protection, Hycomp LLC, and Tenpenny Integrative Medical Center.

The City received a nearly \$300,000 grant of 800 MHz portable radio equipment from the Cuyahoga County Communications Committee. This equipment will provide inter-operability to the Police Department with a large number of local, state, and federal law enforcement agencies. Moreover, this allows the department to be in compliance with the federal mandate issued by the FCC. This grant saved the City from having to purchase this equipment in order to meet this mandate.

In 2008, the City of Middleburg Heights had its bond rating reviewed. Moody's Investors Service reaffirmed the City's Aa2 bond rating. Then in 2010, as part of Moody's recalibration program, the City's bond rating was recalibrated to an Aa1. This is the highest bond rating that the City has ever achieved. Moody's stated that it, "expects the city's healthy financial operations to continue given satisfactory operating reserves, strong financial management, and demonstrated willingness to respond to economic challenges."

The City has received the designation of "Tree City USA" for fourteen years running from the National Arbor Day Foundation. The City believes that with its continued dedication to preservation and maintenance of trees, it will again receive the designation in future years.

**Future Projects:** The City has seen a significant growth in medical and health related businesses over the last decade and continues to see significant growth today. The Cleveland Urology Associates Medical Office Building is currently expected to begin construction as early as Fall 2012. This three story, 31,000 square foot facility will be constructed on Bagley Road to accommodate the consolidated operations for Cleveland Urology Associates.

Having purchased the existing 20,000 square foot building on Pearl Road which formerly housed the Carpet and Tile Liquidators, Audio Video Interiors, Inc. is expected to open in June 2011. Audio Video Interiors is a premiere custom audio/video integrator specializing in system design, project management, home theaters, energy management, and life safety. The building is undergoing a complete renovation including the construction of a 5,000 square foot "Experience Center" to showcase all of the specialized audio/video products.

The City is also currently working with The Interlake Steamship Company which operates one of the largest fleets on the Great Lakes and maintains a major presence in Great Lakes commerce. Established in 1913, the company is seeking to relocate its corporate headquarters to Middleburg Heights bringing 30 new full-time employees.

**Long Term Financial Planning:** The City utilizes a five-year forecast for its continued operational and capital needs. The forecast looks at the funds that are essential to the operations of the City. These funds are used to provide all of the services offered to our residents, including public safety, highway and street maintenance, parks and recreation, capital improvements, community development, public health and certain social services. The only funds excluded from the forecast are the Law Enforcement Trust Funds, the Court Computer Fund, 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 has always strived to maintain fund balances that would finance a minimum of three months of operations (25%). The Finance Department reviews all transactions on an on-going basis and works diligently to monitor revenues and expenditures so that all fund balances maintain adequate balances.

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.

#### **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, 2009. 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 fifteen 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 without your continued support the preparation of this report to help ensure the continued financial integrity of the City would not have been possible.

Sincerely,



Jason Stewart, CPA  
Director of Finance

# 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, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**City of Middleburg Heights, Ohio**

*Listing of Principal City Officials*

*As of December 31, 2010*

**ELECTED OFFICIALS**

Mayor..... Gary W. Starr  
Council President..... Alan C. Budney  
Councilman At-Large ..... Tim Ali  
Councilman At-Large ..... Raymond G. Guttman  
Councilman Ward 1 ..... Matthew Castelli  
Councilman Ward 2 ..... James P. Herron  
Councilman Ward 3 ..... David Bortolotto  
Councilman Ward 4 ..... John J. Grech

**APPOINTED OFFICIALS**

Director of Finance (effective 1/1/2011) ..... Jason Stewart, CPA  
Assistant Finance Director (effective 3/14/2011) ..... Nicholas Vitalone, CPA  
Director of Economic Development ..... Charles Bichara  
Director of Public Service..... Frank D. Castelli  
Chief Building Official ..... Norman H. Herwerden  
Director of Recreation..... Carl Guarnieri  
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..... Jeffrey Minch  
Clerk of Council..... Mary Ann Meola

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**City of Middleburg Heights, Ohio**

*Listing of Principal City Officials*

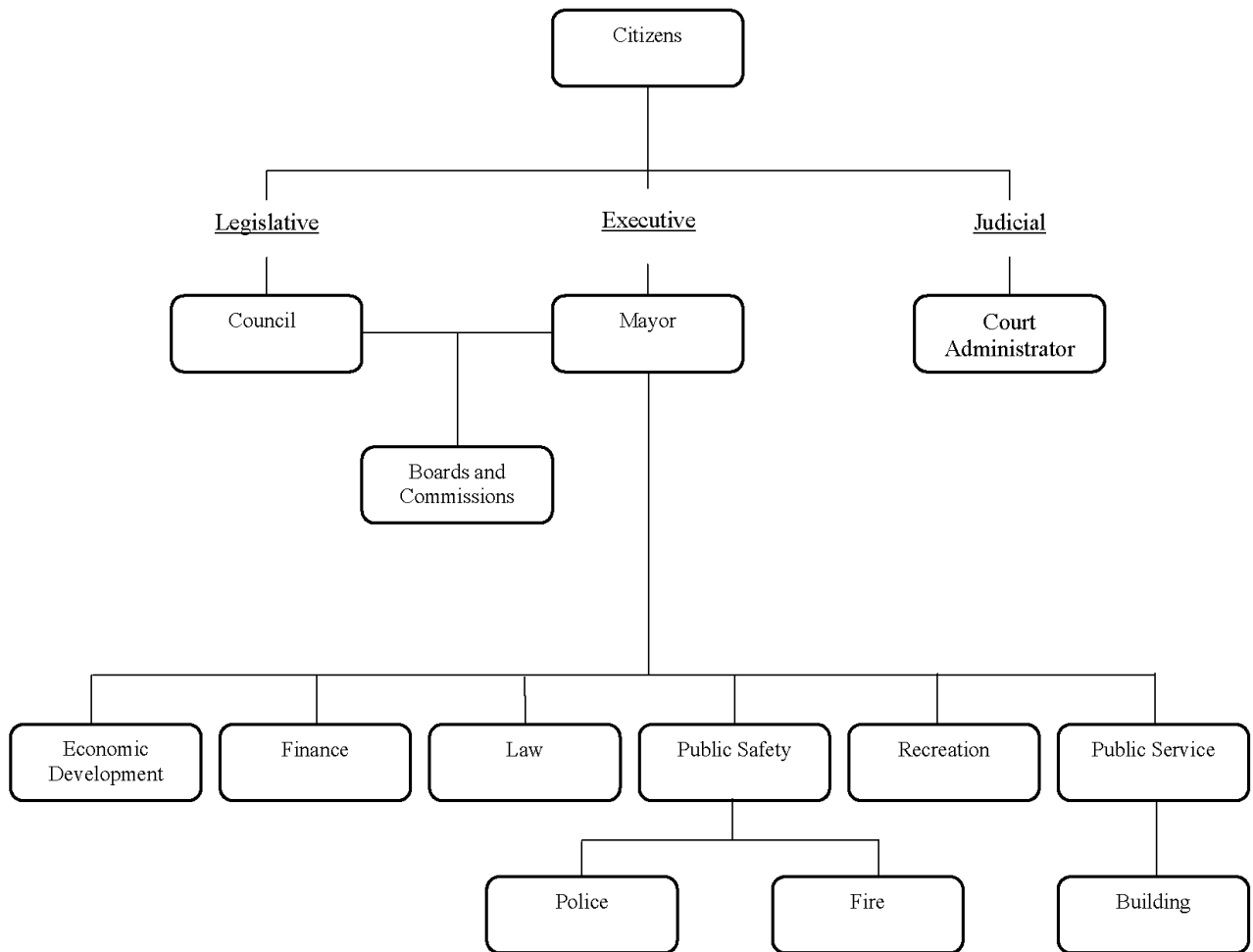
*As of December 31, 2010*

**SPECIAL BOARDS AND COMMISSIONS**

|  |                   |
|--|-------------------|
| Planning Commission .....                              | Anthony Crea      |
| Planning Commission .....                              | Brian Driscoll    |
| Planning Commission .....                              | Cori Farris       |
| Planning Commission .....                              | Michael Ference   |
| Planning Commission .....                              | Carol Herman      |
| Planning Commission .....                              | Chris Tibbits     |
| Planning Commission .....                              | Rose Zatezalo     |
| <br>   |                   |
| Board of Zoning and Building Appeals (Alternate) ..... | Joe Abraham       |
| Board of Zoning and Building Appeals (Alternate) ..... | Tony Ciaravino    |
| Board of Zoning and Building Appeals .....             | Al Cooke          |
| Board of Zoning and Building Appeals .....             | Mary Ferrante     |
| Board of Zoning and Building Appeals .....             | Debbie Hudak      |
| Board of Zoning and Building Appeals .....             | Kathy Jennings    |
| Board of Zoning and Building Appeals .....             | Matthew McGregor  |
| <br>   |                   |
| Civil Service.....                                     | Kathryn Cannon    |
| Civil Service.....                                     | John Gregory      |
| Civil Service.....                                     | Charlie Valentine |
| <br>   |                   |
| Secretary - Civil Service .....                        | Sherri Menoes     |
| Secretary - Boards and Commissions .....               | Kimberly Earley   |



**City of Middleburg Heights, Ohio**  
*Organizational Chart*  
*For the Year Ended December 31, 2010*



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# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

May 27, 2011

To the Honorable Mayor and City Council  
City of Middleburg Heights  
Cuyahoga County, Ohio

## INDEPENDENT AUDITOR'S REPORT

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, Ohio, as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Middleburg Heights' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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, Ohio, as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Recreation Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2011, on our consideration of the City of Middleburg Heights' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 13 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Middleburg Heights, Ohio's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Hea & Associates, Inc.*

**City of Middleburg Heights**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2010*  
*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, 2010. 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 2010 are as follows:

- The assets of the City of Middleburg Heights exceeded its liabilities at the close of the most recent fiscal year by \$55,092,564 (*net assets*). Of this amount, \$5,344,333 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total Net Assets increased by \$1,413,351, which represents a 2.6 percent increase from 2009. Unrestricted net assets decreased by \$451,976 or 7.8 percent in 2010.
- Total Assets of the City increased \$224,132, which represents a 0.3 percent increase from 2009.
- Total Capital Assets increased by \$514,772 or 0.9 percent from 2009 primarily due to the addition of Construction in Progress related to the Eastland Road project.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,038,072 a decrease of \$967,317 or 10.74 percent in comparison with the prior year. Equity in Pooled Cash and Investments in the governmental funds decreased by \$1,854,458 or 24.68 percent from 2009, as the City continued to spend down its reserves to maintain services.
- At the end of the current fiscal year, the unreserved, undesignated fund balance for the General Fund was \$3,476,589, or 20 percent of total general fund expenditures.
- Total outstanding Long-term liabilities were \$14,232,275. This was an 8.3 percent decrease from the balance at the end of 2009 primarily due to the repayment of General Obligation Bonds: particularly the bonds issued for the City's Service Center and Community Center.

### **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 assets* 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, 2010*  
*Unaudited*

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets *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 assets changed during the most recent fiscal year. All changes in net assets 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, streets and highways, culture and recreation, and sanitation. The City has no business-like activities except for its health insurance reserve fund, an internal service fund.

The government-wide financial statements can be found starting on page 14 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 2010, the City of Middleburg Heights maintained 18 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, General Obligation Bond Retirement Fund, Special Assessment Bond Retirement Fund, the new Bond Retirement Fund and Capital Improvements Fund; all of which are considered to be major funds. Data from the other 12 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City's only proprietary fund is an internal service fund for self-insurance of health benefits, which is considered a nonmajor fund. The basic proprietary fund financial statements can be found on pages 22 to 24 of this report.

**Notes to the 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 26 to 49 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 50 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 2010?" The Statement of Net Assets and the Statement of Activities answers this question. These statements include all assets and liabilities 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 assets and the changes in those assets. The change in assets 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 Assets and the Statement of Activities are divided into the following categories:

- Assets
- Liabilities
- Net Assets (Assets minus Liabilities)
- Program Revenues and Expenses
- General Revenues
- Net Assets Beginning of Year and End of Year

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

Recall that the Statement of Net Assets looks at the City as a whole. The following table provides a summary of the City's net assets for 2010 compared to 2009.

**Table 1 Net Assets**

|   | Governmental Activities |                     |
|---|-------------------------|---------------------|
|   | 2010                    | 2009                |
| <b>Assets</b>                                   |                         |                     |
| Current and Other Assets                        | \$16,757,419            | \$17,048,059        |
| Capital Assets, Net                             | 56,957,426              | 56,442,654          |
| <i>Total Assets</i>                             | <u>73,714,845</u>       | <u>73,490,713</u>   |
| <b>Liabilities</b>                              |                         |                     |
| Current Liabilities                             | 4,390,006               | 4,283,667           |
| Long-term Liabilities                           |                         |                     |
| Due within One Year                             | 3,525,975               | 3,544,768           |
| Due in More Than One Year                       | 10,706,300              | 11,983,065          |
| <i>Total Liabilities</i>                        | <u>18,622,281</u>       | <u>19,811,500</u>   |
| <b>Net Assets</b>                               |                         |                     |
| Invested in Capital Assets, Net of Related Debt | 45,336,826              | 43,670,819          |
| Restricted for:                                 |                         |                     |
| Capital Projects                                | 1,105,143               | 849,193             |
| Debt Service                                    | 2,824,066               | 2,870,466           |
| Other Purposes                                  | 482,196                 | 492,426             |
| Unrestricted                                    | 5,344,333               | 5,796,309           |
| <i>Total Net Assets</i>                         | <u>\$55,092,564</u>     | <u>\$53,679,213</u> |

As noted earlier, over time net assets may serve as a useful indicator of a government's financial position. For the City of Middleburg Heights, total assets exceed liabilities by \$55,092,564 at the close of the most recent fiscal year.

The largest portion of the City's net assets (82.2%) 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 increased by \$224,132 from 2009 to 2010, while the City's total liabilities decreased by \$1,189,219. As a result, the total net assets of the City's governmental activities increased \$1,413,351. The most significant change was a decrease in Cash & Investments in the amount of \$1,586,480 as the City continued to spend its reserves to maintain services. However, intergovernmental receivables increased by \$944,447 as a result of an inheritance tax windfall expected to be received in 2011. Non-depreciable capital assets also increased by \$1,514,713 or 14%. This can largely 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 decrease in liabilities was mainly due to the scheduled retirement of bonded debt.



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In order to further understand what makes up the changes in net assets for the current year, the following table gives readers further details regarding the results of activities for the current year in comparison to 2009.

**Table 2 Changes in Net Assets**

|                                    | Governmental<br>Activities<br>2010 | Governmental<br>Activities<br>2009 |
|------------------------------------|------------------------------------|------------------------------------|
| <b>Revenues</b>                    |                                    |                                    |
| Program Revenues:                  |                                    |                                    |
| Charges for Services               | \$2,663,312                        | \$2,636,140                        |
| Operating Grants and Contributions | 862,290                            | 849,270                            |
| Capital Grants and Contributions   | 1,183,203                          | 7,258,633                          |
| Total Program Revenues             | 4,708,805                          | 10,744,043                         |
| General Revenues:                  |                                    |                                    |
| Property Taxes & Other Local Taxes | 2,817,848                          | 2,886,035                          |
| Income Taxes                       | 16,312,006                         | 15,672,118                         |
| Grants and Entitlements            | 2,244,208                          | 3,552,070                          |
| Investment Income                  | 62,294                             | 97,034                             |
| Miscellaneous                      | 366,607                            | 405,359                            |
| Total General Revenues             | 21,802,963                         | 22,612,616                         |
| <i>Total Revenues</i>              | <i>26,511,768</i>                  | <i>33,356,659</i>                  |
| <b>Program Expenses</b>            |                                    |                                    |
| General Government                 | 7,089,138                          | 7,321,308                          |
| Security of Persons and Property:  |                                    |                                    |
| Police                             | 5,143,489                          | 4,806,928                          |
| Fire                               | 3,726,461                          | 3,696,714                          |
| Safety Director                    | 59,728                             | 57,850                             |
| Public Health Services             | 362,515                            | 339,612                            |
| Culture and Recreation             | 3,237,956                          | 3,280,588                          |
| Community Development              | 552,358                            | 579,608                            |
| Economic Development               | 325,270                            | 286,350                            |
| Streets and Highways               | 3,140,956                          | 3,052,119                          |
| Sanitation                         | 933,094                            | 948,225                            |
| Interest and Fiscal Charges        | 527,452                            | 580,827                            |
| Total Program Expenses             | 25,098,417                         | 24,950,129                         |
| Increase (decrease) in Net Assets  | <b>\$1,413,351</b>                 | <b>\$8,406,530</b>                 |

***Governmental Activities***

Governmental activities increased the City's net assets by \$1,413,351. Discussions of the reasons for the increase in net assets 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

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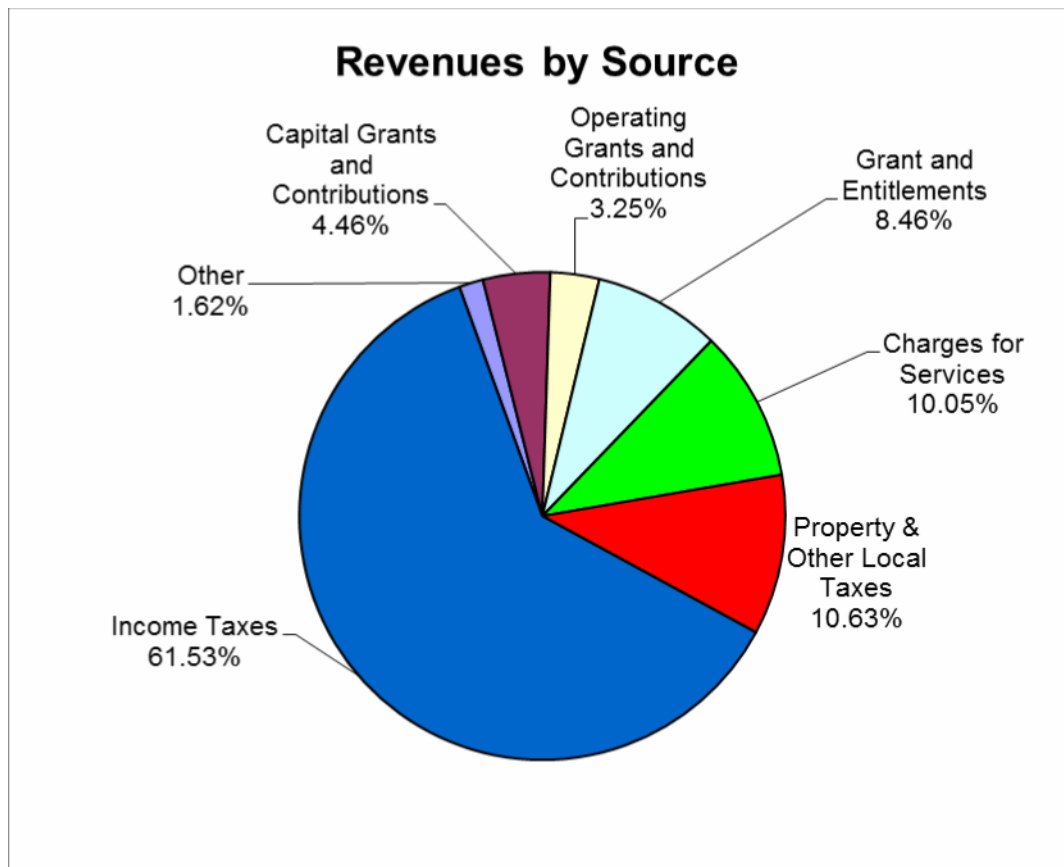
income tax to another city. City Council could by ordinance, choose to vary that income tax credit and create additional revenues for the City.

The large decrease of \$6,075,430 in Capital Grants and Contributions can be attributed to the Federal Highway Administration and Cuyahoga County's share of the Eastland Road project largely recognized in 2009. The Eastland Road project is a reconstruction project being funded by the Federal Highway Administration, Cuyahoga County, and the cities of Berea, Brook Park, and Middleburg Heights. Construction has been delayed but is tentatively scheduled to be completed in Summer/Fall 2011.

The decrease of \$1,307,862, in Grants and Entitlements is attributable in part to an increase of \$1,993,194, or 367% in estate tax collections, on a cash basis, in 2009. This increase was the result of windfall received when a resident who had accumulated an estate worth \$39 million passed away.

Income tax revenue for 2010 was \$16,312,006, an increase of \$639,888 or 4.08% from 2009. Of the \$26,511,768 in total revenues, income tax accounts for 61.53% of the total. Property and other local taxes were \$2,817,848, a decrease of \$68,187 or 2.4% from 2009, and account for 10.63% of total revenues. Operating grants and contributions, capital grants and contributions, general revenues from grants and entitlements account for 16.17% of total revenues, and charges for services, investment income, and other revenue make up the remaining 11.67%.

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, especially income tax.

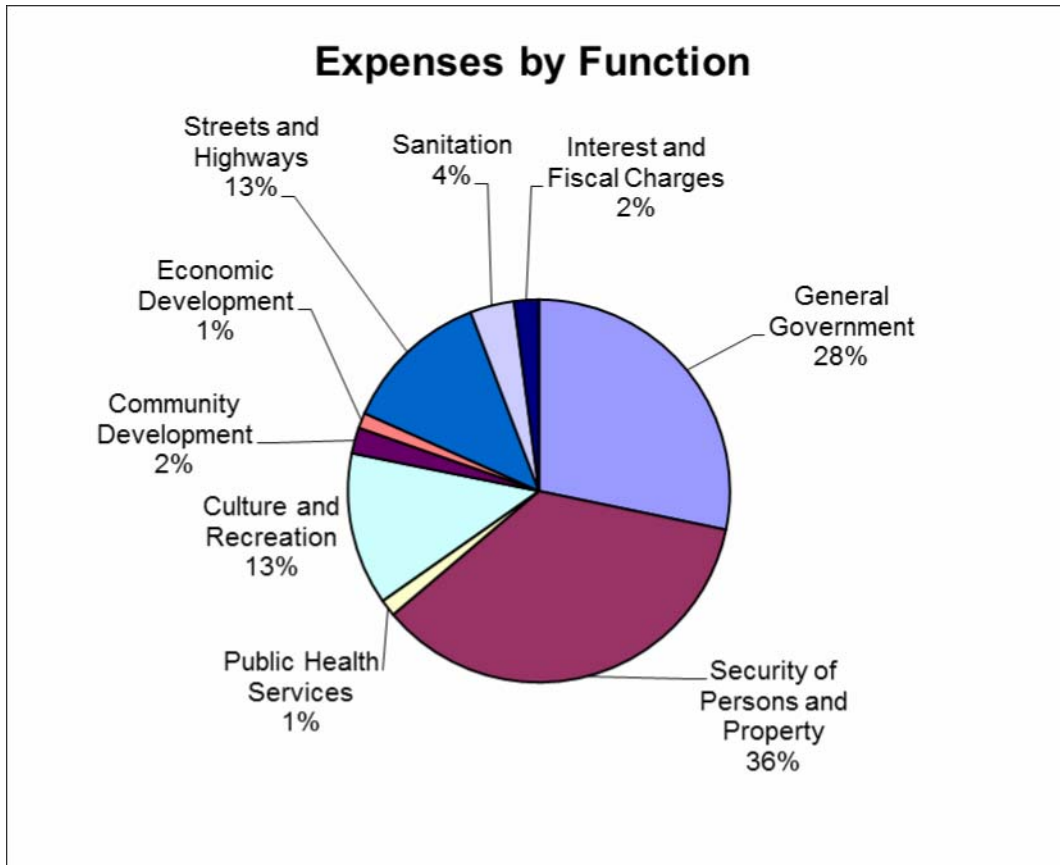


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Total program expenses increased by \$148,288, as compared to 2009. In 2010, expenses for Security of Persons and Property, related to the Police Department, increased by \$336,561 or 7% due to hiring of four additional officers in July 2010. These officers were hired to replace four senior officers that are required by the Ohio Police and Fire Pension Fund to retire in 2011. These officers were brought in six months prior to the retirement of the four senior officers to facilitate the training that is required of new officers so as not to have a negative impact on the operations of the department. General Government expenses decreased by \$232,170 from 2009 as departments tighten their belts in this tough economic time. Also in 2010, Interest and Fiscal Charges decreased by \$53,375 or 9.2% from 2009. This is due to the continued reduction of General Obligation Bonds: particularly the bonds issued for the City's Service Center and Community Center

Total program expenses for 2010 were \$25,098,417. 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 \$8,929,678, which represents 36 percent of total City expenses for the year 2010. Culture and Recreation expenses of \$3,237,956 accounted for 13 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 \$3,140,956 accounted for 13 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.



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**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. Unreserved 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 16. These funds are accounted for by using the modified accrual basis of accounting.

As of December 31, 2010, the City's governmental funds reported combined ending fund balances of \$8,038,072, a decrease of \$967,317 in comparison with the prior year. Of that amount, \$6,769,243 constitutes unreserved fund balances, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchases of the prior period (\$1,189,806) or has been reserved for prepaid items (\$79,023).

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 \$3,793,814 of which \$3,476,589 was unreserved. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to the sum of total fund expenditures and other financing uses of \$17,871,889. Unreserved fund balance represents 19.45% (28.96% in 2009) of total General Fund expenditures and other financing uses, while total fund balance represents 21.23% (31.06% in 2009) of that same amount.

During the current fiscal year, the fund balance of the City's General Fund decreased by \$1,527,947. The reduction in the General Fund is due largely to general economic conditions. Property tax revenue was down 7.7% from 2009, and income tax revenue increased a meager 0.35% from 2009 on a modified accrual basis. Expenditures increased by 4.52% from 2009. Over 70% of General Fund expenditures are for salaries and fringes. Pay increases, the addition of four police officers discussed earlier, and the retirement of several employees accounts for most of the increase in expenditures.

The balance in the Recreation Fund increased \$38,616. Though the increase can be attributed to a mixture of causes, the most significant change came as a result of an increase in income taxes receivable.

The General Obligation Bond Retirement Fund decreased \$739,401. The Special Assessment Bond Retirement Fund decreased by \$730,066. This was caused by the City's management decision to combine both of these funds into one Bond Retirement Fund as permitted by the Ohio Revised Code. The new Bond Retirement Fund that was created in December 2010 reflects the transfer in of \$1,268,585 as a result of closing the two previous debt service funds.

The Capital Improvements Fund increased by \$303,151 because less money was spent on capital acquisition as well as the inception of a capital lease for the purchase of a salt truck.

***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 2010 the City amended its General Fund budget on various

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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 \$16.47 million. The final budgeted amount was \$15.57 million and actual revenues were \$15.57 million. Revenue estimates decreased in the General Fund because income tax collections were approximately \$600,000 lower than initially expected. Fines, Licenses, and Permits were approximately \$100,000 less than initial estimates due to the current recession's effect on the building industry. Interest income posted to the General Fund was lower than expected both because of lower rates and decreased fund balance with which to invest. The City's ending unencumbered cash balance in the General Fund was \$1,402,692 above the final budgeted amount.

The difference between the General Fund's original budget for expenditures and other uses of \$19,444,486 and the final amended budget of \$19,485,915 was \$41,429 or about 0.2%. The largest revision was a \$21,000 increase for the completion of a study recommending improvements to our water system. Actual expenditures and other uses were \$18,082,118 or \$1,403,797, (7.2%) less than the final amended budget. The final budget for wages and fringe benefits was \$13,854,849, of which \$13,196,564 or 95.2% was spent leaving a positive variance of \$658,285. Most of this variance was attributable to the 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 \$4,781,066, of which \$4,035,554 or 84% was actually spent leaving a positive variance of \$745,512. 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 |                     |
|-----------------------------|-------------------------|---------------------|
|                             | 2010                    | 2009                |
| Land                        | \$3,638,741             | \$3,319,688         |
| Land Improvements           | 342,124                 | 347,643             |
| Buildings and Improvements  | 22,091,681              | 22,701,623          |
| Machinery and Equipment     | 3,868,584               | 3,643,827           |
| Furniture and Fixtures      | 40,534                  | 44,547              |
| Infrastructure              |                         |                     |
| Streets                     | 10,620,985              | 10,962,742          |
| Sidewalks                   | 460,105                 | 474,394             |
| Traffic Signals             | 1,730,236               | 1,890,027           |
| Water Mains                 | 1,460,185               | 1,484,445           |
| Sanitary Sewers             | 1,663,414               | 1,691,799           |
| Storm Sewers                | 2,333,518               | 2,370,260           |
| Construction in Progress    | 8,707,319               | 7,511,659           |
| <b>Total Capital Assets</b> | <b>\$56,957,426</b>     | <b>\$56,442,654</b> |

**City of Middleburg Heights**  
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Total capital assets of the City as of December 31, 2010 were \$56,957,426. Capital assets are \$514,772 more than in 2009. The increase in capital assets is mainly due to addition of construction in progress related to the Eastland Road project. Other significant additions in the city's capital assets came as a result of the city: a) receiving an approximate \$300,000 capital grant of interoperable radios received for use in our Police Department, b) purchase of vehicles for use in our Police and Public Service Departments, c) purchase of a parcel of land on the corner of Smith and Pearl Roads, and d) the complete replacement of a portion of the parking lot near the Community Center. 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, 2010, the City had \$14,232,275 in bonds, capital lease obligations, compensated absences and OPWC loans outstanding with \$3,525,975 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 |                     |
|---------------------------|-------------------------|---------------------|
|                           | 2010                    | 2009                |
| General Obligation Bonds  | \$9,459,967             | \$11,152,581        |
| Special Assessment Bonds  | 1,098,379               | 1,227,784           |
| Capital Lease Obligations | 286,533                 | 260,247             |
| Compensated Absences      | 2,779,714               | 2,887,221           |
| OPWC – Loan               | 607,682                 | 0                   |
| <b>Total</b>              | <b>\$14,232,275</b>     | <b>\$15,527,833</b> |

The General Obligation Bonds are composed of (1) Real Estate Acquisition that is part of the 1998 refunding; (2) City Hall/Fire Station Expansion that is also part of the 1998 refunding, (3) Bagley Rd./ I-71 and Newton Road improvements also part of the 1998 refunding; (4) Pearl Road sanitary sewer construction issued in 1992; (5) Various purpose bonds issued in 2002; and (6) 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.

The Special Assessment Bonds consist of various Street and Sewer Construction projects, Engle Road Improvements, Newton 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 nearly \$60 million on December 31, 2010.

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

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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. Since the inception of the Economic Development Department in 2006, the City has retained or created, in cooperation with our business community, over 3,300 jobs. In addition, the City continues to 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 2010, Moody's Investors Service awarded the City a Aa1 credit rating. This is the highest bond rating ever achieved in the history of the City. In 2008, when reviewing the City in relation to its bond refunding (See Note 14), Moody's stated that it, "expects the city's healthy financial operations to continue given satisfactory operating reserves, strong financial management, and demonstrated willingness to respond to economic challenges."

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

**Contacting the City's Finance Department**

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

**City of Middleburg Heights, Ohio**

*Statement of Net Assets*

*December 31, 2010*

|   | Governmental<br>Activities |
|---|----------------------------|
| <b>Assets</b>                                   |                            |
| Equity in Pooled Cash and Investments           | \$6,440,268                |
| Accounts Receivable                             | 172,344                    |
| Accrued Interest Receivable                     | 20,346                     |
| Intergovernmental Receivable                    | 1,862,727                  |
| Prepaid Items                                   | 79,023                     |
| Materials and Supplies Inventory                | 307,048                    |
| Income Tax Receivable                           | 4,177,228                  |
| Property Taxes Receivable                       | 2,395,471                  |
| Other Local Taxes Receivable                    | 37,625                     |
| Special Assessments Receivable                  | 1,098,379                  |
| Unamortized Bond Issue Costs                    | 166,960                    |
| Nondepreciable Capital Assets                   | 12,346,060                 |
| Depreciable Capital Assets                      | 44,611,366                 |
| <i>Total Assets</i>                             | <u>73,714,845</u>          |
| <b>Liabilities</b>                              |                            |
| Accounts Payable                                | 423,774                    |
| Accrued Wages                                   | 396,458                    |
| Retainage Payable                               | 44,428                     |
| Intergovernmental Payable                       | 647,887                    |
| Accrued Interest Payable                        | 40,466                     |
| Claims Payable                                  | 101,456                    |
| Unearned Revenue                                | 2,400,537                  |
| Notes Payable                                   | 335,000                    |
| Long-Term Liabilities:                          |                            |
| Due Within One Year                             | 3,525,975                  |
| Due In More Than One Year                       | 10,706,300                 |
| <i>Total Liabilities</i>                        | <u>18,622,281</u>          |
| <b>Net Assets</b>                               |                            |
| Invested in Capital Assets, Net of Related Debt | 45,336,826                 |
| Restricted for:                                 |                            |
| Capital Projects                                | 1,105,143                  |
| Debt Service                                    | 2,824,066                  |
| Other Purposes                                  | 482,196                    |
| Unrestricted                                    | 5,344,333                  |
| <i>Total Net Assets</i>                         | <u><u>\$55,092,564</u></u> |

See accompanying notes to the basic financial statements



**City of Middleburg Heights, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2010

|   | Program Revenues    |                         |                                       |                                     | Net (Expense)                           |
|---|---------------------|-------------------------|---------------------------------------|-------------------------------------|---|
|   | Expenses            | Charges for<br>Services | Operating Grants<br>and Contributions | Capital Grants<br>and Contributions | Revenue and<br>Changes in<br>Net Assets |
| <b>Governmental Activities:</b>                             |                     |                         |                                       |                                     |   |
| Security of Persons and Property:                           |                     |                         |                                       |                                     |   |
| Police  | \$5,143,489         | \$620,746               | \$620                                 | \$0                                 | (\$4,522,123)                           |
| Fire  | 3,726,461           | 462,126                 | 3,000                                 | 0                                   | (3,261,335)                             |
| Safety Director   | 59,728              | 0                       | 0                                     | 0                                   | (59,728)                                |
| Public Health and Welfare                                   | 362,515             | 22,980                  | 0                                     | 0                                   | (339,535)                               |
| Culture and Recreation                                      | 3,237,956           | 1,211,993               | 0                                     | 0                                   | (2,025,963)                             |
| Community Development                                       | 552,358             | 144,288                 | 0                                     | 0                                   | (408,070)                               |
| Economic Development  | 325,270             | 5,768                   | 0                                     | 0                                   | (319,502)                               |
| Streets and Highways  | 3,140,956           | 18,482                  | 858,670                               | 1,183,203                           | (1,080,601)                             |
| Sanitation  | 933,094             | 0                       | 0                                     | 0                                   | (933,094)                               |
| General Government  | 7,089,138           | 176,929                 | 0                                     | 0                                   | (6,912,209)                             |
| Interest and Fiscal Charges                                 | 527,452             | 0                       | 0                                     | 0                                   | (527,452)                               |
| <i>Total Governmental Activities</i>                        | <u>\$25,098,417</u> | <u>\$2,663,312</u>      | <u>\$862,290</u>                      | <u>\$1,183,203</u>                  | <u>(20,389,612)</u>                     |
| <b>General Revenues</b>                                     |                     |                         |                                       |                                     |   |
| Property and Other Local Taxes Levied for:                  |                     |                         |                                       |                                     |   |
| General Purposes  |                     |                         |                                       |                                     | 1,946,835                               |
| Debt Service  |                     |                         |                                       |                                     | 418,706                                 |
| Police and Fire Pension                                     |                     |                         |                                       |                                     | 291,830                                 |
| Public Health and Welfare                                   |                     |                         |                                       |                                     | 160,477                                 |
| Income Tax Levied for:                                      |                     |                         |                                       |                                     |   |
| General Purposes  |                     |                         |                                       |                                     | 11,350,197                              |
| Debt Service  |                     |                         |                                       |                                     | 1,679,911                               |
| Recreation  |                     |                         |                                       |                                     | 1,690,513                               |
| Capital Outlay  |                     |                         |                                       |                                     | 1,591,385                               |
| Grants and Entitlements not Restricted to Specific Programs |                     |                         |                                       |                                     | 2,244,208                               |
| Investment Earnings   |                     |                         |                                       |                                     | 62,294                                  |
| Miscellaneous   |                     |                         |                                       |                                     | 366,607                                 |
| <i>Total General Revenues</i>                               |                     |                         |                                       |                                     | <u>21,802,963</u>                       |
| Change in Net Assets  |                     |                         |                                       |                                     | 1,413,351                               |
| <i>Net Assets Beginning of Year</i>                         |                     |                         |                                       |                                     | <u>53,679,213</u>                       |
| <i>Net Assets End of Year</i>                               |                     |                         |                                       |                                     | <u>\$55,092,564</u>                     |

See accompanying notes to the basic financial statements

**City of Middleburg Heights, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2010*

|  | General            | Recreation       | General<br>Obligation<br>Bond Retirement | Special<br>Assessment<br>Bond Retirement | Bond Retirement    | Capital<br>Improvements |
|--|--------------------|------------------|--|--|--------------------|-------------------------|
| <b>Assets</b>                              |                    |                  |  |  |                    |                         |
| Equity in Pooled Cash and Investments      | \$1,802,542        | \$219,805        | \$0                                      | \$0                                      | \$1,268,585        | \$1,065,239             |
| Materials and Supplies Inventory           | 52,122             | 34,967           | 0  | 0  | 0                  | 0                       |
| Accrued Interest Receivable                | 19,554             | 0                | 0  | 0  | 792                | 0                       |
| Accounts Receivable                        | 124,308            | 0                | 0  | 0  | 0                  | 9,433                   |
| Intergovernmental Receivable               | 1,432,050          | 0                | 0  | 0  | 19,978             | 0                       |
| Prepaid Items                              | 70,490             | 7,412            | 0  | 0  | 0                  | 0                       |
| Income Taxes Receivable                    | 2,890,274          | 458,208          | 0  | 0  | 415,200            | 413,546                 |
| Property Taxes Receivable                  | 1,682,610          | 0                | 0  | 0  | 251,135            | 0                       |
| Other Local Taxes Receivable               | 37,625             | 0                | 0  | 0  | 0                  | 0                       |
| Special Assessments Receivable             | 0                  | 0                | 0  | 0  | 1,098,379          | 0                       |
| <i>Total Assets</i>                        | <u>\$8,111,575</u> | <u>\$720,392</u> | <u>\$0</u>                               | <u>\$0</u>                               | <u>\$3,054,069</u> | <u>\$1,488,218</u>      |
| <b>Liabilities and Fund Balances</b>       |                    |                  |  |  |                    |                         |
| <b>Liabilities</b>                         |                    |                  |  |  |                    |                         |
| Accounts Payable                           | \$145,820          | \$43,696         | \$0                                      | \$0                                      | \$0                | \$0                     |
| Accrued Wages                              | 324,192            | 48,704           | 0  | 0  | 0                  | 0                       |
| Intergovernmental Payable                  | 584,768            | 46,510           | 0  | 0  | 0                  | 0                       |
| Accrued Interest Payable                   | 0                  | 0                | 0  | 0  | 0                  | 7,710                   |
| Notes Payable                              | 0                  | 0                | 0  | 0  | 0                  | 335,000                 |
| Retainage Payable                          | 0                  | 0                | 0  | 0  | 0                  | 44,428                  |
| Deferred Revenue                           | 3,262,981          | 147,703          | 0  | 0  | 1,467,960          | 74,215                  |
| Unearned Revenue                           | 0                  | 206,312          | 0  | 0  | 0                  | 0                       |
| <i>Total Liabilities</i>                   | <u>4,317,761</u>   | <u>492,925</u>   | <u>0</u>                                 | <u>0</u>                                 | <u>1,467,960</u>   | <u>461,353</u>          |
| <b>Fund Balances</b>                       |                    |                  |  |  |                    |                         |
| Reserved for Encumbrances                  | 246,735            | 31,131           | 0  | 0  | 0                  | 585,873                 |
| Reserved for Prepays                       | 70,490             | 7,412            | 0  | 0  | 0                  | 0                       |
| Unreserved, Undesignated,<br>Reported in:  |                    |                  |  |  |                    |                         |
| General Fund                               | 3,476,589          | 0                | 0  | 0  | 0                  | 0                       |
| Special Revenue Funds                      | 0                  | 188,924          | 0  | 0  | 0                  | 0                       |
| Debt Service Funds                         | 0                  | 0                | 0  | 0  | 1,586,109          | 0                       |
| Capital Projects Funds                     | 0                  | 0                | 0  | 0  | 0                  | 440,992                 |
| <i>Total Fund Balances</i>                 | <u>3,793,814</u>   | <u>227,467</u>   | <u>0</u>                                 | <u>0</u>                                 | <u>1,586,109</u>   | <u>1,026,865</u>        |
| <i>Total Liabilities and Fund Balances</i> | <u>\$8,111,575</u> | <u>\$720,392</u> | <u>\$0</u>                               | <u>\$0</u>                               | <u>\$3,054,069</u> | <u>\$1,488,218</u>      |

See accompanying notes to the basic financial statements

**City of Middleburg Heights, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
December 31, 2010*

| Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |   |                            |
|--------------------------------|--------------------------------|---|----------------------------|
|                                |                                | <b>Total Governmental Fund Balances</b>   | <b>\$8,038,072</b>         |
|                                |                                | <i>Amounts reported for governmental activities in the<br/>statement of net assets are different because:</i>   |                            |
|                                |                                | Capital assets used in governmental activities are not financial<br>resources and therefore are not reported in the funds   | 56,957,426                 |
| \$1,302,678                    | \$5,658,849                    |   |                            |
| 219,959                        | 307,048                        |   |                            |
| 0                              | 20,346                         |   |                            |
| 38,603                         | 172,344                        |   |                            |
| 410,699                        | 1,862,727                      |   |                            |
| 1,121                          | 79,023                         |   |                            |
| 0                              | 4,177,228                      |   |                            |
| 461,726                        | 2,395,471                      |   |                            |
| 0                              | 37,625                         |   |                            |
| 0                              | 1,098,379                      |   |                            |
| <u>\$2,434,786</u>             | <u>\$15,809,040</u>            |   |                            |
|                                |                                | Other long-term assets are not available to pay for current-period<br>expenditures and therefore are deferred in the funds:   |                            |
|                                |                                | Delinquent Property Taxes   | \$201,247                  |
|                                |                                | Income Taxes  | 1,308,725                  |
|                                |                                | Intergovernmental   | 840,556                    |
|                                |                                | Special Assessments   | 1,098,379                  |
|                                |                                | Charges for Services  | <u>66,268</u>              |
|                                |                                | Total   | 3,515,175                  |
|                                |                                | An internal service fund is used by management to charge the costs<br>of insurance to individual funds. The assets and liabilities of the<br>internal service fund are included in governmental activities in the<br>statement of net assets. | 679,963                    |
| \$234,258                      | \$423,774                      |   |                            |
| 23,562                         | 396,458                        |   |                            |
| 16,609                         | 647,887                        |   |                            |
| 0                              | 7,710                          |   |                            |
| 0                              | 335,000                        |   |                            |
| 0                              | 44,428                         |   |                            |
| 756,540                        | 5,709,399                      |   |                            |
| 0                              | 206,312                        |   |                            |
| <u>1,030,969</u>               | <u>7,770,968</u>               |   |                            |
|                                |                                | Unamortized bond issue costs.   | 166,960                    |
|                                |                                | Accrued interest payable on long-term debt is not due and payable in<br>the current period and therefore is not reported in the funds.  | (32,757)                   |
|                                |                                | Long-term liabilities are not due and payable in the current<br>period and therefore are not reported in the funds:   |                            |
|                                |                                | General Obligation Bonds  | (9,459,967)                |
|                                |                                | Special Assessment Bonds  | (1,098,379)                |
|                                |                                | Capital Leases  | (286,533)                  |
|                                |                                | OPWC Loan   | (607,682)                  |
|                                |                                | Compensated Absences  | <u>(2,779,714)</u>         |
| 326,067                        | 1,189,806                      |   |                            |
| 1,121                          | 79,023                         |   |                            |
| 0                              | 3,476,589                      |   |                            |
| 1,072,566                      | 1,261,490                      |   |                            |
| 0                              | 1,586,109                      |   |                            |
| 4,063                          | 445,055                        |   |                            |
| <u>1,403,817</u>               | <u>8,038,072</u>               |   |                            |
| <u>\$2,434,786</u>             | <u>\$15,809,040</u>            |   |                            |
|                                |                                | <i>Net Assets of Governmental Activities</i>  | <u><u>\$55,092,564</u></u> |

**City of Middleburg Heights, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2010*

|   | General            | Recreation       | General<br>Obligation<br>Bond Retirement | Special<br>Assessment<br>Bond Retirement | Bond Retirement    |
|---|--------------------|------------------|--|--|--------------------|
| <b>Revenues</b>                                     |                    |                  |  |  |                    |
| Property Taxes                                      | \$1,378,896        | \$0              | \$424,608                                | \$0                                      | \$0                |
| Income Taxes  | 11,177,065         | 1,669,761        | 1,379,746                                | 0  | 316,732            |
| Other Local Taxes                                   | 514,964            | 0                | 0  | 0  | 0                  |
| Intergovernmental                                   | 1,802,895          | 0                | 88,340                                   | 0  | 0                  |
| Special Assessments                                 | 0                  | 0                | 0  | 218,592                                  | 0                  |
| Interest  | 51,941             | 0                | 918                                      | 7,716                                    | 792                |
| Fines, Licenses and Permits                         | 885,368            | 0                | 0  | 0  | 0                  |
| Charges for Services                                | 261,075            | 1,211,993        | 0  | 0  | 0                  |
| Other   | 271,738            | 1,132            | 0  | 0  | 0                  |
| <i>Total Revenues</i>                               | <u>16,343,942</u>  | <u>2,882,886</u> | <u>1,893,612</u>                         | <u>226,308</u>                           | <u>317,524</u>     |
| <b>Expenditures</b>                                 |                    |                  |  |  |                    |
| Current:  |                    |                  |  |  |                    |
| Security of Persons and Property                    |                    |                  |  |  |                    |
| Police  | 4,855,049          | 0                | 0  | 0  | 0                  |
| Fire  | 3,405,022          | 0                | 0  | 0  | 0                  |
| Safety Director                                     | 62,191             | 0                | 0  | 0  | 0                  |
| Public Health and Welfare                           | 148,195            | 0                | 0  | 0  | 0                  |
| Culture and Recreation                              | 0                  | 2,844,270        | 0  | 0  | 0                  |
| Community Development                               | 544,812            | 0                | 0  | 0  | 0                  |
| Economic Development                                | 321,510            | 0                | 0  | 0  | 0                  |
| Streets and Highways                                | 0                  | 0                | 0  | 0  | 0                  |
| Sanitation  | 933,094            | 0                | 0  | 0  | 0                  |
| General Government                                  | 6,752,016          | 0                | 7,571                                    | 2,137                                    | 0                  |
| Capital Outlay                                      | 0                  | 0                | 0  | 0  | 0                  |
| Debt Service:                                       |                    |                  |  |  |                    |
| Principal Retirement                                | 0                  | 0                | 1,726,410                                | 129,404                                  | 0                  |
| Interest and Fiscal Charges                         | 0                  | 0                | 396,711                                  | 58,569                                   | 0                  |
| <i>Total Expenditures</i>                           | <u>17,021,889</u>  | <u>2,844,270</u> | <u>2,130,692</u>                         | <u>190,110</u>                           | <u>0</u>           |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>(677,947)</u>   | <u>38,616</u>    | <u>(237,080)</u>                         | <u>36,198</u>                            | <u>317,524</u>     |
| <b>Other Financing Sources (Uses)</b>               |                    |                  |  |  |                    |
| Sale of Capital Assets                              | 0                  | 0                | 0  | 0  | 0                  |
| Inception of Capital Lease                          | 0                  | 0                | 0  | 0  | 0                  |
| Loan Proceeds                                       | 0                  | 0                | 0  | 0  | 0                  |
| Transfers In  | 0                  | 0                | 0  | 0  | 1,268,585          |
| Transfers Out                                       | (850,000)          | 0                | (502,321)                                | (766,264)                                | 0                  |
| <i>Total Other Financing Sources (Uses)</i>         | <u>(850,000)</u>   | <u>0</u>         | <u>(502,321)</u>                         | <u>(766,264)</u>                         | <u>1,268,585</u>   |
| <i>Net Change in Fund Balances</i>                  | (1,527,947)        | 38,616           | (739,401)                                | (730,066)                                | 1,586,109          |
| <i>Fund Balances Beginning of Year</i>              | <u>5,321,761</u>   | <u>188,851</u>   | <u>739,401</u>                           | <u>730,066</u>                           | <u>0</u>           |
| <i>Fund Balances End of Year</i>                    | <u>\$3,793,814</u> | <u>\$227,467</u> | <u>\$0</u>                               | <u>\$0</u>                               | <u>\$1,586,109</u> |

See accompanying notes to the basic financial statements

*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2010*

| Capital<br>Improvements | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |   |
|-------------------------|--------------------------------|--------------------------------|---|
|                         |                                |                                | <b>Net Change in Fund Balances - Total Governmental Funds</b> (\$967,317)   |
|                         |                                |                                | <b>Amounts reported for governmental activities in the statement of activities are different because</b>  |
| \$0                     | \$441,161                      | \$2,244,665                    | Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions exceeded depreciation in the current period.  |
| 1,641,180               | 0                              | 16,184,484                     | Capital Asset Additions \$2,349,839   |
| 0                       | 0                              | 514,964                        | Current Year Depreciation (1,831,795)   |
| 0                       | 987,742                        | 2,878,977                      | Total 518,044   |
| 0                       | 0                              | 218,592                        | Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (3,274)  |
| 0                       | 927                            | 62,294                         | Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.  |
| 0                       | 14,317                         | 899,685                        | Delinquent Property Taxes 58,219  |
| 14,564                  | 275,064                        | 1,762,696                      | Income Tax 127,522  |
| 94,020                  | 1,182                          | 368,072                        | Intergovernmental 227,521   |
| <u>1,749,764</u>        | <u>1,720,393</u>               | <u>25,134,429</u>              | Special Assessments (129,405)   |
|                         |                                |                                | Charges for Services 931  |
|                         |                                |                                | Total 284,788   |
|                         |                                |                                | 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.  |
| 0                       | 170,080                        | 5,025,129                      | Bond and Capital Lease Principal 1,973,229  |
| 0                       | 244,239                        | 3,649,261                      | Inception of Capital Lease (143,700)  |
| 0                       | 0                              | 62,191                         | Proceeds from OPWC Loan (607,682)   |
| 0                       | 214,320                        | 362,515                        | Total 1,221,847   |
| 0                       | 0                              | 2,844,270                      | 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.   |
| 0                       | 0                              | 544,812                        | Accrued Interest 5,195  |
| 0                       | 0                              | 321,510                        | Amortization of Bond Premium 17,705   |
| 0                       | 1,758,271                      | 1,758,271                      | Amortization of Bond Issuance Costs (20,870)  |
| 0                       | 0                              | 933,094                        | Amortization of Loss on Refunding (51,500)  |
| 1,690                   | 7,873                          | 6,771,287                      | Total (49,470)  |
| 2,057,995               | 73,389                         | 2,131,384                      | 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. 107,507   |
| 117,415                 | 0                              | 1,973,229                      | 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. 301,226 |
| 22,702                  | 0                              | 477,982                        |   |
| <u>2,199,802</u>        | <u>2,468,172</u>               | <u>26,854,935</u>              |   |
| <u>(450,038)</u>        | <u>(747,779)</u>               | <u>(1,720,506)</u>             | <b>Change in Net Assets of Governmental Activities</b> <u>\$1,413,351</u>   |
| 1,807                   | 0                              | 1,807                          |   |
| 143,700                 | 0                              | 143,700                        |   |
| 607,682                 | 0                              | 607,682                        |   |
| 0                       | 850,000                        | 2,118,585                      |   |
| 0                       | 0                              | (2,118,585)                    |   |
| <u>753,189</u>          | <u>850,000</u>                 | <u>753,189</u>                 |   |
| 303,151                 | 102,221                        | (967,317)                      |   |
| <u>723,714</u>          | <u>1,301,596</u>               | <u>9,005,389</u>               |   |
| <u>\$1,026,865</u>      | <u>\$1,403,817</u>             | <u>\$8,038,072</u>             |   |

**City of Middleburg Heights, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2010*

|   | Budgeted Amounts   |                    |                    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|--------------------|--------------------|---|
|   | Original           | Final              | Actual             |   |
| <b>Revenues</b>                                     |                    |                    |                    |   |
| Property Taxes                                      | \$1,348,777        | \$1,378,896        | \$1,378,896        | \$0   |
| Income Taxes  | 11,702,940         | 11,102,940         | 11,092,875         | (10,065)  |
| Other Local Taxes                                   | 580,000            | 515,000            | 516,535            | 1,535   |
| Intergovernmental                                   | 1,066,792          | 1,088,612          | 1,089,833          | 1,221   |
| Interest  | 190,000            | 95,000             | 94,500             | (500)   |
| Fines, Licenses and Permits                         | 1,097,420          | 898,920            | 885,285            | (13,635)  |
| Charges for Services                                | 196,800            | 232,208            | 234,964            | 2,756   |
| Other   | 290,100            | 258,445            | 276,028            | 17,583  |
| <i>Total Revenues</i>                               | <u>16,472,829</u>  | <u>15,570,021</u>  | <u>15,568,916</u>  | <u>(1,105)</u>  |
| <b>Expenditures</b>                                 |                    |                    |                    |   |
| Current:  |                    |                    |                    |   |
| Security of Persons and Property:                   |                    |                    |                    |   |
| Police  | 5,194,705          | 5,197,533          | 4,839,950          | 357,583   |
| Fire  | 3,688,954          | 3,688,954          | 3,410,959          | 277,995   |
| Safety Director                                     | 62,100             | 62,100             | 61,787             | 313   |
| Public Health and Welfare                           | 146,809            | 148,658            | 147,377            | 1,281   |
| Community Development                               | 603,980            | 603,980            | 544,991            | 58,989  |
| Economic Development                                | 364,336            | 364,336            | 333,725            | 30,611  |
| Sanitation  | 1,025,000          | 1,025,000          | 1,002,958          | 22,042  |
| General Government                                  | 7,508,602          | 7,545,354          | 6,890,371          | 654,983   |
| <i>Total Expenditures</i>                           | <u>18,594,486</u>  | <u>18,635,915</u>  | <u>17,232,118</u>  | <u>1,403,797</u>  |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>(2,121,657)</u> | <u>(3,065,894)</u> | <u>(1,663,202)</u> | <u>1,402,692</u>  |
| <b>Other Financing Sources (Uses)</b>               |                    |                    |                    |   |
| Advances In   | 0                  | 95,000             | 95,000             | 0   |
| Transfers Out                                       | (850,000)          | (850,000)          | (850,000)          | 0   |
| <i>Total Other Financing Sources (Uses)</i>         | <u>(850,000)</u>   | <u>(755,000)</u>   | <u>(755,000)</u>   | <u>0</u>  |
| <i>Net Change in Fund Balance</i>                   | (2,971,657)        | (3,820,894)        | (2,418,202)        | 1,402,692   |
| <i>Fund Balance Beginning of Year</i>               | 3,553,298          | 3,553,298          | 3,553,298          | 0   |
| Prior Year Encumbrances Appropriated                | 329,828            | 329,828            | 329,828            | 0   |
| <i>Fund Balance End of Year</i>                     | <u>\$911,469</u>   | <u>\$62,232</u>    | <u>\$1,464,924</u> | <u>\$1,402,692</u>                                      |

See accompanying notes to the basic financial statements

**City of Middleburg Heights, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Recreation Fund*  
*For the Year Ended December 31, 2010*

|                                       | Budgeted Amounts |                  |                  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|------------------|------------------|------------------|---|
|                                       | Original         | Final            | Actual           |   |
| <b>Revenues</b>                       |                  |                  |                  |   |
| Income Taxes                          | \$1,800,000      | \$1,660,000      | \$1,637,640      | (\$22,360)  |
| Charges for Services                  | 1,211,500        | 1,211,500        | 1,206,146        | (5,354)   |
| Other                                 | 1,000            | 1,000            | 1,132            | 132   |
| <i>Total Revenues</i>                 | <u>3,012,500</u> | <u>2,872,500</u> | <u>2,844,918</u> | <u>(27,582)</u>   |
| <b>Expenditures</b>                   |                  |                  |                  |   |
| Current:                              |                  |                  |                  |   |
| Culture and Recreation                | 3,076,437        | 3,086,589        | 2,911,645        | 174,944   |
| <i>Total Expenditures</i>             | <u>3,076,437</u> | <u>3,086,589</u> | <u>2,911,645</u> | <u>174,944</u>  |
| <i>Net Change in Fund Balance</i>     | (63,937)         | (214,089)        | (66,727)         | 147,362   |
| <i>Fund Balance Beginning of Year</i> | 150,000          | 150,000          | 150,000          | 0   |
| Prior Year Encumbrances Appropriated  | 66,656           | 66,656           | 66,656           | 0   |
| <i>Fund Balance End of Year</i>       | <u>\$152,719</u> | <u>\$2,567</u>   | <u>\$149,929</u> | <u>\$147,362</u>  |

See accompanying notes to the basic financial statements

**City of Middleburg Heights, Ohio**

*Statement of Fund Net Assets*

*Proprietary Fund*

*December 31, 2010*

|                                       | <u>Governmental Activities</u><br><u>Internal Service</u><br><u>Fund - Health Insurance</u> |
|---------------------------------------|---|
| <b>Assets</b>                         |   |
| <i>Current Assets</i>                 |   |
| Equity in Pooled Cash and Investments | <u>\$781,419</u>  |
| <i>Total Assets</i>                   | <u>781,419</u>  |
| <b>Liabilities</b>                    |   |
| <i>Current Liabilities</i>            |   |
| Claims Payable                        | <u>101,456</u>  |
| <i>Total Liabilities</i>              | <u>101,456</u>  |
| <b>Net Assets</b>                     |   |
| Unrestricted                          | <u>679,963</u>  |
| <i>Total Net Assets</i>               | <u><u>\$679,963</u></u>   |

See accompanying notes to the basic financial statements



**City of Middleburg Heights, Ohio**  
*Statement of Revenues, Expenses  
and Changes in Fund Net Assets  
Proprietary Fund  
For the Year Ended December 31, 2010*

|                                     | Governmental Activities<br>Internal Service<br>Fund - Health Insurance |
|-------------------------------------|--|
| <b>Operating Revenues</b>           |  |
| Charges for Services                | \$2,069,496  |
| <i>Total Operating Revenues</i>     | 2,069,496  |
| <b>Operating Expenses</b>           |  |
| Contractual Services                | 268,905  |
| Claims                              | 1,499,365  |
| <i>Total Operating Expenses</i>     | 1,768,270  |
| <i>Change in Net Assets</i>         | 301,226  |
| <i>Net Assets Beginning of Year</i> | 378,737  |
| <i>Net Assets End of Year</i>       | \$679,963  |

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, 2010*

|  | Governmental Activities<br>Internal Service<br>Fund - Health Insurance |
|--|--|
| <b><i>Increase (Decrease) In Cash and Investments</i></b>                                  |  |
| <b>Cash Flows from Operating Activities</b>  |  |
| Cash Received from Interfund Services  | \$2,069,496  |
| Cash Payments to Suppliers for Services  | (268,905)  |
| Cash Payments for Claims   | (1,532,613)  |
| <i>Net Increase In Cash and Investments</i>  | 267,978  |
| <i>Cash and Cash Investments Beginning of Year</i>   | 513,441  |
| <i>Cash and Cash Investments End of Year</i>   | \$781,419  |
| <b>Reconciliation of Operating Income to Net<br/>Cash Provided by Operating Activities</b> |  |
| <i>Operating Income</i>  | \$301,226  |
| Adjustments:   |  |
| Decrease in Claims Payable   | (33,248)   |
| <i>Net Cash Provided By Operating Activities</i>   | \$267,978  |

See accompanying notes to the basic financial statements

**City of Middleburg Heights, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*December 31, 2010*

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|                                       | <u>Agency</u>           |
|---------------------------------------|-------------------------|
| <b>Assets</b>                         |                         |
| Equity in Pooled Cash and Investments | \$227,833               |
| Cash in Segregated Accounts           | <u>47,521</u>           |
| <b>Total Assets</b>                   | <u><u>\$275,354</u></u> |
| <br>                                  |                         |
| <b>Liabilities</b>                    |                         |
| Deposits Held and Due to Others       | <u><u>\$275,354</u></u> |

See accompanying notes to the basic financial statements

**City of Middleburg Heights, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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**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 assets 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, 2010*

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***Government-wide Financial Statements***

The statement of net assets 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 assets 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 liabilities is reported as fund balance. The following are the City’s major governmental funds:

***General Fund*** The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the 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, 2010*

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**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.

**General Obligation Bond Retirement Fund** The general obligation 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. This fund was closed in 2010.

**Special Assessment Bond Retirement Fund** The special assessment bond retirement fund is used to account for monies received from the levy of special assessments for the purpose of retiring the principal and interest on special assessment bonds. This fund was closed in 2010.

**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.

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

**Proprietary Funds** Proprietary fund reporting focuses on the determination of operating income, changes in net assets, 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 assets and changes in net assets. 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 all liabilities associated with the operation of the City are included on the Statement of Net Assets, except for fiduciary funds. The Statement of Activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

**Fund Financial Statements** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund

**City of Middleburg Heights, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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

***E. Basis of Accounting***

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

***Revenues - Exchange and Non-exchange Transactions*** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the 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/Unearned Revenue*** Deferred/Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2010, but which were levied to finance year 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. 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, 2010.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

**City of Middleburg Heights, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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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 Cash 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 2010, investments were limited to the State Treasury Asset Reserve of Ohio (STAROhio), certificates of deposit and Federal Agency Securities.

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.

STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2010.

Investment procedures are restricted by provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2010 amounted to \$51,941 which includes \$5,745 assigned from other City funds.

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

***G. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond December 31, 2010, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

***H. Inventory***

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

***I. Capital Assets***

General capital assets are assets that are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets 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, 2002.



**City of Middleburg Heights, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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

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

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

***J. Interfund Balances***

On the fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables". Interfund loans, which do not represent available expendable resources, are offset by a fund balance reserve account. Interfund balance amounts are eliminated in the statement of net assets. Neither "interfund receivables/payables" are presented in 2010.

***K. Compensated Absences***

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

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

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

***L. Accrued Liabilities and Long-term Obligations***

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

**City of Middleburg Heights, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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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.

***M. Fund Balance Reserve***

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. A fund balance reserve has been established for encumbrances and prepaid items.

***N. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets are 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 assets restricted for other purposes include State Highway, Police Pension, Fire Pension and Southwest General Hospital Funds.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. As of December 31, 2010, net assets restricted by enabling legislation were \$2,824,066 in the Statement of Net Assets.

***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 2010.

***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.

**City of Middleburg Heights, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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***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 – Change in Accounting Principles**

For 2010, the City has implemented GASB No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies."

GASB Statement No. 58 establishes accounting and financial reporting requirements for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code.

Implementation of GASB Statement No. 58 did not affect the presentation of the financial statements of the City.

**City of Middleburg Heights, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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**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                                 | (\$1,527,947)                     | \$38,616                 |
| Net Adjustment for Revenue Accruals        | (739,656)                         | (37,968)                 |
| Fair Value Adjustment for Investments 2009 | (27,412)                          | 0                        |
| Fair Value Adjustment for Investments 2010 | (7,958)                           | 0                        |
| Advances In                                | 95,000                            | 0                        |
| Net Adjustment for Expenditure Accruals    | 135,346                           | 2,501                    |
| Encumbrances                               | <u>(345,575)</u>                  | <u>(69,876)</u>          |
| Budget Basis                               | <u><u>(\$2,418,202)</u></u>       | <u><u>(\$66,727)</u></u> |

**Note 5 - Deposits and Investments**

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

Active deposits are public deposits necessary to meet 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.

**City of Middleburg Heights, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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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 and State Treasurer Asset Reserve of Ohio (STAROhio). 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.

At year-end, the carrying amount of the City's deposits was \$4,518,831 and the bank balance was \$4,698,548. Of the bank balance \$2,844,710 was covered by Federal depository insurance and \$1,853,838 was uninsured. Of the remaining uninsured bank balance, \$1,853,838 was collateralized with securities held by the pledging institution's agent, not in the City's name, as allowed by the Ohio Revised Code.

**City of Middleburg Heights, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

**Investments**

Investments are reported at fair value. As of December 31, 2010, the City had the following investments:

|                              | Fair<br>Value | Weighted Average<br>Maturity (Days) |
|------------------------------|---------------|-------------------------------------|
| Federal Home Loan Bank Bonds | \$1,997,480   | 715                                 |
| STAROhio                     | 199,311       | 0                                   |
| Total Portfolio              | \$2,196,791   | 650                                 |

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

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

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

**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 requires diversification of the portfolio and limits 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, 2010:

| Investment Issuer            | Percentage of Investments |
|------------------------------|---------------------------|
| Federal Home Loan Bank Bonds | 90.93%                    |
| STAROhio                     | 9.07%                     |

**Note 6 – Receivables**

Receivables at December 31, 2010, 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 \$947,096 in the Bond Retirement Fund. At December 31, 2010 the amount of delinquent special assessments was \$9,523.

**City of Middleburg Heights, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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**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 2010 for real and public utility property taxes represents collections of 2009 taxes.

2010 real property taxes are levied after October 1, 2010 on the assessed value as of January 1, 2010, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011.

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. 2010 public utility property taxes, which became a lien December 31, 2009, are levied after October 1, 2010, and collected in 2010 with real property taxes.

The tax rate for all City operations for the year ended December 31, 2010, was \$5.45 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2010 property tax receipts were based are as follows:

|                                  |                             |
|----------------------------------|-----------------------------|
| Real Property                    | \$519,254,880               |
| Public Utility Tangible Property | <u>10,990,360</u>           |
| Total Valuation                  | <u><u>\$530,245,240</u></u> |

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

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor 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, 2010 and for which there is an enforceable legal claim. In the general, police pension, fire pension, general obligation bond retirement and Southwest General Hospital funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2010 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 2010, 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.

**City of Middleburg Heights, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

**C. Intergovernmental Receivable**

A summary of intergovernmental receivables follows:

| Governmental Activities              | Amounts     |
|--------------------------------------|-------------|
| Estate Tax                           | \$1,044,745 |
| Gasoline Taxes                       | 367,750     |
| Local Government Funds               | 273,000     |
| Homestead and Rollback               | 122,252     |
| CAT Tax Reimbursement                | 27,121      |
| Public Utility Reimbursement         | 13,394      |
| Permissive Motor Vehicle License Tax | 9,096       |
| Liquor Permit                        | 2,437       |
| Targeted Enforcement Grant           | 1,557       |
| Berea Municipal Court                | 1,375       |
| Total                                | \$1,862,727 |

**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 2010, the City contracted with Love Insurance Agency for its Commercial Umbrella coverage. A summary of insurance coverage is as follows:

| Company                 | Type of Coverage                 | Coverage   |
|-------------------------|----------------------------------|--|
| Travelers Insurance Co. | Comprehensive general liability  | \$1 million per occurrence/<br>2 million aggregate |
| Travelers Insurance Co. | Employee Benefits                | \$1 million per occurrence/<br>2 million aggregate |
| Travelers Insurance Co. | Blanket building and contents    | \$37,773,400                                       |
| Travelers Insurance Co. | Inland marine coverage           | \$2,676,728  |
| Travelers Insurance Co. | Electronic Data Processing Equip | \$472,526  |
| Travelers Insurance Co. | Public Officials Liability       | \$1 million per occurrence/<br>2 million aggregate |
| Travelers Insurance Co. | Law Enforcement Liability        | \$1 million per occurrence/<br>2 million aggregate |
| Travelers Insurance Co. | Commercial Crime                 | \$25,000   |
| Travelers Insurance Co. | Employee Dishonesty              | \$250,000  |
| Travelers Insurance Co. | Commercial Automobile            | \$1,000,000  |
| AAIC                    | Commercial Umbrella              | \$10,000,000                                       |
| Travelers Insurance Co. | Ohio Stop Gap                    | \$1,000,000  |
| Travelers Insurance Co. | Boiler and Machinery             | \$50,000,000                                       |



**City of Middleburg Heights, Ohio**  
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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 2010 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. Starting in 2001, 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 \$1,979,796 in aggregate. In 2010 the City funded the self-insurance internal service fund at \$564 per month for single coverage and \$1,410 per month for family coverage. These charges are paid by the fund from which the employees' compensation is paid.

The claims liability of \$101,456, as estimated and reported in the internal service fund at December 31, 2010, is 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.

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

|      | Estimated Claims<br>Payable<br>January 1st | Current Year Claims<br>and Changes In<br>Estimates | Claim Payments | Estimated Claims<br>Payable<br>December 31st |
|------|--|--|----------------|--|
| 2009 | \$124,764                                  | \$1,521,820  | (\$1,511,880)  | \$134,704                                    |
| 2010 | \$134,704                                  | 1,499,365  | (1,532,613)    | \$101,456                                    |

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, 2010, was as follows:

|  | Balance<br>12/31/2009 | Additions | Deletions | Balance<br>12/31/2010 |
|--|-----------------------|-----------|-----------|-----------------------|
| <b>Governmental Activities</b>               |                       |           |           |                       |
| <i>Capital Assets not being Depreciated:</i> |                       |           |           |                       |
| Land   | \$3,319,688           | \$319,053 | \$0       | \$3,638,741           |
| Construction-In-Progress                     | 7,511,659             | 1,514,713 | (319,053) | 8,707,319             |
| Total Capital Assets, not being Depreciated  | 10,831,347            | 1,833,766 | (319,053) | 12,346,060            |

**City of Middleburg Heights, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2010

**Capital Assets being Depreciated:**

|  |                     |                    |                    |                     |
|--|---------------------|--------------------|--------------------|---------------------|
| Land Improvements                              | \$1,109,499         | \$24,638           | \$0                | \$1,134,137         |
| Buildings and Improvements                     | 30,580,579          | 51,690             | 0                  | 30,632,269          |
| Furniture and Fixtures                         | 80,262              | 0                  | 0                  | 80,262              |
| Machinery and Equipment                        | 8,305,347           | 758,798            | (52,208)           | 9,011,937           |
| Infrastructure:                                |                     |                    |                    |                     |
| Streets  | 13,649,332          | 0                  | 0                  | 13,649,332          |
| Sidewalks                                      | 571,558             | 0                  | 0                  | 571,558             |
| Traffic Signals                                | 3,195,821           | 0                  | 0                  | 3,195,821           |
| Water Mains                                    | 1,819,468           | 0                  | 0                  | 1,819,468           |
| Sanitary Sewers                                | 2,128,873           | 0                  | 0                  | 2,128,873           |
| Storm Sewers                                   | 2,755,680           | 0                  | 0                  | 2,755,680           |
| Total Capital Assets being Depreciated         | <u>64,196,419</u>   | <u>835,126</u>     | <u>(52,208)</u>    | <u>64,979,337</u>   |
| Less Accumulated Depreciation:                 |                     |                    |                    |                     |
| Land Improvements                              | (761,856)           | (30,157)           | 0                  | (792,013)           |
| Buildings and Improvements                     | (7,878,956)         | (661,632)          | 0                  | (8,540,588)         |
| Furniture and Fixtures                         | (35,715)            | (4,013)            | 0                  | (39,728)            |
| Machinery and Equipment                        | (4,661,520)         | (530,769)          | 48,936             | (5,143,353)         |
| Infrastructure:                                |                     |                    |                    |                     |
| Streets  | (2,686,590)         | (341,757)          | 0                  | (3,028,347)         |
| Sidewalks                                      | (97,164)            | (14,289)           | 0                  | (111,453)           |
| Traffic Signals                                | (1,305,794)         | (159,791)          | 0                  | (1,465,585)         |
| Water Mains                                    | (335,023)           | (24,260)           | 0                  | (359,283)           |
| Sanitary Sewers                                | (437,074)           | (28,385)           | 0                  | (465,459)           |
| Storm Sewers                                   | (385,420)           | (36,742)           | 0                  | (422,162)           |
| Total Accumulated Depreciation                 | <u>(18,585,112)</u> | <u>(1,831,795)</u> | <u>48,936</u>      | <u>(20,367,971)</u> |
| Total Capital Assets being Depreciated,<br>Net | <u>45,611,307</u>   | <u>(996,669)</u>   | <u>(3,272)</u>     | <u>44,611,366</u>   |
| Governmental Activities Capital Assets,<br>Net | <u>\$56,442,654</u> | <u>\$837,097</u>   | <u>\$(322,325)</u> | <u>\$56,957,426</u> |

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

|                            |                    |
|----------------------------|--------------------|
| General Government         | \$469,911          |
| Public Safety:             |                    |
| Police                     | 165,751            |
| Fire                       | 176,432            |
| Streets and Highways       | 605,224            |
| Culture and Recreation     | 405,831            |
| Economic Development       | 2,538              |
| Community Development      | 6,108              |
| Total Depreciation Expense | <u>\$1,831,795</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, 2010, 2009 and 2008 were \$930,971, \$916,151, and \$887,519, 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 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.

Plan members are required to contribute 10.0 percent 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, 2010, 2009 and 2008 were \$1,039,423, \$996,565 and \$978,894, respectively. The full amount has been contributed for 2008 and 2009. The City has contributed \$736,266 for 2010 with the remainder being reported as "intergovernmental payable" in the governmental activities column of the statement of net assets.

## **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. The 2009 employer contribution rate was 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14.0% of covered payroll for state and local employer units. Active members do not make contributions to the OPEB plan.

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 5.50% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. 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, 2010, 2009 and 2008 were \$930,971, \$916,151 and \$852,128, respectively, of which \$337,518, \$382,405 and \$443,759,

**City of Middleburg Heights, Ohio**  
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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 retiree healthcare benefits. For the year ended December 31, 2010, the employer contribution allocated to the healthcare plan was 6.75% of covered payroll. 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.

**City of Middleburg Heights, Ohio**  
*Notes to the Basic Financial Statements*  
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The City's required contributions to OP&F for the years ended December 31, 2010, 2009 and 2008 were \$1,039,423, \$996,565 and \$978,894, respectively, of which \$326,904, \$312,569 and \$307,062, respectively, was allocated to the healthcare plan. The full amount has been contributed for 2009 and 2008. The City has contributed \$736,266 for 2010.

**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. Beginning in July 2001, 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 – Bond Anticipation Notes Payable**

Note activity for the year ended December 31, 2010, was as follows:

|                              | Outstanding<br>12/31/09 | Additions | (Reductions) | Outstanding<br>12/31/10 |
|------------------------------|-------------------------|-----------|--------------|-------------------------|
| Smith & Pearl Property 3.50% | \$500,000               | 335,000   | (500,000)    | \$335,000               |

All notes are backed by the full faith and credit of the City and mature within one year. The liability for the \$335,000 note outstanding is reflected in the Capital Improvements Fund, which received the proceeds.

**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<br>Issue Date | Interest<br>Rate | Original<br>Issue Amount |
|--|------------------------|------------------|--------------------------|
| <b>General Obligation Bonds</b>        |                        |                  |                          |
| 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               |

**City of Middleburg Heights, Ohio**  
*Notes to the Basic Financial Statements*  
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| Debt Issue                              | Original<br>Issue Date | Interest<br>Rate | Original<br>Issue Amount |
|---|------------------------|------------------|--------------------------|
| <b>Special Assessments Bonds</b>        |                        |                  |                          |
| Pearl Road Sanitary Sewer               | 1992                   | 6.75%            | \$98,930                 |
| Claremont/Morningside Road Improvements | 1994                   | 4.75 - 8.00%     | 301,000                  |
| Engle Road Improvments                  | 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                  |
| Engle Road Improvments                  | 2002                   | 1.60 - 4.50 %    | 210,000                  |

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

|  | Outstanding<br>12/31/09 | Additions          | (Reductions)         | Outstanding<br>12/31/10 | Amounts<br>Due in<br>One Year |
|--|-------------------------|--------------------|----------------------|-------------------------|-------------------------------|
| <b>General Obligation Bonds:</b>         |                         |                    |                      |                         |                               |
| Real Estate Acquisition Refunding        | \$21,841                | \$0                | (\$13,718)           | \$8,123                 | \$8,123                       |
| City Hall/Fire Station Refunding         | 502,211                 | 0                  | (315,438)            | 186,773                 | 186,773                       |
| Bagley Rd./I-71/Newton Rd. Ref.          | 27,226                  | 0                  | (17,100)             | 10,126                  | 10,125                        |
| Emergency Generator                      | 340,000                 | 0                  | (20,000)             | 320,000                 | 20,000                        |
| Pearl Road Sanitary Sewer                | 458                     | 0                  | (153)                | 305                     | 153                           |
| Comm. & Service Center Refunding         | 10,565,000              | 0                  | (1,360,000)          | 9,205,000               | 1,520,000                     |
| Unamortized Premium                      | 159,345                 | 0                  | (17,705)             | 141,640                 | 0                             |
| Unamortized Loss on Refunding            | (463,500)               | 0                  | 51,500               | (412,000)               | 0                             |
| <b>Total General Obligation Bonds</b>    | <b>11,152,581</b>       | <b>0</b>           | <b>(1,692,614)</b>   | <b>9,459,967</b>        | <b>1,745,174</b>              |
| <b>Special Assessment Bonds:</b>         |                         |                    |                      |                         |                               |
| Engle Road Improvements                  | 456,000                 | 0                  | (30,000)             | 426,000                 | 50,000                        |
| Engle Road Improvements                  | 145,000                 | 0                  | (10,000)             | 135,000                 | 10,000                        |
| Newton Road Refunding                    | 53,724                  | 0                  | (33,744)             | 19,980                  | 19,980                        |
| Pearl Road Sanitary Sewer                | 14,840                  | 0                  | (4,947)              | 9,893                   | 4,947                         |
| Claremont/Morningside Road Imp.          | 75,000                  | 0                  | (15,000)             | 60,000                  | 15,000                        |
| Hepburn Road Improvements                | 342,000                 | 0                  | (25,000)             | 317,000                 | 40,000                        |
| Fowles Road Sanitary Sewer               | 141,220                 | 0                  | (10,714)             | 130,506                 | 11,356                        |
| <b>Total Special Assessment Bonds</b>    | <b>1,227,784</b>        | <b>0</b>           | <b>(129,405)</b>     | <b>1,098,379</b>        | <b>151,283</b>                |
| <b>Other Long-Term Liabilities</b>       |                         |                    |                      |                         |                               |
| 2006 Capital Lease - Salt Truck          | 24,161                  | 0                  | (24,161)             | 0                       | 0                             |
| 2008 Capital Lease - Salt Truck          | 82,333                  | 0                  | (26,154)             | 56,179                  | 27,424                        |
| 2009 Capital Lease - Phone System        | 153,753                 | 0                  | (36,274)             | 117,479                 | 37,680                        |
| 2010 Capital Lease - Salt Truck          | 0                       | 143,700            | (30,825)             | 112,875                 | 26,728                        |
| Compensated Absences                     | 2,887,221               | 1,313,048          | (1,420,555)          | 2,779,714               | 1,537,686                     |
| OPWC - Loan                              | 0                       | 607,682            | 0                    | 607,682                 | 0                             |
| <b>Total Other Long-Term Liabilities</b> | <b>3,147,468</b>        | <b>2,064,430</b>   | <b>(1,537,969)</b>   | <b>3,673,929</b>        | <b>1,629,518</b>              |
| <b>Total Long-Term Liabilities</b>       | <b>\$15,527,833</b>     | <b>\$2,064,430</b> | <b>(\$3,359,988)</b> | <b>\$14,232,275</b>     | <b>\$3,525,975</b>            |

**City of Middleburg Heights, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

**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 1998, 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 assets. As of December 31, 2010 the amount of defeased debt outstanding on this issue amounted to \$380,000.

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 assets. As of December 31, 2010 the amount of defeased debt outstanding on this issue amounted to \$9,107,000.

**OPWC Loan** - In 2005, the Cities of Middleburg Heights, Berea and Brook Park, along with Cuyahoga County entered into an agreement that involves various improvements between Bagley Road and State Route 237. The City of Berea entered into an agreement with the Ohio Public Works Commission (OPWC) in the amount of \$1,900,900 to help fund the construction costs. The City of Middleburg Heights is obligated to pay annual debt service payments of 43 percent to the City of Berea. The City of Berea in turn make 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 \$55,675,750 at December 31, 2010. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2010, are as follows:

| Year         | General Obligation Bonds |                    | Special Assessment Bonds |                  | Totals              |
|--------------|--------------------------|--------------------|--------------------------|------------------|---------------------|
|              | Principal                | Interest           | Principal                | Interest         |                     |
| 2011         | \$1,745,174              | \$340,483          | \$151,283                | \$52,583         | \$2,289,523         |
| 2012         | 1,420,153                | 283,685            | 131,985                  | 44,729           | 1,880,552           |
| 2013         | 1,115,000                | 237,475            | 117,761                  | 37,848           | 1,508,084           |
| 2014         | 1,165,000                | 199,688            | 123,526                  | 35,180           | 1,523,394           |
| 2015         | 1,180,000                | 160,212            | 119,338                  | 26,387           | 1,485,937           |
| 2016-2020    | 3,040,000                | 254,037            | 424,486                  | 51,382           | 3,769,905           |
| 2021-2022    | 65,000                   | 4,500              | 30,000                   | 2,025            | 101,525             |
| <b>Total</b> | <b>\$9,730,327</b>       | <b>\$1,480,080</b> | <b>\$1,098,379</b>       | <b>\$250,134</b> | <b>\$12,558,920</b> |



**City of Middleburg Heights, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

**Conduit debt obligations** In December of 1997, the City issued \$30,000,000 of Variable Rate Demand Hospital Improvement Revenue Bonds, Series 1997 for the purpose of providing funds to pay the cost of various improvements to the Southwest General Health Center. The City is not obligated in any way to repay this debt.

In October of 1995, the City issued \$41,615,000 of Hospital Improvement Refunding Revenue Bonds, Series 1995, for the purpose of providing funds to pay for the costs of hospital facilities to be used by Southwest General Health Center and to advance refund the Hospital Improvement Revenue Bonds, Series 1991. The City is not obligated in any way to repay this debt.

At December 31, 2010, the aggregate principal amount of conduit debt obligations outstanding is \$41,090,000.

**Note 15 – Capital Leases**

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. In 2009, the City entered into a Capital Lease Agreement for financing the acquisition of a new IP-based telephone system for all the city buildings with a down payment of \$42,235. In 2008, the City entered into a Capital Lease Agreement for financing the acquisition of a 2009 International Salt Truck with a down payment of \$30,000. Also, in 2006, the City entered into a Capital Lease Agreement for financing the acquisition of a 2007 International Salt Truck with a down payment of \$30,000. These lease agreements qualify as a capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception dates. The assets acquired through capital lease are reported as follows:

|                            | Governmental Activities  |                          |                      |                    |
|----------------------------|--------------------------|--------------------------|----------------------|--------------------|
|                            | 2007 Model<br>Salt Truck | 2009 Model<br>Salt Truck | 2010<br>Phone System | 2011<br>Salt Truck |
| Asset:                     |                          |                          |                      |                    |
| Machinery and Equipment    | \$120,100                | \$137,276                | \$0                  | \$143,700          |
| Buildings and Improvements | 0                        | 0                        | 195,989              | 0                  |
| Less: Accumulated          |                          |                          |                      |                    |
| Depreciation               | (41,701)                 | (25,739)                 | (22,865)             | 0                  |
| Total                      | <u>\$78,399</u>          | <u>\$111,537</u>         | <u>\$173,124</u>     | <u>\$143,700</u>   |

The future minimum lease obligations and the present value of these minimum lease payments as of December 31, 2010, were as follows:

| Year Ending December 31:                | Governmental Activities |                  |                  |
|---|-------------------------|------------------|------------------|
|   | Salt<br>Truck           | Phone<br>System  | Salt<br>Truck    |
| 2011                                    | \$30,151                | \$42,235         | \$30,825         |
| 2012                                    | 30,151                  | 42,235           | 30,825           |
| 2013                                    | 0                       | 42,235           | 30,825           |
| 2014                                    | 0                       | 0                | 30,825           |
| Total Minimum Lease Payments            | 60,302                  | 126,705          | 123,300          |
| Less: Amount Representing Interest      | (4,123)                 | (9,226)          | (10,426)         |
| Present Value of Minimum Lease Payments | <u>\$56,179</u>         | <u>\$117,479</u> | <u>\$112,874</u> |

**City of Middleburg Heights, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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**Note 16 - Contractual Commitments**

The City had the following contractual commitments outstanding at December 31, 2010:

| <u>Project</u>                    | <u>Contract Balance</u> |
|-----------------------------------|-------------------------|
| Bagley Road Resurfacing           | \$361,700               |
| Smith Road Quiet Zones            | 95,000                  |
| Airport Monitoring                | 47,999                  |
| Street Improvement Program – 2009 | 55,382                  |
| Street Improvement Program – 2010 | 80,921                  |
| Community Center Parking Lot      | 18,189                  |
|                                   | <u>\$659,191</u>        |

**Note 17 – Interfund Transfers and Balances**

During calendar year 2010, a transfer of \$850,000 was made from the General Fund to the Street Construction Fund. This transfer was made to provide additional resources to fund current operations. Also, transfers from the General Obligation Bond Retirement Fund of \$502,321 and the Special Assessment Bond Retirement fund of \$766,264 to a new Bond Retirement Fund were made. These transfers were made to consolidate the City’s debt obligations into one bond retirement fund as permitted by Ohio Revised Code.

**Note 18 - Jointly Governed Organizations**

**A. Southwest General Health Center**

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

The Health Center is governed by a Board of Trustees consisting of the following: one person who is a member of the legislative body from each of the political subdivisions, one person residing in each political subdivision who is not a member of the legislative body, three people who are residents of any of the participating political subdivisions, the president of the corporation, the president of the medical staff, the vice president of the medical staff, and the executive vice president of the corporation. The legislative bodies of each political subdivision elect their members to serve on the Board of Trustees of the Health Center. The Board exercises total control over the operation of the Health Center including budgeting, appropriating, contracting and designating management. Each City’s degree of control is limited to its representation on the Board. The Southwest General Hospital special revenue fund accounts for property tax resources that are distributed to the Health Center. In 2010, the City of Middleburg Heights remitted \$214,320 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

**City of Middleburg Heights, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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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 2010, 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 2010, the City of Middleburg Heights contributed \$13,000 to the Council. The Council's financial statements may be obtained by contacting the Southwest Council of Governments, 6281 Pearl Road, Parma Heights, 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 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***

To account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law and/or administrative action to expenditures for specified purposes.

***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.

***Assistance to Firefighters Grant Fund*** To account for federal grant monies received for the purchase of interoperable radio equipment.

***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.

**Combining Statements**  
**Non-major Governmental Funds (Continued)**

*Nonmajor Capital Projects Fund*

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

*Community Center Fund* To account for bond proceeds restricted for construction of the Community Center.

**City of Middleburg Heights, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*December 31, 2010*

|  | Nonmajor<br>Special<br>Revenue<br>Funds | Community<br>Center<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|---|-----------------------------|--|
| <b>Assets</b>                              |   |                             |  |
| Equity in Pooled Cash and Investment       | \$1,298,615                             | \$4,063                     | \$1,302,678                                |
| Materials and Supplies Inventory           | 219,959                                 | 0                           | 219,959                                    |
| Accounts Receivable                        | 38,603                                  | 0                           | 38,603                                     |
| Intergovernmental Receivable               | 410,699                                 | 0                           | 410,699                                    |
| Prepaid Items                              | 1,121                                   | 0                           | 1,121                                      |
| Property Taxes Receivable                  | 461,726                                 | 0                           | 461,726                                    |
| <i>Total Assets</i>                        | <u>\$2,430,723</u>                      | <u>\$4,063</u>              | <u>\$2,434,786</u>                         |
| <b>Liabilities and Fund Balances</b>       |   |                             |  |
| <b>Liabilities</b>                         |   |                             |  |
| Accounts Payable                           | \$234,258                               | \$0                         | \$234,258                                  |
| Accrued Wages                              | 23,562                                  | 0                           | 23,562                                     |
| Intergovernmental Payable                  | 16,609                                  | 0                           | 16,609                                     |
| Deferred Revenue                           | 756,540                                 | 0                           | 756,540                                    |
| <i>Total Liabilities</i>                   | <u>1,030,969</u>                        | <u>0</u>                    | <u>1,030,969</u>                           |
| <b>Fund Balances</b>                       |   |                             |  |
| Reserved for Encumbrances                  | 326,067                                 | 0                           | 326,067                                    |
| Reserved for Prepays                       | 1,121                                   | 0                           | 1,121                                      |
| Unreserved, Undesignated, Reported in:     |   |                             |  |
| Special Revenue Funds                      | 1,072,566                               | 0                           | 1,072,566                                  |
| Capital Projects Funds                     | 0                                       | 4,063                       | 4,063                                      |
| <i>Total Fund Balances</i>                 | <u>1,399,754</u>                        | <u>4,063</u>                | <u>1,403,817</u>                           |
| <i>Total Liabilities and Fund Balances</i> | <u>\$2,430,723</u>                      | <u>\$4,063</u>              | <u>\$2,434,786</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, 2010*

|   | Nonmajor<br>Special<br>Revenue<br>Funds | Community<br>Center<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|---|-----------------------------|--|
| <b>Revenues</b>                                     |   |                             |  |
| Property Taxes                                      | \$441,161                               | \$0                         | \$441,161                                  |
| Intergovernmental                                   | 987,742                                 | 0                           | 987,742                                    |
| Interest  | 921                                     | 6                           | 927  |
| Fines, Licenses and Permits                         | 14,317                                  | 0                           | 14,317                                     |
| Charges for Services                                | 275,064                                 | 0                           | 275,064                                    |
| Other   | 1,182                                   | 0                           | 1,182                                      |
| <i>Total Revenues</i>                               | <u>1,720,387</u>                        | <u>6</u>                    | <u>1,720,393</u>                           |
| <b>Expenditures</b>                                 |   |                             |  |
| Current:  |   |                             |  |
| Security of Persons and Property:                   |   |                             |  |
| Police  | 170,080                                 | 0                           | 170,080                                    |
| Fire  | 244,239                                 | 0                           | 244,239                                    |
| Public Health and Welfare                           | 214,320                                 | 0                           | 214,320                                    |
| Streets and Highways                                | 1,758,271                               | 0                           | 1,758,271                                  |
| General Government                                  | 7,873                                   | 0                           | 7,873                                      |
| Capital Outlay                                      | 73,389                                  | 0                           | 73,389                                     |
| <i>Total Expenditures</i>                           | <u>2,468,172</u>                        | <u>0</u>                    | <u>2,468,172</u>                           |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>(747,785)</u>                        | <u>6</u>                    | <u>(747,779)</u>                           |
| <b>Other Financing Sources</b>                      |   |                             |  |
| Transfers In  | 850,000                                 | 0                           | 850,000                                    |
| <i>Total Other Financing Sources</i>                | <u>850,000</u>                          | <u>0</u>                    | <u>850,000</u>                             |
| <i>Net Change in Fund Balances</i>                  | 102,215                                 | 6                           | 102,221                                    |
| <i>Fund Balances Beginning of Year</i>              | <u>1,297,539</u>                        | <u>4,057</u>                | <u>1,301,596</u>                           |
| <i>Fund Balances End of Year</i>                    | <u><u>\$1,399,754</u></u>               | <u><u>\$4,063</u></u>       | <u><u>\$1,403,817</u></u>                  |

**City of Middleburg Heights, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2010*

|  | Street<br>Construction | State<br>Highway | Clerk of Court<br>Computer | Law<br>Enforcement | Medical<br>Transport | Assistance to<br>Firefighters Grant |
|--|------------------------|------------------|----------------------------|--------------------|----------------------|-------------------------------------|
| <b>Assets</b>                              |                        |                  |                            |                    |                      |                                     |
| Equity in Pooled Cash and                  |                        |                  |                            |                    |                      |                                     |
| Investments                                | \$447,791              | \$161,798        | \$64,041                   | \$98,443           | \$408,167            | \$0                                 |
| Materials and Supplies Inventory           | 185,847                | 34,112           | 0                          | 0                  | 0                    | 0                                   |
| Accounts Receivable                        | 0                      | 0                | 0                          | 0                  | 38,603               | 0                                   |
| Intergovernmental Receivable               | 348,583                | 28,263           | 0                          | 107                | 0                    | 0                                   |
| Prepaid Items                              | 1,121                  | 0                | 0                          | 0                  | 0                    | 0                                   |
| Property Taxes Receivable                  | 0                      | 0                | 0                          | 0                  | 0                    | 0                                   |
| <i>Total Assets</i>                        | <u>\$983,342</u>       | <u>\$224,173</u> | <u>\$64,041</u>            | <u>\$98,550</u>    | <u>\$446,770</u>     | <u>\$0</u>                          |
| <b>Liabilities and Fund Balances</b>       |                        |                  |                            |                    |                      |                                     |
| <b>Liabilities</b>                         |                        |                  |                            |                    |                      |                                     |
| Accounts Payable                           | \$133,053              | \$12,984         | \$0                        | \$10,790           | \$5,988              | \$0                                 |
| Accrued Wages                              | 22,015                 | 0                | 0                          | 0                  | 1,547                | 0                                   |
| Intergovernmental Payable                  | 15,779                 | 0                | 0                          | 0                  | 830                  | 0                                   |
| Deferred Revenue                           | 225,716                | 18,301           | 0                          | 0                  | 17,051               | 0                                   |
| <i>Total Liabilities</i>                   | <u>396,563</u>         | <u>31,285</u>    | <u>0</u>                   | <u>10,790</u>      | <u>25,416</u>        | <u>0</u>                            |
| <b>Fund Balances</b>                       |                        |                  |                            |                    |                      |                                     |
| Reserved for Encumbrances                  | 51,897                 | 64,819           | 339                        | 0                  | 209,012              | 0                                   |
| Reserved for Prepays                       | 1,121                  | 0                | 0                          | 0                  | 0                    | 0                                   |
| Unreserved, Undesignated                   | 533,761                | 128,069          | 63,702                     | 87,760             | 212,342              | 0                                   |
| <i>Total Fund Balances</i>                 | <u>586,779</u>         | <u>192,888</u>   | <u>64,041</u>              | <u>87,760</u>      | <u>421,354</u>       | <u>0</u>                            |
| <i>Total Liabilities and Fund Balances</i> | <u>\$983,342</u>       | <u>\$224,173</u> | <u>\$64,041</u>            | <u>\$98,550</u>    | <u>\$446,770</u>     | <u>\$0</u>                          |

(continued)



**City of Middleburg Heights, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds (continued)*  
*December 31, 2010*

|  | Police<br>Pension | Fire<br>Pension  | Tree<br>Planting | Veteran's<br>Memorial | Southwest<br>General<br>Hospital | Total<br>Nonmajor<br>Special Revenue<br>Funds |
|--|-------------------|------------------|------------------|-----------------------|----------------------------------|---|
| <b>Assets</b>                              |                   |                  |                  |                       |                                  |   |
| Equity in Pooled Cash and                  |                   |                  |                  |                       |                                  |   |
| Investments                                | \$16,771          | \$16,771         | \$4,817          | \$8,573               | \$71,443                         | \$1,298,615                                   |
| Materials and Supplies Inventory           | 0                 | 0                | 0                | 0                     | 0                                | 219,959                                       |
| Accounts Receivable                        | 0                 | 0                | 0                | 0                     | 0                                | 38,603  |
| Intergovernmental Receivable               | 10,055            | 10,055           | 0                | 0                     | 13,636                           | 410,699                                       |
| Prepaid Items                              | 0                 | 0                | 0                | 0                     | 0                                | 1,121   |
| Property Taxes Receivable                  | 150,681           | 150,681          | 0                | 0                     | 160,364                          | 461,726                                       |
| <i>Total Assets</i>                        | <u>\$177,507</u>  | <u>\$177,507</u> | <u>\$4,817</u>   | <u>\$8,573</u>        | <u>\$245,443</u>                 | <u>\$2,430,723</u>                            |
| <b>Liabilities and Fund Balances</b>       |                   |                  |                  |                       |                                  |   |
| <b>Liabilities</b>                         |                   |                  |                  |                       |                                  |   |
| Accounts Payable                           | \$0               | \$0              | \$0              | \$0                   | \$71,443                         | \$234,258                                     |
| Accrued Wages                              | 0                 | 0                | 0                | 0                     | 0                                | 23,562  |
| Intergovernmental Payable                  | 0                 | 0                | 0                | 0                     | 0                                | 16,609  |
| Deferred Revenue                           | 160,736           | 160,736          | 0                | 0                     | 174,000                          | 756,540                                       |
| <i>Total Liabilities</i>                   | <u>160,736</u>    | <u>160,736</u>   | <u>0</u>         | <u>0</u>              | <u>245,443</u>                   | <u>1,030,969</u>                              |
| <b>Fund Balances</b>                       |                   |                  |                  |                       |                                  |   |
| Reserved for Encumbrances                  | 0                 | 0                | 0                | 0                     | 0                                | 326,067                                       |
| Reserved for Prepays                       | 0                 | 0                | 0                | 0                     | 0                                | 1,121   |
| Unreserved, Undesignated                   | 16,771            | 16,771           | 4,817            | 8,573                 | 0                                | 1,072,566                                     |
| <i>Total Fund Balances</i>                 | <u>16,771</u>     | <u>16,771</u>    | <u>4,817</u>     | <u>8,573</u>          | <u>0</u>                         | <u>1,399,754</u>                              |
| <i>Total Liabilities and Fund Balances</i> | <u>\$177,507</u>  | <u>\$177,507</u> | <u>\$4,817</u>   | <u>\$8,573</u>        | <u>\$245,443</u>                 | <u>\$2,430,723</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, 2010*

|  | Street<br>Construction  | State<br>Highway        | Clerk of Court<br>Computer | Law<br>Enforcement     | Medical<br>Transport    | Assistance to<br>Firefighters Grant |
|--|-------------------------|-------------------------|----------------------------|------------------------|-------------------------|-------------------------------------|
| <b>Revenues</b>                        |                         |                         |                            |                        |                         |                                     |
| Property Taxes                         | \$0                     | \$0                     | \$0                        | \$0                    | \$0                     | \$0                                 |
| Intergovernmental                      | 802,836                 | 65,095                  | 0                          | 620                    | 3,000                   | 0                                   |
| Interest                               | 477                     | 230                     | 0                          | 200                    | 0                       | 0                                   |
| Fines, Licenses and Permits            | 0                       | 0                       | 9,914                      | 4,403                  | 0                       | 0                                   |
| Charges for Services                   | 18,482                  | 0                       | 0                          | 0                      | 256,582                 | 0                                   |
| Other                                  | 0                       | 882                     | 0                          | 0                      | 0                       | 0                                   |
| <i>Total Revenues</i>                  | <u>821,795</u>          | <u>66,207</u>           | <u>9,914</u>               | <u>5,223</u>           | <u>259,582</u>          | <u>0</u>                            |
| <b>Expenditures</b>                    |                         |                         |                            |                        |                         |                                     |
| Current:                               |                         |                         |                            |                        |                         |                                     |
| Security of Persons and Property:      |                         |                         |                            |                        |                         |                                     |
| Police                                 | 0                       | 0                       | 0                          | 3                      | 0                       | 0                                   |
| Fire                                   | 0                       | 0                       | 0                          | 0                      | 74,162                  | 0                                   |
| Public Health and Welfare              | 0                       | 0                       | 0                          | 0                      | 0                       | 0                                   |
| Streets and Highways                   | 1,698,085               | 60,186                  | 0                          | 0                      | 0                       | 0                                   |
| General Government                     | 0                       | 0                       | 7,693                      | 0                      | 0                       | 0                                   |
| Capital Outlay                         | 0                       | 0                       | 0                          | 36,420                 | 36,956                  | 13                                  |
| <i>Total Expenditures</i>              | <u>1,698,085</u>        | <u>60,186</u>           | <u>7,693</u>               | <u>36,423</u>          | <u>111,118</u>          | <u>13</u>                           |
| <i>Excess of Revenues Over (Under)</i> |                         |                         |                            |                        |                         |                                     |
| <i>Expenditures</i>                    | <u>(876,290)</u>        | <u>6,021</u>            | <u>2,221</u>               | <u>(31,200)</u>        | <u>148,464</u>          | <u>(13)</u>                         |
| <b>Other Financing Sources</b>         |                         |                         |                            |                        |                         |                                     |
| Transfers In                           | 850,000                 | 0                       | 0                          | 0                      | 0                       | 0                                   |
| <i>Total Other Financing Sources</i>   | <u>850,000</u>          | <u>0</u>                | <u>0</u>                   | <u>0</u>               | <u>0</u>                | <u>0</u>                            |
| <i>Net Change in Fund Balances</i>     | (26,290)                | 6,021                   | 2,221                      | (31,200)               | 148,464                 | (13)                                |
| <i>Fund Balances Beginning of Year</i> | <u>613,069</u>          | <u>186,867</u>          | <u>61,820</u>              | <u>118,960</u>         | <u>272,890</u>          | <u>13</u>                           |
| <i>Fund Balances End of Year</i>       | <u><u>\$586,779</u></u> | <u><u>\$192,888</u></u> | <u><u>\$64,041</u></u>     | <u><u>\$87,760</u></u> | <u><u>\$421,354</u></u> | <u><u>\$0</u></u>                   |

(continued)

**City of Middleburg Heights, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds (continued)*  
*For the Year Ended December 31, 2010*

|   | Police<br>Pension | Fire<br>Pension | Tree<br>Planting | Veteran's<br>Memorial | Southwest<br>General<br>Hospital | Total<br>Nonmajor<br>Special Revenue<br>Funds |
|---|-------------------|-----------------|------------------|-----------------------|----------------------------------|---|
| <b>Revenues</b>   |                   |                 |                  |                       |                                  |   |
| Property Taxes  | \$142,247         | \$142,247       | \$0              | \$0                   | \$156,667                        | \$441,161                                     |
| Intergovernmental   | 29,269            | 29,269          | 0                | 0                     | 57,653                           | 987,742                                       |
| Interest  | 0                 | 0               | 0                | 14                    | 0                                | 921   |
| Fines, Licenses and Permits                                   | 0                 | 0               | 0                | 0                     | 0                                | 14,317  |
| Charges for Services  | 0                 | 0               | 0                | 0                     | 0                                | 275,064                                       |
| Other   | 0                 | 0               | 0                | 300                   | 0                                | 1,182   |
| <i>Total Revenues</i>   | <u>171,516</u>    | <u>171,516</u>  | <u>0</u>         | <u>314</u>            | <u>214,320</u>                   | <u>1,720,387</u>                              |
| <b>Expenditures</b>   |                   |                 |                  |                       |                                  |   |
| Current:  |                   |                 |                  |                       |                                  |   |
| Security of Persons and Property:                             |                   |                 |                  |                       |                                  |   |
| Police  | 170,077           | 0               | 0                | 0                     | 0                                | 170,080                                       |
| Fire  | 0                 | 170,077         | 0                | 0                     | 0                                | 244,239                                       |
| Public Health and Welfare                                     | 0                 | 0               | 0                | 0                     | 214,320                          | 214,320                                       |
| Streets and Highways  | 0                 | 0               | 0                | 0                     | 0                                | 1,758,271                                     |
| General Government  | 0                 | 0               | 0                | 180                   | 0                                | 7,873   |
| Capital Outlay  | 0                 | 0               | 0                | 0                     | 0                                | 73,389  |
| <i>Total Expenditures</i>                                     | <u>170,077</u>    | <u>170,077</u>  | <u>0</u>         | <u>180</u>            | <u>214,320</u>                   | <u>2,468,172</u>                              |
| <i>Excess of Revenues Over (Under)</i><br><i>Expenditures</i> | <u>1,439</u>      | <u>1,439</u>    | <u>0</u>         | <u>134</u>            | <u>0</u>                         | <u>(747,785)</u>                              |
| <b>Other Financing Sources</b>                                |                   |                 |                  |                       |                                  |   |
| Transfers In  | 0                 | 0               | 0                | 0                     | 0                                | 850,000                                       |
| <i>Total Other Financing Sources</i>                          | <u>0</u>          | <u>0</u>        | <u>0</u>         | <u>0</u>              | <u>0</u>                         | <u>850,000</u>                                |
| <i>Net Change in Fund Balances</i>                            | 1,439             | 1,439           | 0                | 134                   | 0                                | 102,215                                       |
| <i>Fund Balances Beginning of Year</i>                        | <u>15,332</u>     | <u>15,332</u>   | <u>4,817</u>     | <u>8,439</u>          | <u>0</u>                         | <u>1,297,539</u>                              |
| <i>Fund Balances End of Year</i>                              | <u>\$16,771</u>   | <u>\$16,771</u> | <u>\$4,817</u>   | <u>\$8,573</u>        | <u>\$0</u>                       | <u>\$1,399,754</u>                            |

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

**City of Middleburg Heights, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2010*

|                                 | Budgeted Amounts  |                   |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------|-------------------|-------------------|-------------------|---|
|                                 | Original          | Final             | Actual            |   |
| <b>Revenues</b>                 |                   |                   |                   |   |
| Property Taxes                  | \$1,348,777       | \$1,378,896       | \$1,378,896       | \$0   |
| Income Taxes                    | 11,702,940        | 11,102,940        | 11,092,875        | (10,065)  |
| Other Local Taxes               | 580,000           | 515,000           | 516,535           | 1,535   |
| Intergovernmental               | 1,066,792         | 1,088,612         | 1,089,833         | 1,221   |
| Interest                        | 190,000           | 95,000            | 94,500            | (500)   |
| Fines, Licenses and Permits     | 1,097,420         | 898,920           | 885,285           | (13,635)  |
| Charges for Services            | 196,800           | 232,208           | 234,964           | 2,756   |
| Other                           | 290,100           | 258,445           | 276,028           | 17,583  |
| <i>Total Revenues</i>           | <u>16,472,829</u> | <u>15,570,021</u> | <u>15,568,916</u> | <u>(1,105)</u>  |
| <b>Expenditures</b>             |                   |                   |                   |   |
| Current:                        |                   |                   |                   |   |
| Public Safety:                  |                   |                   |                   |   |
| Police:                         |                   |                   |                   |   |
| Personal Services               | 4,688,562         | 4,688,562         | 4,411,425         | 277,137   |
| Other                           | 506,143           | 508,971           | 428,525           | 80,446  |
| Total Police                    | <u>5,194,705</u>  | <u>5,197,533</u>  | <u>4,839,950</u>  | <u>357,583</u>  |
| Fire:                           |                   |                   |                   |   |
| Personal Services               | 3,328,040         | 3,328,040         | 3,119,482         | 208,558   |
| Other                           | 360,914           | 360,914           | 291,477           | 69,437  |
| Total Fire                      | <u>3,688,954</u>  | <u>3,688,954</u>  | <u>3,410,959</u>  | <u>277,995</u>  |
| Safety Director:                |                   |                   |                   |   |
| Personal Services               | 61,525            | 61,525            | 61,499            | 26  |
| Other                           | 575               | 575               | 288               | 287   |
| Total Safety Director           | <u>62,100</u>     | <u>62,100</u>     | <u>61,787</u>     | <u>313</u>  |
| Total Public Safety             | <u>8,945,759</u>  | <u>8,948,587</u>  | <u>8,312,696</u>  | <u>635,891</u>  |
| Public Health and Welfare:      |                   |                   |                   |   |
| Senior Bus:                     |                   |                   |                   |   |
| Other                           | 86,932            | 86,932            | 86,298            | 634   |
| Total Senior Bus                | <u>86,932</u>     | <u>86,932</u>     | <u>86,298</u>     | <u>634</u>  |
| Senior Programs                 |                   |                   |                   |   |
| Personal Services               | 38,907            | 41,153            | 41,153            | 0   |
| Other                           | 20,970            | 20,573            | 19,926            | 647   |
| Total Senior Programs           | <u>59,877</u>     | <u>61,726</u>     | <u>61,079</u>     | <u>647</u>  |
| Total Public Health and Welfare | <u>146,809</u>    | <u>148,658</u>    | <u>147,377</u>    | <u>1,281</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, 2010*

|                             | Budgeted Amounts |           |           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------|------------------|-----------|-----------|---|
|                             | Original         | Final     | Actual    |   |
| Community Development:      |                  |           |           |   |
| Planning and Zoning:        |                  |           |           |   |
| Personal Services           | \$92,400         | \$92,400  | \$85,641  | \$6,759   |
| Other                       | 3,650            | 3,650     | 1,979     | 1,671   |
| Total Planning and Zoning   | 96,050           | 96,050    | 87,620    | 8,430   |
| Building:                   |                  |           |           |   |
| Personal Services           | 417,352          | 417,352   | 390,360   | 26,992  |
| Other                       | 27,617           | 27,617    | 18,438    | 9,179   |
| Total Building              | 444,969          | 444,969   | 408,798   | 36,171  |
| Engineer:                   |                  |           |           |   |
| Other                       | 62,961           | 62,961    | 48,573    | 14,388  |
| Total Engineer              | 62,961           | 62,961    | 48,573    | 14,388  |
| Total Community Development | 603,980          | 603,980   | 544,991   | 58,989  |
| Economic Development:       |                  |           |           |   |
| Personal Services           | 123,015          | 123,015   | 122,878   | 137   |
| Other                       | 241,321          | 241,321   | 210,847   | 30,474  |
| Total Economic Development  | 364,336          | 364,336   | 333,725   | 30,611  |
| Sanitation:                 |                  |           |           |   |
| Total Refuse Removal        | 1,025,000        | 1,025,000 | 1,002,958 | 22,042  |
| Total Sanitation            | 1,025,000        | 1,025,000 | 1,002,958 | 22,042  |
| General Government:         |                  |           |           |   |
| Mayor's Court:              |                  |           |           |   |
| Personal Services           | 178,855          | 189,007   | 183,363   | 5,644   |
| Other                       | 66,832           | 66,832    | 54,411    | 12,421  |
| Total Mayor's Court         | 245,687          | 255,839   | 237,774   | 18,065  |
| Mayor:                      |                  |           |           |   |
| Personal Services           | 494,552          | 494,552   | 476,516   | 18,036  |
| Other                       | 22,352           | 22,352    | 15,038    | 7,314   |
| Total Mayor                 | 516,904          | 516,904   | 491,554   | 25,350  |

(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, 2010*

|                              | Budgeted Amounts |            |            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|------------------------------|------------------|------------|------------|---|
|                              | Original         | Final      | Actual     |   |
| Finance:                     |                  |            |            |   |
| Personal Services            | \$582,707        | \$582,707  | \$573,629  | \$9,078   |
| Other                        | 64,586           | 64,586     | 45,280     | 19,306  |
| Total Finance                | 647,293          | 647,293    | 618,909    | 28,384  |
| Law:                         |                  |            |            |   |
| Personal Services            | 281,563          | 281,563    | 279,431    | 2,132   |
| Other                        | 68,119           | 68,119     | 47,596     | 20,523  |
| Total Law                    | 349,682          | 349,682    | 327,027    | 22,655  |
| Service:                     |                  |            |            |   |
| Personal Services            | 2,772,827        | 2,772,827  | 2,689,767  | 83,060  |
| Other                        | 422,225          | 422,225    | 329,097    | 93,128  |
| Total Service                | 3,195,052        | 3,195,052  | 3,018,864  | 176,188   |
| Facilities Maintenance:      |                  |            |            |   |
| Personal Services            | 427,828          | 427,828    | 421,672    | 6,156   |
| Other                        | 285,615          | 285,615    | 219,647    | 65,968  |
| Total Facilities Maintenance | 713,443          | 713,443    | 641,319    | 72,124  |
| Council:                     |                  |            |            |   |
| Personal Services            | 349,512          | 349,512    | 337,553    | 11,959  |
| Other                        | 29,755           | 29,755     | 14,005     | 15,750  |
| Total Council                | 379,267          | 379,267    | 351,558    | 27,709  |
| Boards and Commissions:      |                  |            |            |   |
| Personal Services            | 4,806            | 4,806      | 2,195      | 2,611   |
| Other                        | 11,950           | 11,950     | 5,548      | 6,402   |
| Total Boards and Commissions | 16,756           | 16,756     | 7,743      | 9,013   |
| City Hall:                   |                  |            |            |   |
| Other                        | 781,383          | 807,983    | 594,134    | 213,849   |
| Statutory Accounts:          |                  |            |            |   |
| Other                        | 663,135          | 663,135    | 601,489    | 61,646  |
| Total Statutory Accounts     | 663,135          | 663,135    | 601,489    | 61,646  |
| Total General Government     | 7,508,602        | 7,545,354  | 6,890,371  | 654,983   |
| Total Expenditures           | 18,594,486       | 18,635,915 | 17,232,118 | 1,403,797   |

(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, 2010*

|   | <u>Budgeted Amounts</u> |                      |                      | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------------|----------------------|----------------------|---|
|   | <u>Original</u>         | <u>Final</u>         | <u>Actual</u>        |   |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>(\$2,121,657)</u>    | <u>(\$3,065,894)</u> | <u>(\$1,663,202)</u> | <u>\$1,402,692</u>                                      |
| <b>Other Financing Sources (Uses)</b>               |                         |                      |                      |   |
| Advances In   | 0                       | 95,000               | 95,000               | 0   |
| Transfers Out                                       | <u>(850,000)</u>        | <u>(850,000)</u>     | <u>(850,000)</u>     | <u>0</u>  |
| <i>Total Other Financing Sources (Uses)</i>         | <u>(850,000)</u>        | <u>(755,000)</u>     | <u>(755,000)</u>     | <u>0</u>  |
| <i>Net Change in Fund Balance</i>                   | (2,971,657)             | (3,820,894)          | (2,418,202)          | 1,402,692   |
| <i>Fund Balance Beginning of Year</i>               | 3,553,298               | 3,553,298            | 3,553,298            | 0   |
| Prior Year Encumbrances Appropriated                | <u>329,828</u>          | <u>329,828</u>       | <u>329,828</u>       | <u>0</u>  |
| <i>Fund Balance End of Year</i>                     | <u>\$911,469</u>        | <u>\$62,232</u>      | <u>\$1,464,924</u>   | <u>\$1,402,692</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, 2010*

|                                       | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|-------------------------|------------------|------------------|---|
|                                       | <u>Original</u>         | <u>Final</u>     |                  |   |
| <b>Revenues</b>                       |                         |                  |                  |   |
| Income Taxes                          | \$1,800,000             | \$1,660,000      | \$1,637,640      | (\$22,360)  |
| Charges for Services                  | 1,211,500               | 1,211,500        | 1,206,146        | (5,354)   |
| Other                                 | 1,000                   | 1,000            | 1,132            | 132   |
| <i>Total Revenues</i>                 | <u>3,012,500</u>        | <u>2,872,500</u> | <u>2,844,918</u> | <u>(27,582)</u>   |
| <b>Expenditures</b>                   |                         |                  |                  |   |
| Current:                              |                         |                  |                  |   |
| Culture and Recreation:               |                         |                  |                  |   |
| Personal Services                     | 2,143,113               | 2,153,265        | 2,008,270        | 144,995   |
| Other                                 | 933,324                 | 933,324          | 903,375          | 29,949  |
| <i>Total Expenditures</i>             | <u>3,076,437</u>        | <u>3,086,589</u> | <u>2,911,645</u> | <u>174,944</u>  |
| <i>Net Change in Fund Balance</i>     | (63,937)                | (214,089)        | (66,727)         | 147,362   |
| <i>Fund Balance Beginning of Year</i> | 150,000                 | 150,000          | 150,000          | 0   |
| Prior Year Encumbrances Appropriated  | <u>66,656</u>           | <u>66,656</u>    | <u>66,656</u>    | <u>0</u>  |
| <i>Fund Balance End of Year</i>       | <u>\$152,719</u>        | <u>\$2,567</u>   | <u>\$149,929</u> | <u>\$147,362</u>  |

**City of Middleburg Heights, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Obligation Bond Retirement Fund*  
*For the Year Ended December 31, 2010*

|   | Budgeted Amounts |                  |                  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|------------------|------------------|---|
|   | Original         | Final            | Actual           |   |
| <b>Revenues</b>                                     |                  |                  |                  |   |
| Property Taxes                                      | \$411,491        | \$424,608        | \$424,608        | \$0   |
| Income Taxes  | 1,632,000        | 1,632,000        | 1,632,000        | 0   |
| Intergovernmental                                   | 87,922           | 88,340           | 88,340           | 0   |
| Interest  | 1,033            | 1,033            | 1,033            | 0   |
| <i>Total Revenues</i>                               | <u>2,132,446</u> | <u>2,145,981</u> | <u>2,145,981</u> | <u>0</u>  |
| <b>Expenditures</b>                                 |                  |                  |                  |   |
| Current:  |                  |                  |                  |   |
| General Government:                                 |                  |                  |                  |   |
| Other   | 10,400           | 7,571            | 7,571            | 0   |
| Debt Service:                                       |                  |                  |                  |   |
| Principal Retirement                                | 2,226,500        | 1,726,410        | 1,726,410        | 0   |
| Interest and Fiscal Charges                         | 408,200          | 396,711          | 396,711          | 0   |
| Total Debt Service                                  | <u>2,645,100</u> | <u>2,130,692</u> | <u>2,130,692</u> | <u>0</u>  |
| <i>Total Expenditures</i>                           | <u>2,645,100</u> | <u>2,130,692</u> | <u>2,130,692</u> | <u>0</u>  |
| <i>Excess of Revenues Over (Under) Expenditures</i> | (512,654)        | 15,289           | 15,289           | 0   |
| <b>Other Financing Sources (Uses)</b>               |                  |                  |                  |   |
| Note Proceeds                                       | 500,000          | 0                | 0                | 0   |
| Transfers Out                                       | 0                | (502,321)        | (502,321)        | 0   |
| <i>Total Other Financing Sources (Uses)</i>         | <u>500,000</u>   | <u>(502,321)</u> | <u>(502,321)</u> | <u>0</u>  |
| <i>Net Change in Fund Balance</i>                   | (12,654)         | (487,032)        | (487,032)        | 0   |
| <i>Fund Balance Beginning of Year</i>               | 487,032          | 487,032          | 487,032          | 0   |
| <i>Fund Balance End of Year</i>                     | <u>\$474,378</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*  
*Special Assessment Bond Retirement Fund*  
*For the Year Ended December 31, 2010*

|   | <u>Budgeted Amounts</u> |                   | <u>Actual</u>     | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|-------------------|-------------------|---|
|   | <u>Original</u>         | <u>Final</u>      |                   |   |
| <b>Revenues</b>                             |                         |                   |                   |   |
| Special Assessments                         | \$215,000               | \$218,592         | \$218,592         | \$0   |
| Interest                                    | 8,473                   | 8,473             | 8,473             | 0   |
| <i>Total Revenues</i>                       | <u>223,473</u>          | <u>227,065</u>    | <u>227,065</u>    | <u>0</u>  |
| <b>Expenditures</b>                         |                         |                   |                   |   |
| Current:                                    |                         |                   |                   |   |
| General Government:                         |                         |                   |                   |   |
| Other                                       | 12,200                  | 2,137             | 2,137             | 0   |
| Debt Service:                               |                         |                   |                   |   |
| Principal Retirement                        | 129,500                 | 129,404           | 129,404           | 0   |
| Interest and Fiscal Charges                 | 58,600                  | 58,569            | 58,569            | 0   |
| <i>Total Expenditures</i>                   | <u>200,300</u>          | <u>190,110</u>    | <u>190,110</u>    | <u>0</u>  |
| <i>Excess of Revenues Over Expenditures</i> | <u>23,173</u>           | <u>36,955</u>     | <u>36,955</u>     | <u>0</u>  |
| <b>Other Financing Sources (Uses)</b>       |                         |                   |                   |   |
| Transfers Out                               | 0                       | (766,264)         | (766,264)         | 0   |
| <i>Total Other Financing Sources</i>        | <u>0</u>                | <u>(766,264)</u>  | <u>(766,264)</u>  | <u>0</u>  |
| <i>Net Change in Fund Balance</i>           | 23,173                  | (729,309)         | (729,309)         | 0   |
| <i>Fund Balance Beginning of Year</i>       | <u>729,309</u>          | <u>729,309</u>    | <u>729,309</u>    | <u>0</u>  |
| <i>Fund Balance End of Year</i>             | <u><u>\$752,482</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u>   |

**City of Middleburg Heights, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Bond Retirement Fund*  
*For the Year Ended December 31, 2010*

|   | <u>Budgeted Amounts</u> |                    |                    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------------|--------------------|--------------------|---|
|   | <u>Original</u>         | <u>Final</u>       | <u>Actual</u>      |   |
| <b>Revenues</b>                             |                         |                    |                    |   |
| <i>Total Revenues</i>                       | \$0                     | \$0                | \$0                | \$0   |
| <b>Expenditures</b>                         |                         |                    |                    |   |
| <i>Total Expenditures</i>                   | 0                       | 0                  | 0                  | 0   |
| <i>Excess of Revenues Over Expenditures</i> | 0                       | 0                  | 0                  | 0   |
| <b>Other Financing Sources (Uses)</b>       |                         |                    |                    |   |
| Transfers In                                | 0                       | 1,268,585          | 1,268,585          | 0   |
| <i>Total Other Financing Sources</i>        | 0                       | 1,268,585          | 1,268,585          | 0   |
| <i>Net Change in Fund Balance</i>           | 0                       | 1,268,585          | 1,268,585          | 0   |
| <i>Fund Balance Beginning of Year</i>       | 0                       | 0                  | 0                  | 0   |
| <i>Fund Balance End of Year</i>             | <u>\$0</u>              | <u>\$1,268,585</u> | <u>\$1,268,585</u> | <u>\$0</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, 2010*

|   | <u>Budgeted Amounts</u> |                    |                  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------------|--------------------|------------------|---|
|   | <u>Original</u>         | <u>Final</u>       | <u>Actual</u>    |   |
| <b>Revenues</b>                                     |                         |                    |                  |   |
| Income Taxes  | \$1,625,060             | \$1,540,060        | \$1,543,665      | \$3,605   |
| Charges for Services                                | 17,259                  | 9,759              | 14,564           | 4,805   |
| Other   | 75,000                  | 86,429             | 86,429           | 0   |
| <i>Total Revenues</i>                               | <u>1,717,319</u>        | <u>1,636,248</u>   | <u>1,644,658</u> | <u>8,410</u>  |
| <b>Expenditures</b>                                 |                         |                    |                  |   |
| Current:  |                         |                    |                  |   |
| Capital Outlay                                      | 2,419,602               | 2,419,603          | 2,053,765        | 365,838   |
| Total Capital Outlay                                | <u>2,419,602</u>        | <u>2,419,603</u>   | <u>2,053,765</u> | <u>365,838</u>  |
| Debt Service:                                       |                         |                    |                  |   |
| Principal Retirement                                | 0                       | 500,000            | 500,000          | 0   |
| Interest and Fiscal Charges                         | 0                       | 11,300             | 11,219           | 81  |
| Total Debt Service                                  | <u>0</u>                | <u>511,300</u>     | <u>511,219</u>   | <u>81</u>   |
| <i>Total Expenditures</i>                           | <u>2,419,602</u>        | <u>2,930,903</u>   | <u>2,564,984</u> | <u>365,919</u>  |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>(702,283)</u>        | <u>(1,294,655)</u> | <u>(920,326)</u> | <u>374,329</u>  |
| <b>Other Financing Sources (Uses)</b>               |                         |                    |                  |   |
| Advances Out  | (95,000)                | (95,000)           | (95,000)         | 0   |
| Note Proceeds                                       | 0                       | 342,591            | 342,591          | 0   |
| <i>Total Other Financing Sources</i>                | <u>(95,000)</u>         | <u>247,591</u>     | <u>247,591</u>   | <u>0</u>  |
| <i>Net Change in Fund Balance</i>                   | (797,283)               | (1,047,064)        | (672,735)        | 374,329   |
| <i>Fund Balance Beginning of Year</i>               | 159,988                 | 159,988            | 159,988          | 0   |
| Prior Year Encumbrances Appropriated                | <u>947,685</u>          | <u>947,685</u>     | <u>947,685</u>   | <u>0</u>  |
| <i>Fund Balance End of Year</i>                     | <u>\$310,390</u>        | <u>\$60,609</u>    | <u>\$434,938</u> | <u>\$374,329</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, 2010*

|  | <u>Budgeted Amounts</u> |                    |                  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------------|--------------------|------------------|---|
|  | <u>Original</u>         | <u>Final</u>       | <u>Actual</u>    |   |
| <b>Revenues</b>                              |                         |                    |                  |   |
| Intergovernmental                            | \$790,000               | \$790,000          | \$793,637        | \$3,637   |
| Interest                                     | 2,500                   | 500                | 477              | (23)  |
| Charges for Services                         | 0                       | 15,000             | 18,482           | 3,482   |
| Other  | 5,000                   | 0                  | 0                | 0   |
| <i>Total Revenues</i>                        | <u>797,500</u>          | <u>805,500</u>     | <u>812,596</u>   | <u>7,096</u>  |
| <b>Expenditures</b>                          |                         |                    |                  |   |
| Current:                                     |                         |                    |                  |   |
| Transportation:                              |                         |                    |                  |   |
| Streets and Highways:                        |                         |                    |                  |   |
| Personal Services                            | 812,826                 | 812,826            | 769,849          | 42,977  |
| Other  | 1,207,479               | 1,207,479          | 1,042,535        | 164,944   |
| <i>Total Expenditures</i>                    | <u>2,020,305</u>        | <u>2,020,305</u>   | <u>1,812,384</u> | <u>207,921</u>  |
| <i>Excess of Revenues Under Expenditures</i> | <u>(1,222,805)</u>      | <u>(1,214,805)</u> | <u>(999,788)</u> | <u>215,017</u>  |
| <b>Other Financing Sources</b>               |                         |                    |                  |   |
| Transfers In                                 | 850,000                 | 850,000            | 850,000          | 0   |
| <i>Net Change in Fund Balance</i>            | (372,805)               | (364,805)          | (149,788)        | 215,017   |
| <i>Fund Balance Beginning of Year</i>        | 287,149                 | 287,149            | 287,149          | 0   |
| Prior Year Encumbrances Appropriated         | 125,479                 | 125,479            | 125,479          | 0   |
| <i>Fund Balance End of Year</i>              | <u>\$39,823</u>         | <u>\$47,823</u>    | <u>\$262,840</u> | <u>\$215,017</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, 2010*

|                                       | <u>Budgeted Amounts</u> |                        |                        | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|-------------------------|------------------------|------------------------|---|
|                                       | <u>Original</u>         | <u>Final</u>           | <u>Actual</u>          |   |
| <b>Revenues</b>                       |                         |                        |                        |   |
| Intergovernmental                     | \$64,500                | \$64,500               | \$64,349               | (\$151)   |
| Interest                              | 1,100                   | 250                    | 231                    | (19)  |
| Other                                 | 0                       | 1,000                  | 882                    | (118)   |
| <i>Total Revenues</i>                 | <u>65,600</u>           | <u>65,750</u>          | <u>65,462</u>          | <u>(288)</u>  |
| <b>Expenditures</b>                   |                         |                        |                        |   |
| Current:                              |                         |                        |                        |   |
| Transportation:                       |                         |                        |                        |   |
| Streets and Highways:                 |                         |                        |                        |   |
| Other                                 | <u>157,587</u>          | <u>157,587</u>         | <u>140,156</u>         | <u>17,431</u>   |
| <i>Net Change in Fund Balance</i>     | (91,987)                | (91,837)               | (74,694)               | 17,143  |
| <i>Fund Balance Beginning of Year</i> | 106,102                 | 106,102                | 106,102                | 0   |
| Prior Year Encumbrances Appropriated  | <u>52,587</u>           | <u>52,587</u>          | <u>52,587</u>          | <u>0</u>  |
| <i>Fund Balance End of Year</i>       | <u><u>\$66,702</u></u>  | <u><u>\$66,852</u></u> | <u><u>\$83,995</u></u> | <u><u>\$17,143</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, 2010*

|                                       | <u>Budgeted Amounts</u> |                 | <u>Actual</u>   | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---------------------------------------|-------------------------|-----------------|-----------------|---|
|                                       | <u>Original</u>         | <u>Final</u>    |                 |   |
| <b>Revenues</b>                       |                         |                 |                 |   |
| Fines, Licenses and Permits           | \$10,000                | \$10,000        | \$9,914         | (\$86)  |
| <b>Expenditures</b>                   |                         |                 |                 |   |
| Current:                              |                         |                 |                 |   |
| General Government:                   |                         |                 |                 |   |
| Other                                 | 29,425                  | 29,425          | 28,032          | 1,393   |
| <i>Net Change in Fund Balance</i>     | (19,425)                | (19,425)        | (18,118)        | 1,307   |
| <i>Fund Balance Beginning of Year</i> | 61,820                  | 61,820          | 61,820          | 0   |
| Prior Year Encumbrances Appropriated  | 20,000                  | 20,000          | 20,000          | 0   |
| <i>Fund Balance End of Year</i>       | <u>\$62,395</u>         | <u>\$62,395</u> | <u>\$63,702</u> | <u>\$1,307</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, 2010*

|                                       | <u>Budgeted Amounts</u> |                        |                        | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|-------------------------|------------------------|------------------------|---|
|                                       | <u>Original</u>         | <u>Final</u>           | <u>Actual</u>          |   |
| <b>Revenues</b>                       |                         |                        |                        |   |
| Interest                              | \$1,420                 | \$212                  | \$200                  | (\$12)  |
| Intergovernmental                     | 4,000                   | 620                    | 620                    | 0   |
| Fines, Licenses and Permits           | 3,600                   | 3,600                  | 4,446                  | 846   |
| <i>Total Revenues</i>                 | <u>9,020</u>            | <u>4,432</u>           | <u>5,266</u>           | <u>834</u>  |
| <b>Expenditures</b>                   |                         |                        |                        |   |
| Current:                              |                         |                        |                        |   |
| Public Safety:                        |                         |                        |                        |   |
| Other                                 | 2,000                   | 2,000                  | 3                      | 1,997   |
| Capital Outlay                        | 0                       | 40,000                 | 37,460                 | 2,540   |
| Total Transportation                  | <u>2,000</u>            | <u>42,000</u>          | <u>37,463</u>          | <u>4,537</u>  |
| <i>Net Change in Fund Balance</i>     | 7,020                   | (37,568)               | (32,197)               | 5,371   |
| <i>Fund Balance Beginning of Year</i> | <u>118,810</u>          | <u>118,810</u>         | <u>118,810</u>         | <u>0</u>  |
| <i>Fund Balance End of Year</i>       | <u><u>\$125,830</u></u> | <u><u>\$81,242</u></u> | <u><u>\$86,613</u></u> | <u><u>\$5,371</u></u>                                   |

**City of Middleburg Heights, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Medical Transport Fund*  
*For the Year Ended December 31, 2010*

|                                       | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---------------------------------------|-------------------------|------------------|------------------|---|
|                                       | <u>Original</u>         | <u>Final</u>     |                  |   |
| <b>Revenues</b>                       |                         |                  |                  |   |
| Charges for Services                  | \$270,000               | \$270,000        | \$271,297        | \$1,297   |
| Intergovernmental                     | 0                       | 3,000            | 3,000            | 0   |
| <i>Total Revenues</i>                 | <u>270,000</u>          | <u>273,000</u>   | <u>274,297</u>   | <u>1,297</u>  |
| <b>Expenditures</b>                   |                         |                  |                  |   |
| Current:                              |                         |                  |                  |   |
| Transportation:                       |                         |                  |                  |   |
| Public Safety:                        |                         |                  |                  |   |
| Personal Services                     | 33,695                  | 33,695           | 32,183           | 1,512   |
| Other                                 | 55,356                  | 58,806           | 49,432           | 9,374   |
| Capital Outlay                        | 244,000                 | 244,000          | 241,674          | 2,326   |
| <i>Total Expenditures</i>             | <u>333,051</u>          | <u>336,501</u>   | <u>323,289</u>   | <u>13,212</u>   |
| <i>Net Change in Fund Balance</i>     | (63,051)                | (63,501)         | (48,992)         | 14,509  |
| <i>Fund Balance Beginning of Year</i> | 230,803                 | 230,803          | 230,803          | 0   |
| Prior Year Encumbrances Appropriated  | 11,356                  | 11,356           | 11,356           | 0   |
| <i>Fund Balance End of Year</i>       | <u>\$179,108</u>        | <u>\$178,658</u> | <u>\$193,167</u> | <u>\$14,509</u>   |

**City of Middleburg Heights, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Assistance to Firefighters Grant Fund*  
*For the Year Ended December 31, 2010*

|                                       | <u>Budgeted Amounts</u> |                   |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|-------------------------|-------------------|-------------------|---|
|                                       | <u>Original</u>         | <u>Final</u>      | <u>Actual</u>     |   |
| <b>Revenues</b>                       |                         |                   |                   |   |
| Intergovernmental                     | <u>\$0</u>              | <u>\$0</u>        | <u>\$0</u>        | <u>\$0</u>  |
| <b>Expenditures</b>                   |                         |                   |                   |   |
| Current:                              |                         |                   |                   |   |
| Capital Outlay:                       |                         |                   |                   |   |
| Capital Outlay                        | <u>13</u>               | <u>13</u>         | <u>13</u>         | <u>0</u>  |
| <i>Net Change in Fund Balance</i>     | (13)                    | (13)              | (13)              | 0   |
| <i>Fund Balance Beginning of Year</i> | <u>13</u>               | <u>13</u>         | <u>13</u>         | <u>0</u>  |
| <i>Fund Balance End of Year</i>       | <u><u>\$0</u></u>       | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u>                                       |

**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, 2010*

|                                       | <u>Budgeted Amounts</u> |                 |                 | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|-------------------------|-----------------|-----------------|---|
|                                       | <u>Original</u>         | <u>Final</u>    | <u>Actual</u>   |   |
| <b>Revenues</b>                       |                         |                 |                 |   |
| Property Taxes                        | \$137,164               | \$142,247       | \$142,247       | \$0   |
| Intergovernmental                     | 29,144                  | 29,269          | 29,269          | 0   |
| <i>Total Revenues</i>                 | <u>166,308</u>          | <u>171,516</u>  | <u>171,516</u>  | <u>0</u>  |
| <b>Expenditures</b>                   |                         |                 |                 |   |
| Current:                              |                         |                 |                 |   |
| Public Safety:                        |                         |                 |                 |   |
| Personal Services                     | 170,000                 | 170,000         | 170,000         | 0   |
| Other                                 | 135                     | 135             | 77              | 58  |
| <i>Total Expenditures</i>             | <u>170,135</u>          | <u>170,135</u>  | <u>170,077</u>  | <u>58</u>   |
| <i>Net Change in Fund Balance</i>     | (3,827)                 | 1,381           | 1,439           | 58  |
| <i>Fund Balance Beginning of Year</i> | <u>15,332</u>           | <u>15,332</u>   | <u>15,332</u>   | <u>0</u>  |
| <i>Fund Balance End of Year</i>       | <u>\$11,505</u>         | <u>\$16,713</u> | <u>\$16,771</u> | <u>\$58</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, 2010*

|                                       | <u>Budgeted Amounts</u> |                 |                 | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|-------------------------|-----------------|-----------------|---|
|                                       | <u>Original</u>         | <u>Final</u>    | <u>Actual</u>   |   |
| <b>Revenues</b>                       |                         |                 |                 |   |
| Property Taxes                        | \$137,164               | \$142,247       | \$142,247       | \$0   |
| Intergovernmental                     | 29,144                  | 29,269          | 29,269          | 0   |
| <i>Total Revenues</i>                 | <u>166,308</u>          | <u>171,516</u>  | <u>171,516</u>  | <u>0</u>  |
| <b>Expenditures</b>                   |                         |                 |                 |   |
| Current:                              |                         |                 |                 |   |
| Public Safety:                        |                         |                 |                 |   |
| Personal Services                     | 170,000                 | 170,000         | 170,000         | 0   |
| Other                                 | 135                     | 135             | 77              | 58  |
| <i>Total Expenditures</i>             | <u>170,135</u>          | <u>170,135</u>  | <u>170,077</u>  | <u>58</u>   |
| <i>Net Change in Fund Balance</i>     | (3,827)                 | 1,381           | 1,439           | 58  |
| <i>Fund Balance Beginning of Year</i> | <u>15,332</u>           | <u>15,332</u>   | <u>15,332</u>   | <u>0</u>  |
| <i>Fund Balance End of Year</i>       | <u>\$11,505</u>         | <u>\$16,713</u> | <u>\$16,771</u> | <u>\$58</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, 2010*

|                                       | <u>Budgeted Amounts</u> |                       | <u>Actual</u>         | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---------------------------------------|-------------------------|-----------------------|-----------------------|---|
|                                       | <u>Original</u>         | <u>Final</u>          |                       |   |
| <b>Revenues</b>                       |                         |                       |                       |   |
| Charges for Services                  | <u>\$5,000</u>          | <u>\$5,000</u>        | <u>\$0</u>            | <u>(\$5,000)</u>  |
| <b>Expenditures</b>                   |                         |                       |                       |   |
| Current:                              |                         |                       |                       |   |
| General Government:                   |                         |                       |                       |   |
| Other                                 | <u>2,000</u>            | <u>2,000</u>          | <u>0</u>              | <u>2,000</u>  |
| <i>Net Change in Fund Balance</i>     | <u>3,000</u>            | <u>3,000</u>          | <u>0</u>              | <u>(3,000)</u>  |
| <i>Fund Balance Beginning of Year</i> | <u>4,817</u>            | <u>4,817</u>          | <u>4,817</u>          | <u>0</u>  |
| <i>Fund Balance End of Year</i>       | <u><u>\$7,817</u></u>   | <u><u>\$7,817</u></u> | <u><u>\$4,817</u></u> | <u><u>(\$3,000)</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, 2010*

|                                       | <u>Budgeted Amounts</u> |              |                | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|-------------------------|--------------|----------------|---|
|                                       | <u>Original</u>         | <u>Final</u> | <u>Actual</u>  |   |
| <b>Revenues</b>                       |                         |              |                |   |
| Interest                              | \$100                   | \$100        | \$14           | (\$86)  |
| Other                                 | 500                     | 500          | 300            | (200)   |
| <i>Total Revenues</i>                 | <u>600</u>              | <u>600</u>   | <u>314</u>     | <u>(286)</u>  |
| <b>Expenditures</b>                   |                         |              |                |   |
| Current:                              |                         |              |                |   |
| General Government:                   |                         |              |                |   |
| Other                                 | 9,000                   | 9,000        | 180            | 8,820   |
| <i>Net Change in Fund Balance</i>     | (8,400)                 | (8,400)      | 134            | 8,534   |
| <i>Fund Balance Beginning of Year</i> | <u>8,439</u>            | <u>8,439</u> | <u>8,439</u>   | <u>0</u>  |
| <i>Fund Balance End of Year</i>       | <u>\$39</u>             | <u>\$39</u>  | <u>\$8,573</u> | <u>\$8,534</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, 2010*

|                                       | <u>Budgeted Amounts</u> |                | <u>Actual</u>  | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---------------------------------------|-------------------------|----------------|----------------|---|
|                                       | <u>Original</u>         | <u>Final</u>   |                |   |
| <b>Revenues</b>                       |                         |                |                |   |
| Property Taxes                        | \$152,522               | \$156,667      | \$156,667      | \$0   |
| Intergovernmental                     | 56,236                  | 57,653         | 57,653         | 0   |
| <i>Total Revenues</i>                 | <u>208,758</u>          | <u>214,320</u> | <u>214,320</u> | <u>0</u>  |
| <b>Expenditures</b>                   |                         |                |                |   |
| Current:                              |                         |                |                |   |
| Public Health and Welfare:            |                         |                |                |   |
| Other                                 | 206,786                 | 214,320        | 214,320        | 0   |
| <i>Net Change in Fund Balance</i>     | 1,972                   | 0              | 0              | 0   |
| <i>Fund Balance Beginning of Year</i> | <u>0</u>                | <u>0</u>       | <u>0</u>       | <u>0</u>  |
| <i>Fund Balance End of Year</i>       | <u>\$1,972</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*  
*Community Center Fund*  
*For the Year Ended December 31, 2010*

|                                       | <u>Budgeted Amounts</u> |                       |                       | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|-------------------------|-----------------------|-----------------------|---|
|                                       | <u>Original</u>         | <u>Final</u>          | <u>Actual</u>         |   |
| <b>Revenues</b>                       |                         |                       |                       |   |
| Interest                              | <u>\$50</u>             | <u>\$10</u>           | <u>\$6</u>            | <u>(\$4)</u>  |
| <b>Expenditures</b>                   |                         |                       |                       |   |
| Current:                              |                         |                       |                       |   |
| Capital Outlay:                       |                         |                       |                       |   |
| Capital Outlay                        | <u>0</u>                | <u>0</u>              | <u>0</u>              | <u>0</u>  |
| <i>Net Change in Fund Balance</i>     | 50                      | 10                    | 6                     | (4)   |
| <i>Fund Balance Beginning of Year</i> | <u>4,057</u>            | <u>4,057</u>          | <u>4,057</u>          | <u>0</u>  |
| <i>Fund Balance End of Year</i>       | <u><u>\$4,107</u></u>   | <u><u>\$4,067</u></u> | <u><u>\$4,063</u></u> | <u><u>(\$4)</u></u>                                     |

**City of Middleburg Heights, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Health Insurance Fund*  
*For the Year Ended December 31, 2010*

|                                       | <u>Budgeted Amounts</u> |                         |                         | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------|-------------------------|-------------------------|-------------------------|---|
|                                       | <u>Original</u>         | <u>Final</u>            | <u>Actual</u>           |   |
| <b>Revenues</b>                       |                         |                         |                         |   |
| Charges for Service                   | \$2,148,750             | \$2,069,316             | \$2,069,316             | \$0   |
| Other                                 | <u>0</u>                | <u>0</u>                | <u>180</u>              | <u>180</u>  |
| <i>Total Revenues</i>                 | <u>2,148,750</u>        | <u>2,069,316</u>        | <u>2,069,496</u>        | <u>180</u>  |
| <b>Expenditures</b>                   |                         |                         |                         |   |
| General Government:                   |                         |                         |                         |   |
| Other                                 | <u>1,980,000</u>        | <u>1,980,000</u>        | <u>1,801,518</u>        | <u>178,482</u>  |
| <i>Net Change in Fund Balance</i>     | 168,750                 | 89,316                  | 267,978                 | 178,662   |
| <i>Fund Balance Beginning of Year</i> | <u>513,441</u>          | <u>513,441</u>          | <u>513,441</u>          | <u>0</u>  |
| <i>Fund Balance End of Year</i>       | <u><u>\$682,191</u></u> | <u><u>\$602,757</u></u> | <u><u>\$781,419</u></u> | <u><u>\$178,662</u></u>                                 |

## Combining Statements – Agency Funds

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

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

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

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

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

**City of Middleburg Heights, Ohio**  
*Combining Statement of Changes in Assets and Liabilities*  
*Agency Funds*  
*For the Fiscal Year Ended December 31, 2010*

|  | Ending<br>Balance<br>12/31/09 | Additions   | Deductions  | Ending<br>Balance<br>12/31/10 |
|--|-------------------------------|-------------|-------------|-------------------------------|
| <b><i>Flexible Spending Account</i></b>        |                               |             |             |                               |
| <b>Assets</b>                                  |                               |             |             |                               |
| Equity in Pooled Cash<br>and Investments       | \$4,838                       | \$57,873    | \$58,019    | \$4,692                       |
| <b>Liabilities</b>                             |                               |             |             |                               |
| Deposits Held and Due to Others                | \$4,838                       | \$57,873    | \$58,019    | \$4,692                       |
| <b><i>Board of Buildings Standards Fee</i></b> |                               |             |             |                               |
| <b>Assets</b>                                  |                               |             |             |                               |
| Equity in Pooled Cash<br>and Investments       | \$493                         | \$1,534     | \$1,986     | \$41                          |
| <b>Liabilities</b>                             |                               |             |             |                               |
| Deposits Held and Due to Others                | \$493                         | \$1,534     | \$1,986     | \$41                          |
| <b><i>Mayor's Court</i></b>                    |                               |             |             |                               |
| <b>Assets</b>                                  |                               |             |             |                               |
| Cash in Segregated Accounts                    | \$57,154                      | \$808,154   | \$817,787   | \$47,521                      |
| <b>Liabilities</b>                             |                               |             |             |                               |
| Deposits Held and Due to Others                | \$57,154                      | \$808,154   | \$817,787   | \$47,521                      |
| <b><i>Deposits</i></b>                         |                               |             |             |                               |
| <b>Assets</b>                                  |                               |             |             |                               |
| Equity in Pooled Cash<br>and Investments       | \$164,558                     | \$349,634   | \$291,092   | \$223,100                     |
| <b>Liabilities</b>                             |                               |             |             |                               |
| Deposits Held and Due to Others                | \$164,558                     | \$349,634   | \$291,092   | \$223,100                     |
| <b><i>Total - All Agency Funds</i></b>         |                               |             |             |                               |
| <b>Assets</b>                                  |                               |             |             |                               |
| Equity in Pooled Cash<br>and Investments       | \$227,043                     | \$1,217,195 | \$1,168,884 | \$275,354                     |
| <b>Liabilities</b>                             |                               |             |             |                               |
| Deposits Held and Due to Others                | \$227,043                     | \$1,217,195 | \$1,168,884 | \$275,354                     |

## 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 Assets by Component-Last Nine Years</i> .....                     | 84 |
| <i>Changes in Net Assets-Last Nine Years</i> .....                       | 85 |
| <i>Fund Balances, Governmental Funds- Last Ten Years</i> .....           | 87 |
| <i>Changes in Fund Balances, Governmental Funds-Last Ten Years</i> ..... | 89 |

**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> .....                        | 91 |
| <i>Income Tax Revenue Base and Collections-Last Ten Years</i> .....                           | 92 |
| <i>Principal Taxpayers-Current Year and Nine Years Ago</i> .....                              | 93 |
| <i>Property Tax Rates-All Direct and Overlapping Governments</i> .....                        | 94 |
| <i>Assessed and Estimated Actual Value of Taxable Property-Last Ten Years</i> .....           | 95 |
| <i>Property Tax Levies and Collections-Real and Public Utility Taxes-Last Ten Years</i> ..... | 96 |

**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> ..... | 97 |
| <i>Computation of Direct and Overlapping Debt</i> .....                          | 99 |

**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> .....  | 100 |
| <i>Principal Employers-Current Year and Nine Years Ago</i> ..... | 101 |

**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> ..... | 102 |
| <i>Operating Indicators by Function/Program-Last Ten Years</i> .....     | 103 |
| <i>Capital Asset Statistics by Function/Program-Last Ten Years</i> ..... | 105 |

**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 Assets by Component*

*Last Nine Years*

*(accrual basis of accounting)*

|                                | 2010                | 2009                | 2008                | 2007                | 2006                | 2005                | 2004                | 2003                | 2002                |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Governmental Activities</b> |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Invested in Capital Assets,    |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Net of Related Debt            | \$45,336,826        | \$43,670,819        | \$35,941,389        | \$33,862,810        | \$32,770,521        | \$31,196,151        | \$29,822,417        | \$28,782,469        | \$26,448,543        |
| Restricted for:                |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Capital Projects               | 1,105,143           | 849,193             | 1,202,622           | 1,529,607           | 1,596,987           | 551,559             | 442,211             | 1,131,259           | 1,779,854           |
| Debt Service                   | 2,824,066           | 2,870,466           | 3,083,637           | 3,237,703           | 3,312,729           | 3,939,645           | 4,128,272           | 4,673,180           | 5,576,849           |
| Other Purposes                 | 482,196             | 492,426             | 469,104             | 396,550             | 368,712             | 398,548             | 418,588             | 404,227             | 1,631,319           |
| Unrestricted                   | 5,344,333           | 5,796,309           | 4,575,931           | 4,868,489           | 4,760,416           | 4,085,445           | 5,270,879           | 7,330,254           | 6,489,076           |
| <b>Total Net Assets</b>        | <b>\$55,092,564</b> | <b>\$53,679,213</b> | <b>\$45,272,683</b> | <b>\$43,895,159</b> | <b>\$42,809,365</b> | <b>\$40,171,348</b> | <b>\$40,082,367</b> | <b>\$42,321,389</b> | <b>\$41,925,641</b> |

**City of Middleburg Heights, Ohio**  
**Changes in Net Assets**  
*Last Nine Years*  
*(accrual basis of accounting)*

|   | 2010              | 2009              | 2008              | 2007              | 2006              | 2005              | 2004              | 2003              | 2002              |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Program Revenues</b>                               |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Governmental Activities:                              |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Charges for Services:                                 |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Security of Persons and Property:                     |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Police  | \$620,746         | \$642,294         | \$683,545         | \$760,864         | \$672,077         | \$679,012         | \$766,507         | \$743,258         | \$385,002         |
| Fire  | 462,126           | 434,991           | 426,413           | 394,681           | 384,615           | 355,800           | 357,415           | 424,981           | 244,939           |
| Safety Director                                       | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| Public Health and Welfare                             | 22,980            | 16,515            | 1,733             | 5,929             | 2,739             | 0                 | 0                 | 0                 | 0                 |
| Culture and Recreation                                | 1,211,993         | 1,177,233         | 1,172,304         | 1,121,296         | 1,105,925         | 1,054,775         | 992,986           | 921,023           | 777,934           |
| Community Development                                 | 144,288           | 185,671           | 186,603           | 353,339           | 354,273           | 329,658           | 198,759           | 217,690           | 255,325           |
| Economic Development                                  | 5,768             | 3,000             | 1,500             | 1,750             | 500               | 0                 | 0                 | 0                 | 0                 |
| Streets and Highways                                  | 18,482            | 10,875            | 24,426            | 0                 | 758               | 4,867             | 0                 | 0                 | 17,270            |
| Sanitation  | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| General Government                                    | 176,929           | 165,561           | 148,066           | 164,540           | 227,337           | 174,977           | 214,146           | 153,359           | 99,619            |
| Interest and Fiscal Charges                           | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| Operating Grants and Contributions                    | 862,290           | 849,270           | 875,100           | 862,363           | 938,974           | 761,102           | 756,071           | 689,679           | 633,117           |
| Capital Grants and Contributions                      | 1,183,203         | 7,258,633         | 162,694           | 184,981           | 1,138,124         | 1,153,013         | 539,301           | 1,362,161         | 1,231,366         |
| <b>Total Governmental Activities Program Revenues</b> | <b>4,708,805</b>  | <b>10,744,043</b> | <b>3,682,384</b>  | <b>3,849,743</b>  | <b>4,825,322</b>  | <b>4,513,204</b>  | <b>3,825,185</b>  | <b>4,512,151</b>  | <b>3,644,572</b>  |
| <b>Expenses</b>                                       |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Governmental Activities:                              |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Security of Persons and Property:                     |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Police  | 5,143,489         | 4,806,928         | 4,727,460         | 4,441,487         | 4,234,859         | 4,341,528         | 4,343,435         | 3,998,227         | 3,604,024         |
| Fire  | 3,726,461         | 3,696,714         | 3,639,936         | 3,588,665         | 3,260,065         | 3,208,411         | 3,026,842         | 2,851,306         | 2,934,924         |
| Safety Director                                       | 59,728            | 57,850            | 55,867            | 53,720            | 50,592            | 48,360            | 45,650            | 42,266            | 31,107            |
| Public Health and Welfare                             | 362,515           | 339,612           | 284,520           | 263,939           | 256,254           | 246,274           | 258,754           | 253,092           | 249,733           |
| Culture and Recreation                                | 3,237,956         | 3,280,588         | 3,163,391         | 3,159,631         | 3,013,378         | 3,080,371         | 3,152,424         | 2,924,858         | 2,800,419         |
| Community Development                                 | 552,358           | 579,608           | 620,457           | 645,709           | 589,575           | 632,819           | 631,527           | 605,855           | 537,174           |
| Economic Development                                  | 325,270           | 286,350           | 164,696           | 163,873           | 95,056            | 0                 | 0                 | 0                 | 0                 |
| Streets and Highways                                  | 3,140,956         | 3,052,119         | 3,011,490         | 2,679,466         | 2,089,356         | 2,642,158         | 3,345,946         | 2,901,524         | 2,675,763         |
| Sanitation  | 933,094           | 948,225           | 939,330           | 948,598           | 851,522           | 767,324           | 729,743           | 716,221           | 692,434           |
| General Government                                    | 7,089,138         | 7,321,308         | 7,159,940         | 6,871,475         | 6,132,310         | 6,308,086         | 6,295,289         | 5,912,798         | 5,621,897         |
| Interest and Fiscal Charges                           | 527,452           | 580,827           | 474,061           | 836,386           | 905,016           | 974,678           | 1,045,256         | 1,127,571         | 1,210,872         |
| <b>Total Governmental Activities Expenses</b>         | <b>25,098,417</b> | <b>24,950,129</b> | <b>24,241,148</b> | <b>23,652,949</b> | <b>21,477,983</b> | <b>22,250,009</b> | <b>22,874,866</b> | <b>21,333,718</b> | <b>20,358,347</b> |



**Net (Expense)/Revenue**

Governmental Activities:

Security of Persons and Property:

|                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Police                      | (4,522,123)         | (4,164,093)         | (4,038,095)         | (3,680,623)         | (3,562,782)         | (3,647,516)         | (3,576,928)         | (3,254,969)         | (3,219,022)         |
| Fire                        | (3,261,335)         | (3,258,223)         | (3,210,523)         | (3,193,984)         | (2,270,366)         | (2,851,611)         | (2,669,427)         | (2,426,325)         | (2,685,481)         |
| Safety Director             | (59,728)            | (57,850)            | (55,867)            | (53,720)            | (50,592)            | (48,360)            | (45,650)            | (42,266)            | (31,107)            |
| Public Health and Welfare   | (339,535)           | (323,097)           | (282,787)           | (258,010)           | (253,515)           | (246,274)           | (258,754)           | (253,092)           | (249,733)           |
| Culture and Recreation      | (2,025,963)         | (2,103,355)         | (1,991,087)         | (2,038,335)         | (1,907,453)         | (2,025,596)         | (2,159,438)         | (2,003,835)         | (2,022,485)         |
| Community Development       | (408,070)           | (393,937)           | (433,854)           | (292,370)           | (235,302)           | (303,161)           | (432,768)           | (388,165)           | (281,849)           |
| Economic Development        | (319,502)           | (283,350)           | (163,196)           | (162,123)           | (94,556)            | 0                   | 0                   | 0                   | 0                   |
| Streets and Highways        | (1,080,601)         | 5,062,618           | (1,958,090)         | (1,632,122)         | (616,584)           | (739,176)           | (2,050,574)         | (849,684)           | (798,514)           |
| Sanitation                  | (933,094)           | (948,225)           | (939,330)           | (948,598)           | (851,522)           | (767,324)           | (729,743)           | (716,221)           | (692,434)           |
| General Government          | (6,912,209)         | (7,155,747)         | (7,011,874)         | (6,706,935)         | (5,904,973)         | (6,133,109)         | (6,081,143)         | (5,759,439)         | (5,522,278)         |
| Interest and Fiscal Charges | (527,452)           | (580,827)           | (474,061)           | (836,386)           | (905,016)           | (974,678)           | (1,045,256)         | (1,127,571)         | (1,210,872)         |
| <i>Total Net Expense</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> | <i>(16,821,567)</i> | <i>(16,713,775)</i> |

**General Revenues**

Property and Other Local Taxes Levied for:

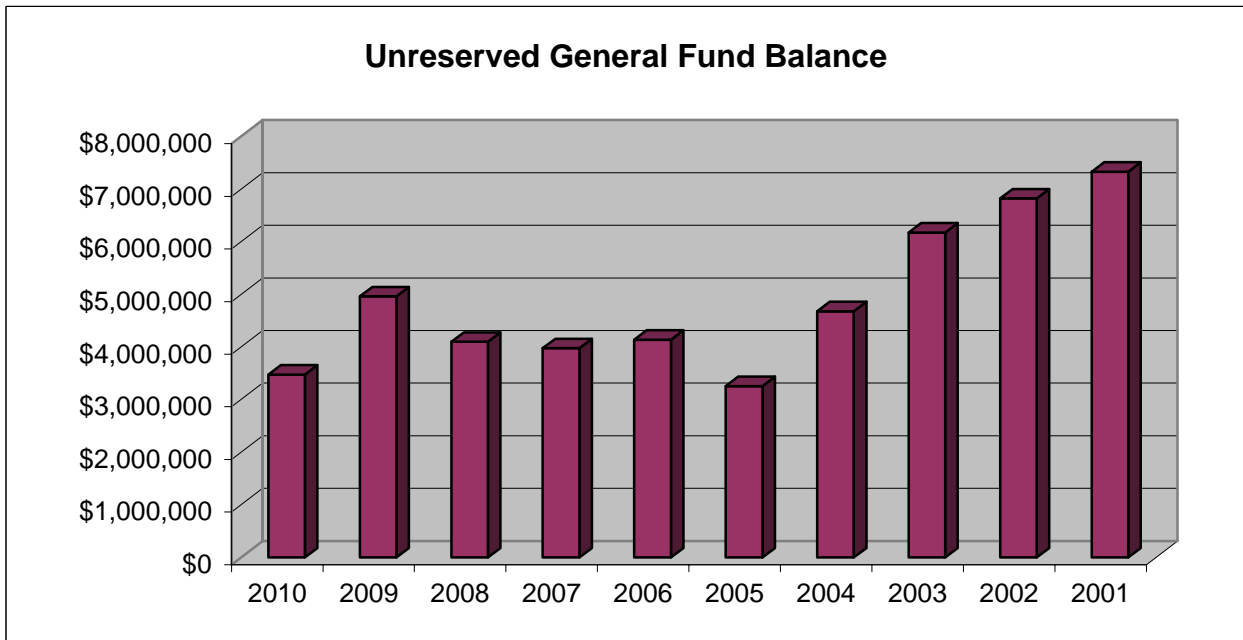
|   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| General Purposes  | 1,946,835         | 1,983,876         | 2,082,355         | 2,104,512         | 2,009,978         | 1,927,455         | 1,947,370         | 1,871,807         | 1,939,239         |
| Debt Service  | 418,706           | 447,616           | 459,118           | 473,010           | 439,446           | 422,528           | 491,408           | 453,296           | 533,931           |
| Police and Fire Pension                                     | 291,830           | 298,410           | 306,078           | 315,340           | 292,962           | 281,686           | 297,148           | 271,698           | 281,718           |
| Public Health and Welfare                                   | 160,477           | 156,133           | 168,159           | 180,878           | 189,236           | 183,855           | 198,408           | 187,195           | 196,787           |
| Income Tax Levied for:                                      |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| General Purposes  | 11,350,197        | 11,039,967        | 11,285,237        | 10,452,686        | 10,169,116        | 8,990,441         | 8,507,278         | 8,682,559         | 7,070,761         |
| Debt Service  | 1,679,911         | 1,520,127         | 1,894,990         | 2,056,875         | 1,485,088         | 1,974,159         | 1,681,241         | 1,746,570         | 1,917,477         |
| Recreation  | 1,690,513         | 1,591,301         | 1,596,976         | 1,579,588         | 1,277,277         | 1,454,103         | 1,432,876         | 1,656,965         | 1,654,043         |
| Capital Outlay  | 1,591,385         | 1,520,723         | 1,587,193         | 1,563,051         | 890,868           | 728,306           | 681,137           | 710,614           | 1,373,349         |
| Grants and Entitlements not Restricted to Specific Programs | 2,244,208         | 3,552,070         | 1,794,816         | 1,268,580         | 1,792,104         | 1,187,184         | 1,053,794         | 1,129,313         | 1,139,198         |
| Investment Earnings   | 62,294            | 97,034            | 339,326           | 537,883           | 456,495           | 287,866           | 164,962           | 236,156           | 424,299           |
| Miscellaneous   | 366,607           | 405,359           | 422,040           | 356,597           | 288,108           | 388,203           | 355,037           | 271,142           | 767,857           |
| <i>Total General Revenues</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> | <i>17,217,315</i> | <i>17,298,659</i> |

**Change in Net Assets**

|  |             |             |             |             |             |          |               |           |           |
|--|-------------|-------------|-------------|-------------|-------------|----------|---------------|-----------|-----------|
|  | \$1,413,351 | \$8,406,530 | \$1,377,524 | \$1,085,794 | \$2,638,017 | \$88,981 | (\$2,239,022) | \$395,748 | \$584,884 |
|--|-------------|-------------|-------------|-------------|-------------|----------|---------------|-----------|-----------|

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

|   | 2010                      | 2009                      | 2008                      | 2007                      |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| <b>General Fund</b>                       |                           |                           |                           |                           |
| Reserved                                  | \$317,225                 | \$358,391                 | \$318,064                 | \$277,339                 |
| Unreserved                                | 3,476,589                 | 4,963,370                 | 4,100,151                 | 3,979,593                 |
| <i>Total General Fund</i>                 | <u>3,793,814</u>          | <u>5,321,761</u>          | <u>4,418,215</u>          | <u>4,256,932</u>          |
| <b>All Other Governmental Funds</b>       |                           |                           |                           |                           |
| Reserved                                  | 951,604                   | 1,086,876                 | 699,981                   | 1,337,031                 |
| Unreserved, undesignated, reported in:    |                           |                           |                           |                           |
| Special Revenue Funds                     | 1,261,490                 | 1,314,357                 | 1,096,393                 | 842,138                   |
| Debt Service Funds                        | 1,586,109                 | 1,469,467                 | 1,530,118                 | 1,543,119                 |
| Capital Project Funds                     | 445,055                   | (187,072)                 | 483,222                   | 755,356                   |
| <i>Total All Other Governmental Funds</i> | <u>4,244,258</u>          | <u>3,683,628</u>          | <u>3,809,714</u>          | <u>4,477,644</u>          |
| <i>Total Governmental Funds</i>           | <u><u>\$8,038,072</u></u> | <u><u>\$9,005,389</u></u> | <u><u>\$8,227,929</u></u> | <u><u>\$8,734,576</u></u> |



| 2006        | 2005        | 2004        | 2003         | 2002         | 2001         |
|-------------|-------------|-------------|--------------|--------------|--------------|
| \$240,571   | \$327,660   | \$120,798   | \$174,103    | \$263,148    | \$198,069    |
| 4,139,005   | 3,258,029   | 4,435,260   | 6,177,201    | 6,826,747    | 7,335,563    |
| 4,379,576   | 3,585,689   | 4,556,058   | 6,351,304    | 7,089,895    | 7,533,632    |
| 371,017     | 501,387     | 382,321     | 655,210      | 1,059,121    | 1,618,797    |
| 924,331     | 970,785     | 1,328,350   | 1,369,563    | 1,102,511    | 638,624      |
| 1,511,672   | 2,031,226   | 2,077,031   | 2,494,452    | 3,299,397    | 2,885,400    |
| 1,432,101   | 210,352     | 241,389     | 871,104      | 978,663      | 885,471      |
| 4,239,121   | 3,713,750   | 4,029,091   | 5,390,329    | 6,439,692    | 6,028,292    |
| \$8,618,697 | \$7,299,439 | \$8,585,149 | \$11,741,633 | \$13,529,587 | \$13,561,924 |

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

|   | 2010               | 2009              | 2008               | 2007              |
|---|--------------------|-------------------|--------------------|-------------------|
| <b>Revenues</b>   |                    |                   |                    |                   |
| Property Taxes  | \$2,244,665        | \$2,398,978       | \$2,400,470        | \$2,506,371       |
| Income Taxes  | 16,184,484         | 15,810,195        | 16,176,983         | 15,421,461        |
| Other Local Taxes                                       | 514,964            | 494,692           | 577,467            | 554,088           |
| Intergovernmental                                       | 2,878,977          | 4,452,591         | 2,652,042          | 2,136,074         |
| Special Assessments                                     | 218,592            | 155,908           | 213,368            | 177,035           |
| Interest  | 62,294             | 158,609           | 339,326            | 537,883           |
| Fines, Licenses and Permits                             | 899,685            | 970,642           | 999,295            | 1,234,800         |
| Charges for Services                                    | 1,762,696          | 1,677,224         | 1,669,275          | 1,545,425         |
| Other   | 368,072            | 407,770           | 480,379            | 358,957           |
| <b>Total Revenues</b>                                   | <b>25,134,429</b>  | <b>26,526,609</b> | <b>25,508,605</b>  | <b>24,472,094</b> |
| <b>Expenditures</b>                                     |                    |                   |                    |                   |
| Current:  |                    |                   |                    |                   |
| General Government:                                     |                    |                   |                    |                   |
| Security of Persons and Property                        | 8,776,924          | 8,049,713         | 7,928,650          | 7,522,883         |
| Public Health and Welfare                               | 362,515            | 338,927           | 280,413            | 259,832           |
| Culture and Recreation                                  | 2,844,270          | 2,800,812         | 2,708,975          | 2,614,153         |
| Community Development                                   | 544,812            | 597,099           | 613,927            | 626,627           |
| Economic Development                                    | 321,510            | 280,958           | 150,505            | 161,916           |
| Streets and Highways                                    | 1,758,271          | 1,563,244         | 1,729,497          | 1,581,516         |
| Sanitation  | 933,094            | 948,225           | 939,330            | 948,598           |
| General Government                                      | 6,771,287          | 6,765,399         | 6,371,715          | 6,166,876         |
| Capital Outlay  | 2,131,384          | 2,144,886         | 2,703,366          | 1,735,992         |
| Debt Service:   |                    |                   |                    |                   |
| Principal Retirement                                    | 1,973,229          | 1,925,422         | 2,276,598          | 1,900,036         |
| Interest and Fiscal Charges                             | 477,982            | 531,253           | 460,452            | 841,476           |
| Bond Issuance Costs                                     | 0                  | 0                 | 194,549            | 0                 |
| <b>Total Expenditures</b>                               | <b>26,854,935</b>  | <b>25,945,938</b> | <b>26,357,977</b>  | <b>24,359,905</b> |
| <i>Excess of Revenues Over (Under) Expenditures</i>     | <i>(1,112,824)</i> | <i>580,671</i>    | <i>(849,372)</i>   | <i>112,189</i>    |
| <b>Other Financing Sources (Uses)</b>                   |                    |                   |                    |                   |
| General Obligation Bonds Issued                         | 0                  | 0                 | 0                  | 0                 |
| Refunding Bonds Issued                                  | 0                  | 0                 | 12,180,000         | 0                 |
| Premium on Debt Issuance                                | 0                  | 0                 | 187,315            | 690               |
| Payment to Refunded Bond Escrow Agent                   | 0                  | 0                 | (12,171,866)       | 0                 |
| Sale of Capital Assets                                  | 1,807              | 800               | 10,000             | 3,000             |
| Inception of Capital Lease                              | 143,700            | 195,989           | 137,276            | 0                 |
| Loan Proceeds   | 607,682            | 0                 | 0                  | 0                 |
| Transfers In  | 2,118,585          | 850,000           | 850,000            | 750,000           |
| Transfers Out   | (2,118,585)        | (850,000)         | (850,000)          | (750,000)         |
| <b>Total Other Financing Sources (Uses)</b>             | <b>753,189</b>     | <b>196,789</b>    | <b>342,725</b>     | <b>3,690</b>      |
| <b>Net Change in Fund Balances</b>                      | <b>(\$967,317)</b> | <b>\$777,460</b>  | <b>(\$506,647)</b> | <b>\$115,879</b>  |
| Debt Service as a percentage of noncapital expenditures | 10.00%             | 13.86%            | 11.13%             | 11.71%            |

| 2006               | 2005                 | 2004                 | 2003                 | 2002               | 2001               |
|--------------------|----------------------|----------------------|----------------------|--------------------|--------------------|
| \$2,399,205        | \$2,321,783          | \$2,368,704          | \$2,245,912          | \$2,288,560        | \$2,095,127        |
| 13,754,427         | 12,914,040           | 12,554,485           | 12,555,322           | 12,303,925         | 12,720,629         |
| 569,575            | 542,499              | 532,080              | 581,244              | 601,078            | 684,553            |
| 3,259,702          | 2,101,960            | 2,405,486            | 3,033,358            | 1,945,744          | 6,215,508          |
| 223,391            | 220,757              | 257,223              | 212,521              | 386,563            | 141,037            |
| 456,495            | 287,866              | 153,393              | 225,762              | 393,370            | 817,361            |
| 1,116,500          | 1,138,066            | 1,139,530            | 1,071,550            | 708,045            | 680,870            |
| 1,594,664          | 1,450,352            | 1,422,075            | 1,419,832            | 991,998            | 874,296            |
| 309,760            | 286,986              | 246,698              | 271,142              | 494,481            | 196,619            |
| <u>23,683,719</u>  | <u>21,264,309</u>    | <u>21,079,674</u>    | <u>21,616,643</u>    | <u>20,113,764</u>  | <u>24,426,000</u>  |
| 7,055,890          | 7,220,518            | 7,187,492            | 6,356,082            | 5,918,175          | 5,962,994          |
| 252,147            | 242,167              | 251,187              | 244,428              | 240,355            | 20,524             |
| 2,554,708          | 2,631,011            | 2,648,981            | 2,485,636            | 2,328,033          | 2,202,176          |
| 570,045            | 638,449              | 623,163              | 598,079              | 522,904            | 486,411            |
| 86,653             | 0                    | 0                    | 0                    | 0                  | 0                  |
| 1,322,841          | 1,758,966            | 1,618,920            | 1,529,623            | 1,328,920          | 995,240            |
| 851,522            | 767,324              | 729,743              | 716,221              | 692,434            | 670,964            |
| 5,609,843          | 5,814,271            | 5,866,851            | 5,373,213            | 4,966,300          | 4,726,051          |
| 1,446,315          | 745,997              | 2,503,769            | 3,273,070            | 2,717,128          | 7,292,919          |
| 1,833,587          | 1,783,106            | 1,757,653            | 1,697,225            | 1,696,822          | 1,716,441          |
| 908,485            | 977,988              | 1,048,399            | 1,131,020            | 1,252,987          | 1,291,137          |
| 0                  | 0                    | 0                    | 0                    | 0                  | 0                  |
| <u>22,492,036</u>  | <u>22,579,797</u>    | <u>24,236,158</u>    | <u>23,404,597</u>    | <u>21,664,058</u>  | <u>25,364,857</u>  |
| <u>1,191,683</u>   | <u>(1,315,488)</u>   | <u>(3,156,484)</u>   | <u>(1,787,954)</u>   | <u>(1,550,294)</u> | <u>(938,857)</u>   |
| 0                  | 0                    | 0                    | 0                    | 905,000            | 0                  |
| 0                  | 0                    | 0                    | 0                    | 0                  | 0                  |
| 0                  | 0                    | 0                    | 0                    | 0                  | 0                  |
| 0                  | 0                    | 0                    | 0                    | 0                  | 0                  |
| 7,475              | 29,778               | 0                    | 0                    | 0                  | 0                  |
| 120,100            | 0                    | 0                    | 0                    | 0                  | 0                  |
| 0                  | 0                    | 0                    | 0                    | 0                  | 0                  |
| 1,488,000          | 850,000              | 797,018              | 1,227,083            | 1,111,466          | 765,067            |
| (1,488,000)        | (850,000)            | (797,018)            | (1,227,083)          | (1,111,466)        | (702,338)          |
| <u>127,575</u>     | <u>29,778</u>        | <u>0</u>             | <u>0</u>             | <u>905,000</u>     | <u>62,729</u>      |
| <u>\$1,319,258</u> | <u>(\$1,285,710)</u> | <u>(\$3,156,484)</u> | <u>(\$1,787,954)</u> | <u>(\$645,294)</u> | <u>(\$876,128)</u> |
| 13.09%             | 12.98%               | 12.08%               | 13.38%               | 14.75%             | 12.36%             |

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

| Year  | Property Taxes | Income Taxes | Other Local Taxes | Total        |
|-------|----------------|--------------|-------------------|--------------|
| 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   |
| 2003  | 2,245,912      | 12,555,322   | 581,244           | 15,382,478   |
| 2002  | 2,288,560      | 12,303,925   | 601,078           | 15,193,563   |
| 2001  | 2,095,127      | 12,720,629   | 684,553           | 15,500,309   |

\* 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***

| <b>Tax Year</b> | <b>Tax Rate</b> | <b>Total Tax Collected</b> | <b>Taxes from Withholding</b> | <b>Percentage of Taxes from Withholding</b> | <b>Taxes from Individuals</b> | <b>Percentage of Taxes from Individuals</b> | <b>Taxes from Net Profits</b> | <b>Percentage of Taxes from Net Profits</b> |
|-----------------|-----------------|----------------------------|-------------------------------|---|-------------------------------|---|-------------------------------|---|
| 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%                                       |
| 2002            | 1.75%           | 12,021,744                 | 10,393,208                    | 86.4%                                       | 768,275                       | 6.4%  | 860,261                       | 7.2%  |
| 2001            | 1.75%           | 12,369,314                 | 10,488,588                    | 84.8%                                       | 824,298                       | 6.7%  | 1,056,428                     | 8.5%  |

\* 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:

**2010**

| <b>Rank</b> | <b>Taxpayer</b>                 |
|-------------|---------------------------------|
| 1           | Southwest General Hospital      |
| 2           | United Parcel Service           |
| 3           | Berea City School District      |
| 4           | Amerimark Direct LLC            |
| 5           | Zin Technologies Inc.           |
| 6           | Quadax Inc.                     |
| 7           | Middleburg-Legacy Place LLC     |
| 8           | Codonics Inc.                   |
| 9           | Polaris Joint Vocational School |
| 10          | Sunnyside Automotive            |

**2001**

| <b>2010 Rank</b> | <b>Rank</b> | <b>Taxpayer</b>                       |
|------------------|-------------|---------------------------------------|
| 1                | 1           | Southwest General Hospital            |
| 2                | 2           | United Parcel Service                 |
|                  | 3           | Sears Roebuck and Company             |
| -                | 4           | Advanstar Communications Incorporated |
| 3                | 5           | Berea City School District            |
| 9                | 6           | Polaris Joint Vocational School       |
|                  | 7           | City of Middleburg Heights            |
| 8                | 8           | Codonics                              |
| -                | 9           | Transamerica Holdings                 |
| 10               | 10          | Sunnyside Automotive                  |

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/<br>Collection<br>Year | City of Middleburg Heights |                         |                           |                         |                                    | Polaris JVS<br>& Berea |                        | Total  |
|---------------------------------|----------------------------|-------------------------|---------------------------|-------------------------|------------------------------------|------------------------|------------------------|--------|
|                                 | General<br>Fund            | Debt<br>Service<br>Fund | Police<br>Pension<br>Fund | Fire<br>Pension<br>Fund | Southwest<br>Community<br>Hospital | School<br>District     | Cuyahoga<br>County (1) |        |
| 2001/2002                       | 2.85                       | 1.15                    | 0.30                      | 0.30                    | 1.00                               | 66.20                  | 17.60                  | 89.40  |
| 2002/2003                       | 2.85                       | 1.00                    | 0.30                      | 0.30                    | 1.00                               | 72.20                  | 17.60                  | 95.25  |
| 2003/2004                       | 2.85                       | 1.00                    | 0.30                      | 0.30                    | 1.00                               | 72.20                  | 19.40                  | 97.05  |
| 2004/2005                       | 2.95                       | 0.90                    | 0.30                      | 0.30                    | 1.00                               | 72.20                  | 20.30                  | 97.95  |
| 2005/2006                       | 2.95                       | 0.90                    | 0.30                      | 0.30                    | 1.00                               | 72.10                  | 20.30                  | 97.85  |
| 2006/2007                       | 2.95                       | 0.90                    | 0.30                      | 0.30                    | 1.00                               | 77.30                  | 20.20                  | 102.95 |
| 2007/2008                       | 2.95                       | 0.90                    | 0.30                      | 0.30                    | 1.00                               | 77.30                  | 20.20                  | 102.95 |
| 2008/2009                       | 2.95                       | 0.90                    | 0.30                      | 0.30                    | 1.00                               | 77.30                  | 20.60                  | 103.35 |
| 2009/2010                       | 2.95                       | 0.90                    | 0.30                      | 0.30                    | 1.00                               | 77.40                  | 20.60                  | 103.45 |
| 2010/2011                       | 2.95                       | 0.90                    | 0.30                      | 0.30                    | 1.00                               | 77.30                  | 20.90                  | 103.65 |

(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/<br>Collection<br>Year | Real Property (1) |                              |                   | Personal Property (1) |                              |                   | Public Utility Property (1) |                              |                   | Total                        |                              |                              | Ratio of Total<br>Assessed   |                              | Total<br>Direct<br>Tax Rate<br>Mills |
|---------------------------------|-------------------|------------------------------|-------------------|-----------------------|------------------------------|-------------------|-----------------------------|------------------------------|-------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|--------------------------------------|
|                                 | Assessed<br>Value | Estimated<br>Actual<br>Value | Assessed<br>Value | Assessed<br>Value     | Estimated<br>Actual<br>Value | Assessed<br>Value | Assessed<br>Value           | Estimated<br>Actual<br>Value | Assessed<br>Value | Estimated<br>Actual<br>Value | Estimated<br>Actual<br>Value | Estimated<br>Actual<br>Value | Estimated<br>Actual<br>Value | Estimated<br>Actual<br>Value |                                      |
| 2001/2002                       | 456,826,300       | 1,305,218,000                | 47,573,331        | 190,293,324           | 16,960,932                   | 14,925,620        | 519,325,251                 | 1,512,472,256                | 34.3%             | 5.60                         |                              |                              |                              |                              |                                      |
| 2002/2003                       | 464,168,000       | 1,326,194,286                | 46,222,909        | 184,891,636           | 15,398,852                   | 13,550,990        | 523,941,899                 | 1,526,484,774                | 34.3%             | 5.45                         |                              |                              |                              |                              |                                      |
| 2003/2004                       | 491,230,770       | 1,403,516,486                | 44,252,676        | 177,010,704           | 15,295,398                   | 13,459,950        | 548,943,396                 | 1,595,822,588                | 34.4%             | 5.45                         |                              |                              |                              |                              |                                      |
| 2004/2005                       | 498,434,550       | 1,424,098,714                | 45,358,039        | 197,208,815           | 15,000,057                   | 13,200,050        | 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           | 13,434,807                   | 11,822,630        | 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           | 13,403,829                   | 11,795,370        | 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           | 11,360,568                   | 9,997,300         | 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           | 11,686,659                   | 10,284,260        | 569,002,019                 | 1,794,908,483                | 31.7%             | 5.45                         |                              |                              |                              |                              |                                      |
| 2009/2010                       | 520,228,840       | 1,486,368,114                | -                 | -                     | 12,204,284                   | 10,739,770        | 530,968,610                 | 1,498,572,398                | 35.4%             | 5.45                         |                              |                              |                              |                              |                                      |
| 2010/2011                       | 519,254,880       | 1,483,585,371                | -                 | -                     | 12,489,045                   | 10,990,360        | 530,245,240                 | 1,496,074,416                | 35.4%             | 5.45                         |                              |                              |                              |                              |                                      |

(1) The percentages for tax year 2010 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**

| <b>Tax Year/<br/>Collection<br/>Year</b> | <b>Current<br/>Levy (1)</b> | <b>Current<br/>Collections</b> | <b>Percent of<br/>Current Levy<br/>Collected</b> | <b>Collection<br/>Including<br/>Delinquencies (1)</b> | <b>Total<br/>Collections<br/>As Percent of<br/>Current Levy</b> | <b>Accumulated<br/>Delinquency</b> |
|--|-----------------------------|--------------------------------|--|---|---|------------------------------------|
| 2000/2001                                | 2,297,430                   | 2,191,586                      | 95.4   | 2,285,460   | 99.5  | 105,464                            |
| 2001/2002                                | 2,340,255                   | 2,216,737                      | 94.7   | 2,291,772   | 97.9  | 163,897                            |
| 2002/2003                                | 2,294,350                   | 2,196,677                      | 95.7   | 2,256,797   | 98.4  | 115,621                            |
| 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                            |

(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**

|  | 2010                | 2009                | 2008                |
|--|---------------------|---------------------|---------------------|
| General Obligation Bonds   | \$9,730,327         | \$11,456,736        | \$13,154,922        |
| Percent of estimated actual property value                               | 0.65%               | 0.76%               | 0.73%               |
| Per Capita   | \$610.20            | \$737.15            | \$846.41            |
| Special Assessment Bonds   | 1,098,379           | 1,227,784           | 1,364,806           |
| Bond Anticipation Notes  | 335,000             | 500,000             | 0                   |
| Total Gross Indebtedness   | <u>11,163,706</u>   | <u>13,184,520</u>   | <u>14,519,728</u>   |
| Percentage of Personal Income  | 2.32%               | 3.37%               | 3.71%               |
| Per Capita   | \$700.09            | \$848.32            | \$934.23            |
| Less:  |                     |                     |                     |
| Special Assessment Bonds   | (1,098,379)         | (1,227,784)         | (1,364,806)         |
| Community & Service Center Refunding Bonds                               | (9,205,000)         | (10,565,000)        | (11,915,000)        |
| Community Center Bonds   |                     | 0                   | 0                   |
| Service Center Bonds   |                     | 0                   | 0                   |
| General Obligation Bond Retirement Fund Balance                          | <u>(1,586,109)</u>  | <u>(739,402)</u>    | <u>(825,810)</u>    |
| Total Net Debt Applicable to Debt Limit                                  | <u>(725,782)</u>    | <u>652,334</u>      | <u>414,112</u>      |
| Overall Legal Debt Limit   |                     |                     |                     |
| 10 1/2% of Assessed Valuation  | <u>55,675,750</u>   | <u>55,751,704</u>   | <u>59,745,212</u>   |
| Legal Debt Margin Within 10 1/2% Limitations                             | <u>\$56,401,532</u> | <u>\$55,099,370</u> | <u>\$59,331,100</u> |
| Legal Debt Margin as a Percentage of the Debt Limit                      | 101.30%             | 98.83%              | 99.31%              |
| Unvoted Debt Limitation  |                     |                     |                     |
| 5 1/2% of Assessed Valuation   | \$29,163,488        | \$29,203,274        | \$31,295,111        |
| Net Unvoted Indebtedness Authorized by Council                           | 11,163,706          | 13,184,520          | 14,519,728          |
| Less:  |                     |                     |                     |
| Special Assessment Bonds   | (1,098,379)         | (1,227,784)         | (1,364,806)         |
| Community & Service Center Refunding Bonds                               | (9,205,000)         | (10,565,000)        | (11,915,000)        |
| Community Center Bonds   |                     | 0                   | 0                   |
| Service Center Bonds   |                     | 0                   | 0                   |
| General Obligation Bond Retirement Fund Balance                          | <u>(1,586,109)</u>  | <u>(739,402)</u>    | <u>(825,810)</u>    |
| Net Debt Within 5 1/2% Limitations                                       | <u>(725,782)</u>    | <u>652,334</u>      | <u>414,112</u>      |
| Unvoted Legal Debt Margin Within 5 1/2% Limitations                      | <u>\$29,889,270</u> | <u>\$28,550,940</u> | <u>\$30,880,999</u> |
| Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation | 102.49%             | 97.77%              | 98.68%              |

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

| 2007         | 2006         | 2005         | 2004         | 2003         | 2002         | 2001         |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| \$14,796,884 | \$16,423,178 | \$18,110,804 | \$19,769,318 | \$21,408,718 | \$22,989,008 | \$24,621,629 |
| 0.83%        | 0.93%        | 1.11%        | 1.21%        | 1.34%        | 1.51%        | 1.63%        |
| \$952.06     | \$1,056.70   | \$1,165.28   | \$1,271.99   | \$1,377.48   | \$1,479.15   | \$1,584.20   |
| 1,509,480    | 1,647,282    | 1,763,243    | 1,887,835    | 2,006,087    | 2,123,022    | 1,282,223    |
| 0            | 0            | 0            | 0            | 500,000      | 600,000      | 2,215,000    |
| 16,306,364   | 18,070,460   | 19,874,047   | 21,657,153   | 23,914,805   | 25,712,030   | 28,118,852   |
| 4.16%        | 4.61%        | 5.07%        | 5.53%        | 6.11%        | 6.56%        | 7.18%        |
| \$1,049.18   | \$1,162.69   | \$1,278.73   | \$1,393.46   | \$1,538.72   | \$1,654.36   | \$1,809.22   |
| (1,509,480)  | (1,647,282)  | (1,763,243)  | (1,887,835)  | (2,006,087)  | (2,123,022)  | (1,282,223)  |
| 0            | 0            | 0            | 0            | 0            | 0            | 0            |
| (8,853,500)  | (9,783,500)  | (10,703,500) | (11,613,500) | (12,513,500) | (13,383,500) | (14,218,500) |
| (4,258,500)  | (4,708,500)  | (5,128,500)  | (5,538,500)  | (5,948,500)  | (6,348,500)  | (6,738,500)  |
| (842,882)    | (780,071)    | (1,331,605)  | (1,392,721)  | (1,694,483)  | (1,995,372)  | (1,936,630)  |
| 842,002      | 1,151,107    | 947,199      | 1,224,597    | 1,752,235    | 1,861,636    | 3,942,999    |
| 60,809,890   | 61,819,442   | 57,996,343   | 58,484,227   | 57,639,057   | 55,013,899   | 54,529,151   |
| \$59,967,888 | \$60,668,335 | \$57,049,144 | \$57,259,630 | \$55,886,822 | \$53,152,263 | \$50,586,152 |
| 98.62%       | 98.14%       | 98.37%       | 97.91%       | 96.96%       | 96.62%       | 92.77%       |
| \$31,852,800 | \$32,381,613 | \$30,379,037 | \$30,634,595 | \$30,191,887 | \$28,816,804 | \$28,562,889 |
| 16,306,364   | 18,070,460   | 19,874,047   | 21,657,153   | 23,914,805   | 25,712,030   | 28,118,852   |
| (1,509,480)  | (1,647,282)  | (1,763,243)  | (1,887,835)  | (2,006,087)  | (2,123,022)  | (1,282,223)  |
| 0            | 0            | 0            | 0            | 0            | 0            | 0            |
| (8,853,500)  | (9,783,500)  | (10,703,500) | (11,613,500) | (12,513,500) | (13,383,500) | (14,218,500) |
| (4,258,500)  | (4,708,500)  | (5,128,500)  | (5,538,500)  | (5,948,500)  | (6,348,500)  | (6,738,500)  |
| (842,882)    | (780,071)    | (1,331,605)  | (1,392,721)  | (1,694,483)  | (1,995,372)  | (1,936,630)  |
| 842,002      | 1,151,107    | 947,199      | 1,224,597    | 1,752,235    | 1,861,636    | 3,942,999    |
| \$31,010,798 | \$31,230,506 | \$29,431,838 | \$29,409,998 | \$28,439,652 | \$26,955,168 | \$24,619,890 |
| 97.36%       | 96.45%       | 96.88%       | 96.00%       | 94.20%       | 93.54%       | 86.20%       |

**City of Middleburg Heights, Ohio**  
**Computation of Direct and Overlapping Debt**  
**December 31, 2010**

| <b>Jurisdiction</b>                 | <b>Debt<br/>Outstanding</b> | <b>Percentage<br/>Applicable<br/>To City of<br/>Middleburg<br/>Heights ©</b> | <b>Amount<br/>Applicable<br/>To City of<br/>Middleburg<br/>Heights</b> |
|-------------------------------------|-----------------------------|--|--|
| <b>Direct:</b>                      |                             |  |  |
| City of Middleburg Heights          | \$ 11,163,706 (a)           | 100.00%  | \$ 11,163,706  |
| <b>Overlapping:</b>                 |                             |  |  |
| Berea School District               | 14,045,000 (b)              | 37.74%   | 5,300,583  |
| Cuyahoga County                     | 319,446,948 (b)             | 1.77%  | 5,654,211  |
| Greater Cleveland Regional Transit  | 152,760,000 (b)             | 1.77%  | 2,703,852  |
| Total Overlapping                   | <u>486,251,948</u>          |  | <u>13,658,646</u>  |
| <b>Total Direct and Overlapping</b> | <u>\$ 497,415,654</u>       |  | <u>\$ 24,822,352</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<br>Income (2) | Per Capita<br>Personal Income<br>(1) |   | Median<br>Household<br>Income (1) | Unemployment<br>Rate (3) |      |
|------|----------------|---|------------------------------|--------------------------------------|---|-----------------------------------|--------------------------|------|
| 2010 | 15,946         | b | \$481,792,444                | \$30,214                             | b | \$65,545                          | 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% |
| 2003 | 15,542         | a | 391,673,942                  | 25,201                               | a | 60,015                            | a                        | 6.7% |
| 2002 | 15,542         | a | 391,673,942                  | 25,201                               | a | 60,015                            | a                        | 6.5% |
| 2001 | 15,542         | a | 391,673,942                  | 25,201                               | a | 60,015                            | a                        | 4.6% |

(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**

| <b>2010</b>                |                  |  |
|----------------------------|------------------|--|
| <u>Employer</u>            | <u>Employees</u> | <u>Percentage of<br/>Total City<br/>Employment</u> |
| Southwest General Hospital | 2,639            | 15.27%   |
| United Parcel Service      | 1,862            | 10.77%   |
| Amerimark Direct LLC       | 555              | 3.21%  |
| City of Middleburg Heights | 434              | 2.51%  |
| Quadax, Inc.               | 410              | 2.37%  |
| Berea City School District | 270              | 1.56%  |
| Polaris Joint Vocational   | 268              | 1.55%  |
| Codonics                   | 192              | 1.11%  |
| Giant Eagle                | 168              | 0.97%  |
| Zin Technologies           | 166              | 0.96%  |
| Total                      | <u>6,964</u>     | <u>40.28%</u>                                      |
| Total City Employment      | <u>17,287</u>    |  |

| <b>2001</b>                        |                  |  |
|------------------------------------|------------------|--|
| <u>Employer</u>                    | <u>Employees</u> | <u>Percentage of<br/>Total City<br/>Employment</u> |
| Southwest General Hospital         | 2,849            | 13.87%   |
| United Parcel Service              | 2,555            | 12.44%   |
| Sears Roebuck & Company            | 1,360            | 6.62%  |
| City of Middleburg Heights         | 457              | 2.22%  |
| Polaris Joint Vocational           | 454              | 2.21%  |
| Berea City School District         | 308              | 1.50%  |
| Transamerica Holdings              | 305              | 1.48%  |
| Advanstar Communications           | 230              | 1.12%  |
| Codonics, Inc.                     | 121              | 0.59%  |
| Cardiovascular Medicine Associates | 36               | 0.18%  |
| Total                              | <u>8,675</u>     | <u>42.22%</u>                                      |
| Total City Employment              | <u>20,546</u>    |  |

Source: Regional Income Tax Agency. Total City Employment based upon estimate from the Regional Income Tax Agency withholding information. Information prior to 2000 is not available.



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

| <b>Function/Program</b>        | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>General Government:</b>     |             |             |             |             |             |             |             |             |             |             |
| 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                 | 4           | 4           | 4           | 4           | 4           | 4           | 4           | 4           | 4           | 4           |
| Public Service                 | 34          | 34          | 33          | 33          | 32          | 33          | 33          | 33          | 32          | 32          |
| <b>Community Development:</b>  |             |             |             |             |             |             |             |             |             |             |
| Planning & Zoning              | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Building                       | 4           | 4           | 5           | 5           | 5           | 5           | 5           | 5           | 5           | 5           |
| <b>Economic Development:</b>   |             |             |             |             |             |             |             |             |             |             |
|                                | 1           | 1           | 1           | 1           | 1           | 0           | 0           | 0           | 0           | 0           |
| <b>Public Safety:</b>          |             |             |             |             |             |             |             |             |             |             |
| Police                         | 41          | 38          | 38          | 38          | 38          | 39          | 41          | 41          | 40          | 40          |
| Fire                           | 27          | 27          | 27          | 26          | 26          | 26          | 26          | 27          | 27          | 28          |
| <b>Culture and Recreation:</b> |             |             |             |             |             |             |             |             |             |             |
| Programs                       | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           |
| Recreation Center              | 9           | 11          | 11          | 11          | 11          | 11          | 12          | 12          | 13          | 12          |
| <b>Streets and Highways:</b>   |             |             |             |             |             |             |             |             |             |             |
| Street Department              | 10          | 10          | 10          | 10          | 11          | 12          | 12          | 12          | 12          | 12          |
| <b>Totals:</b>                 | <u>144</u>  | <u>143</u>  | <u>143</u>  | <u>142</u>  | <u>142</u>  | <u>144</u>  | <u>147</u>  | <u>148</u>  | <u>147</u>  | <u>147</u>  |

Source: City of Middleburg Heights, Finance Department

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

| Operating Indicators by Function/Program                 | 2010           | 2009         | 2008         | 2007         | 2006         | 2005         | 2004         | 2003         | 2002         | 2001         |
|--|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Fire</b>  |                |              |              |              |              |              |              |              |              |              |
| Emergency Responses                                      | 2,553          | 2,498        | 2,647        | 2,565        | 2,431        | 2,471        | 2,355        | 2,424        | 2,163        | 2,063        |
| Ambulance runs   | 1,904          | 1,823        | 1,848        | 1,711        | 1,606        | 1,755        | 1,738        | 1,866        | 1,709        | 1,475        |
| Fire Runs  | 649            | 675          | 799          | 854          | 825          | 716          | 617          | 558          | 454          | 588          |
| Fire Safety Inspections/Re-Inspections                   | 338            | 453          | 370          | 387          | 230          | 267          | 231          | 283          | 387          | 802          |
| Fire Protection Systems Inspected                        | 111            | 226          | 211          | 331          | 129          | 208          | 355          | 380          | 195          | 178          |
| Building/Fire Protection Plan Review                     | 139            | 138          | 177          | 300          | 275          | 261          | 173          | 15           | N/A          | N/A          |
| Number of Community Program Hours                        | 382            | 440          | 261          | 180          | 218          | 220          | 125          | 94           | 80           | 124          |
| Hydrants Tested  | 1,100          | 1,100        | 1,100        | 1,100        | 1,100        | 1,100        | 1,078        | 1,078        | 1,078        | 1,078        |
| <b>Public Service</b>                                    |                |              |              |              |              |              |              |              |              |              |
| Snowfall in inches <sup>1</sup>                          | 59.8           | 66.7         | 85.3         | 62.3         | 34.6         | 108.4        | 95.8         | 98.6         | 69.8         | 49.8         |
| Tons of salt used  | 7,326          | 5,000        | 6,000        | 7,286        | 3,255        | 7,500        | 5,080        | 6,999        | 5,000        | 4,480        |
| Asphalt used in road maintenance (tons)                  | 317.5          | 447          | 149.5        | 191          | 117.0        | 160.5        | 213.5        | 164.5        | 156.5        | 170.5        |
| Concrete used in road maintenance (yards)                | 458.5          | 210          | 314.5        | 376.5        | 272.0        | 389.5        | 203.0        | 162.0        | 123.5        | 140.5        |
| Number of Trees removed                                  | 84             | 53           | 115          | 158          | 78           | 88           | 148          | 84           | 114          | 90           |
| Number of Trees planted                                  | 198            | 155          | 119          | 154          | 99           | 102          | 177          | 191          | 200          | 93           |
| Senior citizen driveway plowing participants             | 1,127          | 1,112        | 1,119        | 1,100        | 1,100        | 1,071        | 1,129        | 1,073        | 1,024        | 938          |
| <b>Building</b>  |                |              |              |              |              |              |              |              |              |              |
| Number of Permits issued by type:                        |                |              |              |              |              |              |              |              |              |              |
| Building Permits   | 166            | 148          | 186          | 269          | 255          | 273          | 279          | 261          | 293          | 243          |
| Electrical Permits                                       | 156            | 142          | 177          | 220          | 226          | 244          | 248          | 243          | 239          | 216          |
| Plumbing Permits   | 92             | 78           | 96           | 131          | 125          | 139          | 179          | 161          | 185          | 180          |
| HVAC Permits   | 125            | 102          | 127          | 142          | 153          | 188          | 199          | 224          | 217          | 169          |
| Miscellaneous Permits                                    | 616            | 631          | 633          | 676          | 674          | 673          | 715          | 699          | 575          | 551          |
| Inspections performed                                    | 1,671          | 1,577        | 1,000        | 2,705        | 2,743        | 3,285        | 3,445        | 3,288        | 2,920        | 2,653        |
| Estimated value of construction                          | \$4,940,229.00 | \$10,141,903 | \$16,361,351 | \$34,020,291 | \$21,074,047 | \$24,200,342 | \$15,857,695 | \$14,233,591 | \$22,350,722 | \$17,761,608 |
| Number of Plans examined                                 | 98             | 54           | 124          | 136          | 80           | 59           | 21           | 24           | 23           | 24           |
| <b>Court</b>   |                |              |              |              |              |              |              |              |              |              |
| Number of court cases                                    | 6,246          | 6,831        | 7,237        | 6,796        | 7,195        | 7,980        | 10,251       | 9,015        | 5,405        | 4,515        |
| Number of tickets  | 5,236          | 5,670        | 5,985        | 6,610        | 5,828        | 6,430        | 8,917        | 7,524        | 4,530        | 3,723        |
| Number of Transferred Cases                              | 463            | 303          | 291          | 385          | 359          | 530          | 631          | 467          | 362          | 284          |
| Number of Waivers taken at Violations Bureau (Estimated) | 1,943          | 2,072        | 2,274        | 2,655        | 1,897        | 2,322        | 2,600        | 2,000        | 1,000        | 900          |
| Number of Court Appearances (Estimated prior to 2005)    | 2,515          | 2,864        | 3,162        | 3,167        | 1,155        | 1,786        | 2,000        | 1,800        | 1,500        | 1,200        |
| Number of Waivers received by Mail (Estimated)           | 1,943          | 2,072        | 2,274        | 2,654        | 1,898        | 2,322        | 4,300        | 3,700        | 2,000        | 1,600        |

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

| Operating Indicators by Function/Program                   | 2010    | 2009    | 2008    | 2007    | 2006    | 2005    | 2004    | 2003   | 2002   | 2001   |
|--|---------|---------|---------|---------|---------|---------|---------|--------|--------|--------|
| <b>Council</b>   |         |         |         |         |         |         |         |        |        |        |
| Number of Ordinances & resolutions                         | 91      | 100     | 111     | 123     | 83      | 133     | 104     | 92     | 108    | 127    |
| <b>Finance</b>   |         |         |         |         |         |         |         |        |        |        |
| Number of checks processed (excluding payroll)             | 3,486   | 3,578   | 3,644   | 3,756   | 3,561   | 3,474   | 3,826   | 3,741  | 4,135  | 4,142  |
| Number of Purchase orders issued                           | 3,122   | 3,251   | 3,197   | 3,400   | 3,264   | 3,504   | 3,755   | 3,711  | 4,189  | 4,104  |
| Number of W-2 forms issued                                 | 434     | 426     | 435     | 420     | 420     | 438     | 477     | 484    | 485    | 471    |
| City W-2 Wages (in Millions) <sup>2</sup>                  | \$11.80 | \$11.51 | \$11.10 | \$10.63 | \$10.34 | \$10.22 | \$10.20 | \$9.42 | \$8.90 | \$8.19 |
| <b>Mayor's Office</b>                                      |         |         |         |         |         |         |         |        |        |        |
| Newsletters mailed (Winter and Summer issues) <sup>3</sup> | 8,386   | 8,384   | 8,494   | 8,377   | 15,642  | 16,110  | 14,746  | 13,846 | 12,944 | 12,944 |
| <b>Recreation</b>  |         |         |         |         |         |         |         |        |        |        |
| Number of Memberships                                      | 7,834   | 7,681   | 7,944   | 7,829   | 7,658   | 7,239   | 7,360   | 6,686  | 6,419  | 6,040  |
| Learn to Swim enrollment                                   | 1,356   | 1,358   | 1,419   | 1,481   | 1,344   | 1,418   | 1,367   | 1,252  | 1,152  | 808    |
| Enrollment in athletics programs                           | 1,803   | 1,928   | 1,910   | 2,072   | 1,973   | 2,029   | 2,081   | 2,045  | 1,919  | 1,847  |
| Number of Rental Events                                    | 2,172   | 1,783   | 1,800   | 1,595   | 1,549   | 1,429   | 1,301   | 1,220  | 1,185  | 1,139  |
| Enrollment in classes, programs, and special events        | 13,352  | 10,674  | 10,542  | 9,756   | 5,312   | 5,213   | 5,344   | 4,592  | 4,786  | 3,899  |
| <b>Law</b>   |         |         |         |         |         |         |         |        |        |        |
| Number of new litigations filed (traffic & criminal cases) | 525     | 628     | 615     | 689     | 659     | 1,266   | 1,100   | 914    | 742    | 618    |
| Number of Municipal Court cases heard and disposed         | 586     | 682     | 661     | 706     | 812     | 1,151   | 1,140   | 961    | 783    | 575    |
| <b>Planning &amp; Zoning</b>                               |         |         |         |         |         |         |         |        |        |        |
| Number of Planning commission agenda items                 | 68      | 52      | 79      | 94      | 73      | 72      | 87      | 78     | 92     | 81     |
| <b>Civil Service</b>                                       |         |         |         |         |         |         |         |        |        |        |
| Number of Exams given                                      | 96      | 97      | 57      | 73      | 37      | 123     | 59      | 144    | 25     | 98     |

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                 | 2010   | 2009   | 2008   | 2007   | 2006   | 2005   | 2004   | 2003   | 2002   | 2001   |
|----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>General Government:</b>       |        |        |        |        |        |        |        |        |        |        |
| Other Departmental Vehicles      | 5      | 5      | 5      | 7      | 6      | 6      | 6      | 6      | 4      | 4      |
| City Hall Square Footage         | 18,746 | 18,746 | 18,746 | 18,746 | 18,746 | 18,746 | 18,746 | 18,746 | 18,746 | 18,746 |
| <b>Police:</b>                   |        |        |        |        |        |        |        |        |        |        |
| Number of Stations               | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Number of Vehicles               | 25     | 23     | 23     | 29     | 22     | 21     | 22     | 22     | 21     | 19     |
| Square Footage of Building       | 13,400 | 13,400 | 13,400 | 13,400 | 13,400 | 13,400 | 13,400 | 13,400 | 13,400 | 13,400 |
| <b>Fire:</b>                     |        |        |        |        |        |        |        |        |        |        |
| 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 |
| <b>Culture and Recreation:</b>   |        |        |        |        |        |        |        |        |        |        |
| Number of Parks                  | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Number of Vehicles               | 1      | 1      | 1      | 2      | 2      | 3      | 3      | 3      | 2      | 2      |
| Recreation Center Square Footage | 83,768 | 83,768 | 83,768 | 83,768 | 83,768 | 83,768 | 83,768 | 83,768 | 83,768 | 83,768 |
| <b>Public Service:</b>           |        |        |        |        |        |        |        |        |        |        |
| Number of Vehicles               | 45     | 43     | 45     | 42     | 41     | 44     | 43     | 42     | 44     | 42     |
| 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     |
| <b>Senior Transportation:</b>    |        |        |        |        |        |        |        |        |        |        |
| Number of Vehicles               | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      |

Source: City of Middleburg Heights, Finance Department

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

**Report Package  
December 31, 2010**

**CITY OF MIDDLEBURG HEIGHTS**

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# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

May 27, 2011

To the Honorable Mayor and City Council  
City of Middleburg Heights  
Cuyahoga County, Ohio

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Middleburg Heights (the City) as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Mayor, Members of the City Council, and management, and is not intended to be and should not be used by anyone other than those specified parties

*Rea & Associates, Inc.*





# Dave Yost • Auditor of State

**CITY OF MIDDLEBURG HEIGHTS**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 28, 2011**