

City of Middleburg Heights, Ohio
Sewer Improvement Bond Anticipation Notes, Series 2026
(Limited Tax - General Obligation)

Please find herein a report prepared by the Ohio Municipal Advisory Council (OMAC) as well as the City of Middleburg Heights, Ohio's 2025 audited financial statements. These items are informational and do not constitute a disclosure document. If you would like more information, please contact Michelle Hillstrom at Stifel or Jason Stewart, the City's Director of Finance.



Ohio Municipal Advisory Council

Not an agency of the State of Ohio

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MIDDLEBURG HEIGHTS CITY, OHIO
(Cuyahoga County)
Federal Identification Number - 34-6001879

Report No. N127-26
Date – September 24, 2026
OMAC Fee: \$2,000.00
Rating: S&P's OMAP*: SP-1+
***Credit Enhancement: Ohio Market Access Program#**

\$10,280,000 Sewer Improvement (general obligation limited tax)
Bond Anticipation Notes, Series 2026

Dated November 24, 2026
Due November 24, 2027

Coupon: _____ **Yield:** _____

Price: _____

Fiscal Officer Jason Stewart
Director of Finance
15700 Bagley Road
Middleburg Heights, Ohio 44130
Telephone No. 440-234-8811

Purchaser – TBD
Opinion – Squire Patton Boggs (US) LLP
Attorney – Michael Sharb
Paying Agent – TBD
Municipal Advisor – MAS Financial Advisory Services LLC
(Matthew Stuczynski)

Denominations – \$100,000.

Bank Qualified – No.
Book Entry – Yes.

Purpose – The Notes will be issued for the purpose of paying costs of improving the City's sanitary sewerage system by constructing and improving sanitary and storm sewers and related sanitary and drainage facilities, together with all necessary appurtenances thereto, and otherwise improving that system.

Security – During the year or years in which the Notes are outstanding, there shall be levied on all the taxable property in the City, in addition to all other taxes, the same tax that would have been levied if the Bonds had been issued without the prior issuance of the Notes. The tax shall be within the ten-mill limitation imposed by law, shall be and is ordered computed, certified, levied and extended upon the tax duplicate and collected by the same officers, in the same manner, and at the same time that taxes for general purposes for each of those years are certified, levied, extended and collected, and shall be placed before and in preference to all other items and for the full amount thereof. In each year, to the extent that revenues and surplus funds from the City's sanitary sewerage system or other moneys are available for the payment of debt charges on the Notes and the Bonds and are appropriated for that purpose, the amount of the tax shall be reduced by the amount of revenues and funds and/or moneys so available and appropriated.

Ohio Market Access Program – Note Wrap

The Treasurer of the State of Ohio ("Treasurer of State") has approved the Issuer's application for the inclusion of the Notes in the Treasurer of State's Market Access Program – Note Wrap (the "Program").

Upon the issuance of the Notes, the Issuer will enter into a Standby Note Purchase Agreement ("Agreement") with the Treasurer of State and the paying agent for the Notes. In the event the Issuer fails to cause adequate funds for the payment at maturity of principal and interest on the Notes, the Agreement requires the Treasurer of State, under authority of Section 135.143 of the Ohio Revised Code, to (a) the purchase of renewal notes of the Issuer, the proceeds of which will be applied to cause adequate funds for the payment at maturity of all principal and interest due thereon at maturity of the Notes, to be deposited with the Paying Agent for payment to the holder (the "Renewal Notes") or (b) purchase the Notes from the holder thereof. The Agreement will be irrevocable as long as the Notes are outstanding. Solely on the basis of the Agreement, the Issuer anticipates that Standard & Poor's Ratings Service will assign a rating of "SP-1 +" to the Notes upon their issuance.

The obligations of the Treasurer of State under the Agreement will be satisfied by the application of interim funds of the State to purchase the Notes or the Renewal Notes, as the case may be, in accordance with the Agreement. The Treasurer of State has agreed to make its interim funds available for such purpose and to have not more than \$750 million in outstanding commitments with other issuers under the Program.

The Issuer's participation in the Program is solely for the purpose of enhancing the rating on the marketability of the Notes, and should not indicate any expectation that the Program will be called upon to perform any obligation of the Issuer with respect to the Notes or the purposes for which the Note was issued.

Information in this Report has been obtained by OMAC from official and other sources and is believed by OMAC to be accurate and reliable. However, OMAC has not independently confirmed or verified the information in this Report and OMAC does not guaranty the accuracy or completeness of such information. This Report does not constitute an offering of, or a recommendation with regard to the purchase of, any security.

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LOCATION About 12 miles southwest of downtown Cleveland.

Area 8 sq. miles.

Transportation CSX RR, IH 71, US 42 and SRs 291 and 612.

Characteristics A medium to high class suburban-residential community.

SALARIES, BILLS & DEBT SERVICE

Believed current with no record of deficit financing or default in current expenses or debt service.

POPULATION

2024 Estimated* -	15,786
2010 Census* -	15,946
2000 Census* -	15,542

MUNICIPAL INCOME TAX *

<u>Year</u>	<u>Rate</u>	<u>Receipts</u>
2025	2.00%	\$ 26,100,909
2024	2.00%	24,813,057
2023	2.00%	25,083,287

Source: * U.S. Census Bureau

* Source: Annual Financial Report

Age Breakdown of Population

GENERAL FUND *

<u>Year</u>	<u>Under 18</u>	<u>18 To 64</u>	<u>65 & Over</u>	<u>Median Age</u>	<u>Year Ending</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
2024*					Beg. Bal 1/1	\$ 9,347,043	\$ 8,221,251	\$ 9,186,100
National	22.0 %	60.8 %	17.2 %	38.9	Receipts	27,310,787	26,688,045	26,216,673
State	22.0 %	59.7 %	18.3 %	39.7	Other Fin Srcs	0	2,464,596	0
Subdivision	16.4 %	57.4 %	26.2 %	49.8	Transfers In	0	0	0
2023*					Expenditures	25,730,637	25,061,849	23,767,520
National	22.2 %	61.0 %	16.8 %	38.7	Transfers Out	2,798,600	2,965,000	2,545,000
State	22.2 %	59.9 %	17.9 %	39.6	Other Fin Uses	5,277,832	0	869,002
Subdivision	16.8 %	57.4 %	25.8 %	48.4	End Bal. 12/31	2,850,761	9,347,043	8,221,251
2022*								
National	22.1 %	61.4 %	16.5 %	38.5				
State	22.0 %	60.4 %	17.6 %	39.6				
Subdivision	16.4 %	58.4 %	25.2 %	47.9				
2021*								
National	22.5 %	61.5 %	16.0 %	38.4				
State	22.3 %	60.7 %	17.0 %	39.4				
Subdivision	17.1 %	58.3 %	24.6 %	47.2				
2020*								
National	22.4 %	61.6 %	16.0 %	38.2				
State	22.2 %	60.8 %	17.0 %	39.5				
Subdivision	17.3 %	58.4 %	24.3 %	47.5				
2019*								
National	22.6 %	61.8 %	15.6 %	38.1				
State	22.4 %	60.9 %	16.7 %	39.4				
Subdivision	17.9 %	58.1 %	24.0 %	46.6				
2018*								
National	22.8 %	62.0 %	15.2 %	37.9				
State	22.5 %	61.2 %	16.3 %	39.3				
Subdivision	18.4 %	57.8 %	23.8 %	46.5				
2010								
National	24.0 %	63.0 %	13.0 %	37.2				
State	23.7 %	62.2 %	14.1 %	38.8				
Subdivision	17.5 %	59.4 %	23.1 %	46.6				
2000								
National	25.7 %	61.9 %	12.4 %	35.3				
State	25.4 %	61.3 %	13.3 %	36.2				
Subdivision	17.7 %	60.7 %	21.7 %	43.3				

* Non-GAAP

Source: Annual Financial Report

* U.S. Census Bureau, American Community Survey 5 yr. estimate

HOUSING AND INCOME

2019-2023 American Community Survey Five Year Estimate *

	<u>Subdivision</u>	<u>County</u>	<u>State</u>	<u>National</u>
Total Housing Units	7,764	615,331	5,292,391	143,775,355
Occupied Housing Units	7,489	554,551	4,863,191	129,227,496
Owner Occupied (as % of Occupied)	70.4%	59.4%	67.2%	65.2%
Median Value of Owner Occupied Homes Estimate	\$228,400	\$195,400	\$214,800	\$332,700
Total Units Built 1939 or Earlier	3.2%	27.8%	19.0%	11.7%
Total Units Built 2020 or Later	0.5%	0.7%	1.2%	2.2%
Median Family Income Estimate	\$107,645	\$89,252	\$92,749	\$99,999
Median Household Income	\$78,815	\$64,468	\$71,389	\$80,734
Per Capita Income Estimate	\$44,473	\$42,747	\$40,552	\$44,673
Poverty Level (% of all people) **	4.7%	16.1%	13.3%	12.5%

* U.S. Census Bureau

** Percentage of people whose income in the past 12 months has been below the poverty level.

OCCUPATIONAL GROUPS ***UNEMPLOYMENT RATE ***

Cuyahoga County			Cuyahoga County				
September, 2025	<u>Subdivision</u>	<u>State</u>		<u>Subdivision</u>	<u>State</u>	<u>National</u>	
	Services	50.5 %	44.8 %	July, 2026	3.3 %	3.4 %	4.4 %
	Government	13.4 %	13.2 %	July, 2025	5.4 %	5.5 %	4.6 %
	Trade	12.4 %	14.1 %	* Ohio Department of Job and Family Services			
	Manufacturing	9.4 %	12.3 %				
	Finance	6.8 %	5.5 %				
	Transportation	6.0 %	5.8 %				
	Construction	3.6 %	4.9 %				
	Utilities	0.2 %	0.3 %	UNEMPLOYMENT CLAIMANTS *			
	Mining	0.1 %	0.2 %				
	Agriculture	N/R	0.4 %	Cuyahoga County			
				<u>Initial Claims</u>	<u>Continued Claims</u>		

UNEMPLOYMENT CLAIMANTS ***Cuyahoga County**Initial ClaimsContinued Claims

July, 2026

2,372

20,806

July, 2025

2,599

24,297

"N/R" displayed for statistics not reported.

* Ohio Department of Job and Family Services

LARGEST TAXPAYERS BY VALUATION*

(2026 Collection Year)

Taxpayer Name	Assessed Valuation
Southwest General Hospital	\$65,408,280
American Transmission System	\$20,278,650
The Islander Co LLC	\$19,316,115
Cleve Electric Illum Co	\$13,470,044
Brixmor GA Southland Shopping Center LLC	\$12,391,680
JKR Development LLC	\$8,718,500
Altera Middleburg Medical Center LLC	\$6,795,600
BT OH LLC	\$6,210,575
Middleburg Legacy Place Real Estate CO	\$5,740,350
Premier 18000 Bagley LLC	\$5,344,010

* County/Appraisal Company

LARGEST TAXPAYERS BY CURRENT TAXES*

(2026 Collection Year)

Taxpayer Name	Current Taxes
American Transmission System	\$2,357,799
The Islander Co LLC	\$2,245,886
Cleve Electric Illum Co	\$1,566,164
Brixmor GA Southland Shopping Center LLC	\$1,440,781
Altera Middleburg Medical Center LLC	\$790,126
BT OH LLC	\$722,104
Middleburg Legacy Place Real Estate CO	\$667,432
Premier 18000 Bagley LLC	\$621,349
Hunters Manor LLC	\$610,728
Columbia Gas of Ohio Inc	\$593,593

* County/Appraisal Company

PROPERTY TAX RATES *

<u>YEAR</u>	<u>TYPE</u>	<u>DEBT</u>	<u>TOTAL</u>	<u>OVERALL</u>	<u>YEAR</u>	<u>TYPE</u>	<u>DEBT</u>	<u>TOTAL</u>	<u>OVERALL</u>
2025-2026	Stated	0.10	5.45	116.27	2024-2025	Stated	0.10	5.45	116.57
	Res/Ag	0.10	4.61	55.71		Res/Ag	0.10	4.61	56.02
	Other	0.10	4.82	78.76		Other	0.10	4.82	78.66
2023-2024	Stated	0.10	5.45	116.57	2022-2023	Stated	0.10	5.45	116.17
	Res/Ag	0.10	4.65	67.67		Res/Ag	0.10	4.65	67.23
	Other	0.10	4.86	83.50		Other	0.10	4.86	83.04

* State Of Ohio

PROPERTY TAX COLLECTIONS *

	<u>Current Charge</u>	<u>Total Collected</u>	<u>Pct. of Current Charge Collected</u>	<u>Total Unpaid</u>	<u>Unpaid of Current</u>
<u>2024-2025</u>					
RE&PU	\$3,654,760	\$3,578,314	98%	\$232,929	\$155,855
SA	\$359,037	\$359,518	100%	\$26,722	\$1,127
<u>2023-2024</u>					
RE&PU	\$3,116,598	\$3,099,795	99%	\$146,761	\$104,258
SA	\$473,195	\$366,911	78%	\$806,375	\$106,444
<u>2022-2023</u>					
RE&PU	\$3,073,212	\$3,089,848	101%	\$127,524	\$100,482
SA	\$443,290	\$353,120	80%	\$632,955	\$105,740
<u>2021-2022</u>					
RE&PU	\$3,006,453	\$2,994,358	100%	\$129,042	\$82,426
SA	\$561,412	\$453,610	81%	\$534,876	\$119,315
<u>2020-2021</u>					
RE&PU	\$2,724,442	\$2,735,505	100%	\$112,152	\$67,725
SA	\$600,576	\$448,761	75%	\$392,248	\$154,551

* County/Appraisal Company

RE&PU - Real Estate and Public Utility SA - Special Assessment

Previous Percent RE & PU Collected *

<u>Year</u>	<u>Percent</u>	<u>Year</u>	<u>Percent</u>	<u>Year</u>	<u>Percent</u>	<u>Year</u>	<u>Percent</u>
2019-2020	100 %	2013-2014	100 %	2007-2008	100 %	2001-2002	98 %
2018-2019	101 %	2012-2013	101 %	2006-2007	99 %	2000-2001	100 %
2017-2018	100 %	2011-2012	101 %	2005-2006	101 %	1999-2000	99 %
2016-2017	99 %	2010-2011	100 %	2004-2005	100 %	1998-1999	101 %
2015-2016	104 %	2009-2010	98 %	2003-2004	100 %		
2014-2015	96 %	2008-2009	101 %	2002-2003	103 %		

* County/Appraisal Company

ASSESSED VALUATION *

(Next Reappraisal 2030-2031)

	<u>2025-2026</u>	<u>2024-2025</u>	<u>2023-2024</u>	<u>2022-2023</u>	<u>2021-2022</u>
TOTAL	\$773,229,185	\$772,630,200	\$638,709,610	\$641,855,950	\$631,092,990
Real Estate	734,614,955	736,005,690	605,003,420	608,594,110	600,345,660
Public Utility	38,614,230	36,624,510	33,706,190	33,261,840	30,747,330

* State of Ohio

REAL ESTATE ANALYSIS * - 2025-2026

Residential	\$483,827,850	65.86 %	Total Estimated Commercial, Industrial,		
Commercial	232,755,020	31.68	& Public Utility =	\$289,336,730	
Industrial	17,967,480	2.45	Percent of Total AV	37.4%	
Agricultural	0	0.00	Per Capita AV	Subdivision	Ohio Cities (##)
Mineral	0	0.00		\$48,982	\$32,020
Railroad	64,605	0.01			
TOTAL	\$734,614,955				

* State of Ohio

- Represents the average Assessed Value Per Capita for Ohio Cities.

DEBT AS OF 11/27/2026 *

	<u>TOTAL</u>	<u>NET DEBT</u>
Income / Sales Tax		
<u>Limited Tax</u>		
Bonds	\$13,090,000	
General Obligation		
<u>Limited Tax</u>		
Notes	\$12,458,750	\$12,458,750
Bonds	\$1,820,000	\$1,820,000
Current Refunding Bonds	\$2,485,000	\$2,485,000
TOTAL DEBT	\$29,853,750	
TOTAL NET DEBT		\$16,763,750

* OMAC

NET and NET OVERLAPPING DEBT AS OF 11/27/2026 **

(Excluding SS/SA Debt)

	<u>Amount</u>	<u>Per Cap</u>	<u>Pct.of AV</u>
Net	\$16,763,750	\$1,062	2.17%
Net Overlapping*	\$60,154,848	\$3,811	7.78%

* Includes:

<u>Subdivision</u>	<u>Pct.</u>	<u>Amount</u>
Middleburg Heights City	100.00%	\$16,763,750
Counties		\$3,764,163
Cuyahoga County	1.75%	\$3,764,163
City School Districts		\$37,294,725
Berea City S/D	37.70%	\$37,294,725
Jt. Voc. School District		\$30,960
Polaris Career Center JV S/D	10.32%	\$30,960
Miscellaneous		\$2,301,250
Cuyahoga Community College Misc	1.75%	\$2,301,250

** OMAC

ADDITIONAL INFORMATION

<u>Hospital Debt #</u>
\$111,530,000
<u>Debt Service Fund Balance</u>
January 1, 2026

\$753,249

Hospital debt issued through the subdivision, but not an obligation of the subdivision.

**COMPARATIVE NET AND NET OVERLAPPING DEBT
AS OF JANUARY 1ST ***

	-----NET DEBT-----			-----NET OVERLAPPING DEBT-----		
2026	\$	6,405,000	(\$ 406 /Cap., 0.83 % of AV)	\$	52,764,650	(\$ 3,342 /Cap., 6.82 % of AV)
2025	\$	9,480,000	(\$ 601 /Cap., 1.23 % of AV)	\$	55,618,636	(\$ 3,523 /Cap., 7.20 % of AV)
2024	\$	5,090,000	(\$ 322 /Cap., 0.80 % of AV)	\$	52,518,163	(\$ 3,327 /Cap., 8.22 % of AV)
2023	\$	5,470,000	(\$ 346 /Cap., 0.85 % of AV)	\$	53,925,494	(\$ 3,409 /Cap., 8.40 % of AV)
2022	\$	5,895,000	(\$ 370 /Cap., 0.93 % of AV)	\$	55,023,386	(\$ 3,457 /Cap., 8.72 % of AV)

* OMAC

DIRECT DEBT LIMITATIONS *

	<u>Total Outstanding</u>	<u>Limited Tax</u>	<u>Ltd. & Unltd Tax</u>
Revenue	\$0	N/A	N/A
Limited Tax	\$29,853,750	\$16,763,750	\$16,763,750
Unlimited Tax	\$0	N/A	\$0
Debt Subject to Limitation		\$16,763,750	\$16,763,750
GO Debt Exempt From Limit.		\$13,090,000	\$13,090,000
Maximum Allowable		\$42,527,605	\$81,189,064
Balance of Limitation		\$25,763,855	\$64,425,314

* OMAC

INDIRECT TEN MILL LIMITATIONS *

Maximum Allowable		10.000
Cuyahoga County	1.749	
Middleburg Heights City	3.416	
TOTAL		5.165
Balance Of Limitation		4.835

* OMAC

OMAC



OHIO AUDITOR OF STATE
KEITH FABER



CITY OF MIDDLEBURG HEIGHTS
CUYAHOGA COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215
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800-282-0370

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

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

To the City Council:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the remaining fund information of the City of Middleburg Heights, Cuyahoga County, Ohio (the City) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 30, 2026.

Report on Internal Control Over Financial Reporting

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

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

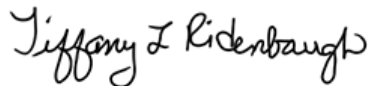
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 financial statements. 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*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

June 30, 2026



CITY OF

Middleburg HEIGHTS — OHIO —

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2025

THE *M*IDDLE OF EVERYTHING!



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FOR THE YEAR ENDED DECEMBER 31, 2025

ISSUED BY THE DEPARTMENT OF FINANCE

JASON STEWART, CPA
DIRECTOR

NICHOLAS VITALONE, CPA
ASSISTANT DIRECTOR

THE *M*IDDLE OF
EVERYTHING!



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THE *M*IDDLE OF
EVERYTHING!



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City of Middleburg Heights, Ohio
Annual Comprehensive Financial Report
For the Year Ended December 31, 2025
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Annual Comprehensive Financial Report
For the Year Ended December 31, 2025
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Matthew J. Castelli, Mayor

Jason Stewart, Director of Finance
Nicholas Vitalone, Assistant Finance Director

June 30, 2026

Honorable Mayor Matthew Castelli,
Members of City Council
and the Citizens of Middleburg Heights, Ohio

Ohio law (Ohio Administrative Code Section 117-2-03(B)) requires that all cities file annual unaudited financial reports prepared on a GAAP (Generally Accepted Accounting Principles) basis with the Auditor of State within one hundred fifty days of the close of each fiscal year. This report is published to fulfill that requirement for the fiscal year ended December 31, 2025.

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

The Auditor of the State of Ohio has issued an unmodified opinion on the City of Middleburg Heights' financial statements for the year ended December 31, 2025. The Independent Auditor's Report is located at the front of the financial section of this report.

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

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

PROFILE OF THE GOVERNMENT

Basic Information: The City of Middleburg Heights is approximately eight square miles and is located in northeastern Ohio, southwest of Cleveland, within the boundaries of Cuyahoga County. The City's population from the 2020 federal census was 16,004. The City was first established as a village in 1927 and was incorporated as a City in 1961 under the laws of the State of Ohio.

The City operates under and is governed by its Charter, which was first adopted by the voters in 1961. The Charter has been and may be amended by the voters from time to time. The City is also subject to some



general laws applicable to all Ohio cities. Under the State Constitution, the City may exercise all powers of local self-government and police powers to the extent not in conflict with applicable general laws. The Charter provides for a Mayor-Council form of government.

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

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

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

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

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

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

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

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

As discussed in the notes, the City participates in several jointly governed organizations, including the Southwest General Health Center, the Woodvale Union Cemetery, the Southwest Council of Governments, the Northeast Ohio Public Energy Council, and the Suburban Water Regional Council of Governments. See Note 18 for a description of the City's relationship to these entities.

Budget Process: Although City Council is required to adopt a temporary budget by no later than the close of the fiscal year, and a final budget within 90 days of the new year; the final operating budget has been prepared and adopted by the close of the fiscal year for over 30 years. The Capital Budget is customarily passed within 90 days of the start of the new year. This annual budget serves as the foundation for the City of Middleburg Heights' financial planning and control. The budget is prepared by fund, department, (e.g. police) and major category. The major categories used are: "Wages and Fringe Benefits" and "Other". Department heads may transfer resources within a major category as needed and approved by the Mayor and Director of Finance. Transfers between major categories, however, need re-appropriation from City Council.

ECONOMIC CONDITION AND OUTLOOK

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

The City has experienced steady growth in real property valuation over the past 35 years. During that growth the City has maintained a fairly balanced real property portfolio of 60% residential and 40% commercial property values.

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

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

The City has taken a proactive approach to creating an atmosphere conducive to the success and economic health of private enterprises, and to preserving jobs while creating opportunities for future economic growth that will benefit the City. The City of Middleburg Heights continues to embody resilience and vibrancy, showcasing ongoing growth in economic development. This vitality is evident in a surge of activity and investment, exemplified by various ongoing and completed projects shaping the city's landscape.

- In 2020, the City completed the Southland Development Planning Study. The vision formulated in this study calls for the creation of a main street boulevard in the Southland Business District that would allow for mixed-use development, redevelopment, and ultimately bring back vibrancy to Southland. These streetscape improvements are expected to be substantially completed by Fall 2025. The vision created buy-in from the multiple property owners in the Southland district. Today, because of this vision, there are plans for \$70 million of private redevelopment on the new main street.
- The City has taken substantial strides in the redevelopment of the Southland Business District. The City acquired a key property in September 2023 for \$1.8M, setting the stage for a comprehensive redevelopment project. This key property in the Southland District is the 15-acre former Sears property. Closed in 2017, the Sears property sat vacant until the City took proactive action and purchased the property, applied for and received a \$5.5 million grant to remediate and demolish the Sears buildings. In November 2025, the City sold the property to Meijer for \$5.5M which has

began construction on a new 160,000 square-foot supercenter, plus an additional 20,000 square-foot garden center, on the site. Meijer will bring 300 new jobs to Middleburg Heights.

- Additionally, the City purchased the former Burlington building and is expected to complete the sale to a developer in June 2026 to bring a new \$45M mixed-use building to the former seven-acre Burlington building site. The mixed-use building will include upscale residential, retail and restaurant spaces, further supporting economic growth in the area. The site will also feature a ¾ acre beautifully-landscaped public courtyard area for public gathering, which is connected to the now under construction multi-purpose path to increase connectivity and encourage walking/biking as part of the district.
- With the new influx of residents and investments in the area, the property owner of the Southland South Shops is expected to invest significantly in the current property including a complete update of the existing retail building façade and site improvements. New outparcel buildings are to be constructed to anchor the boulevard creating outdoor dining and a boutique shopping experience.
- Across the street, the redevelopment of the Southland Shopping Center Business District is currently underway with many projects having already being completed. The Pearl Crossings project at the corner of Pearl Road and West 130th Street has been completed. Alongside the new WetGo car wash for the Middleburg Heights Giant Eagle, the development includes new buildings for Starbucks and McAlister's Deli on the now razed Ganley Body Shop site. Construction has also been completed on a new Aldi store which will serve as the anchor for Pearl Plaza which includes Chipotle, SVS Vision, Citizens Bank, Smoothie King, AT&T, and Potbelly Sandwich Works Restaurant on the now razed B&B Appliance site. These new buildings are centrally located within a retail trade area highly accessible to residents and visitors of the City.
- The City is experiencing several other development projects throughout the City in 2025, including the massive new 64,000 square-foot Honda of Middleburg Heights dealership at 7700 Pearl Road. The large showroom is more than double the size of the previous Honda dealership. This impressive building also features a greatly expanded service center. In total, this state-of-the-art dealership will employ over 100. The new 81-room, four-story Tru Hotel by Hilton at 17500 Rosbough Drive along I-71 opened in September 2025. Tru Hotel by Hilton caters to professionals and business travelers. A new 28,000 square-foot addition to Polaris Career Center in Middleburg Heights will house lab and classroom space for the new Polaris Engineering, Robotics and Automation (ERA) Program. Polaris was awarded an \$11.6 million grant from the State of Ohio for the addition and program which will serve both middle and high school students as well as adult learners. These successful projects are great additions to the city's business landscape.

Long Term Financial Planning: The City utilizes a five-year forecast for its continued operational and capital needs. The forecast looks at the funds that are essential to the operations of the City. These funds are used to provide all of the services offered to our residents, including public safety, highway and street maintenance, parks and recreation, capital improvements, community development, public health and certain social services. The only funds excluded from the forecast are the Law Enforcement Trust Funds, the Court Computer Fund and all Custodial Funds. The forecast is a document through which costs are

identified and matched to projected funding sources. The plan is updated biannually to reflect changes to operational costs and revenue projections.

The City has adopted a comprehensive set of financial policies including policies related to budgeting, purchasing, capital assets, cash management, investments, debt, internal controls, planning, and reporting. The City has a formal minimum fund balance policy; the City's goal is to strive to maintain a minimum 15-20% fund balance reserve amongst all operating funds. The Finance Department reviews all transactions on an on-going basis and works diligently to monitor revenues and expenditures so that all funds maintain adequate balances. The City has also implemented a debt management policy. Wherever possible the City of Middleburg Heights acquires its capital improvements by cash purchase. Occasionally though, capital items exceed the cash capacity available, and the assets are financed through issuance of debt. Moreover, the City only borrows when there is an identifiable dedicated revenue source to be used to amortize the debt. The City's low debt burden was cited by Moody's Investors Service as one of the factors in awarding the City its excellent Aa2 credit rating.

AWARDS AND ACKNOWLEDGEMENTS

GFOA Certificate of Achievement Award: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Middleburg Heights, Ohio for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2024. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

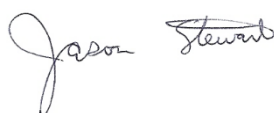
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized ACFR, whose contents conform to program standards. The ACFR must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Sincerely,

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

Jason Stewart, CPA
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Middleburg Heights
Ohio**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morill

Executive Director/CEO

City of Middleburg Heights, Ohio
Listing of Principal City Officials
As of December 31, 2025

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

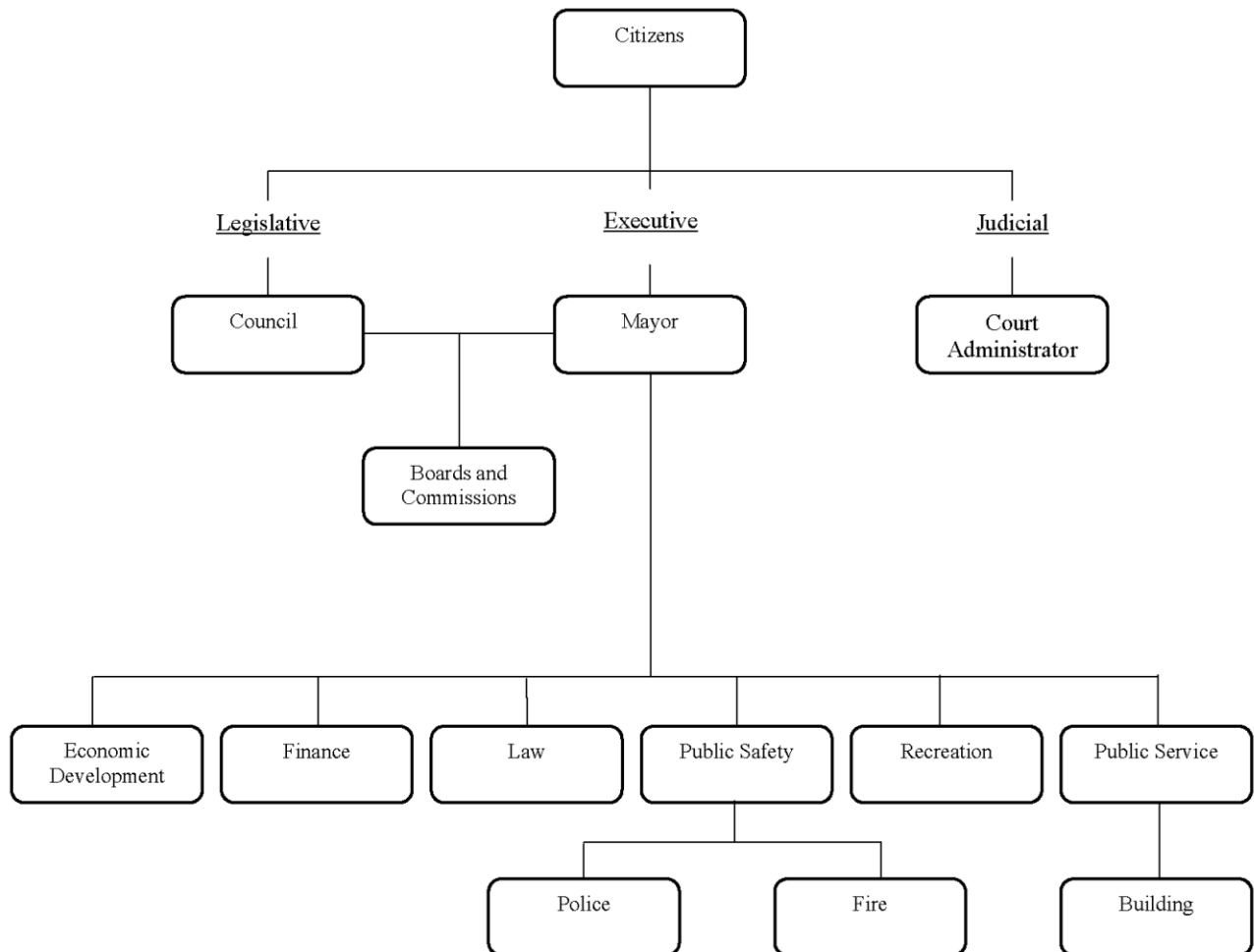
Director of Finance Jason Stewart, CPA
Assistant Finance Director Nicholas Vitalone, CPA
Director of Economic Development Charles Bichara
Director of Public Service..... James P. Herron
Chief Building Official Keith Foulkes
Director of Recreation..... Mark J. Elliott
Director of Law..... Santo Incorvaia
Chief of Police Edward J. Tomba
Chief of Fire..... Briant Galgas
Court Administrator Therese Fairman
Clerk of Council..... Mary Ann Meola

City of Middleburg Heights, Ohio
Listing of Principal City Officials
As of December 31, 2025

SPECIAL BOARDS AND COMMISSIONS

Planning Commission	Anthony Crea
Planning Commission	Dave Herwerden
Planning Commission	Joy Falsone
Planning Commission	Becky Crofford
Planning Commission	Eric Smearman
Planning Commission.....	Susie Mohnickey
Board of Zoning and Building Appeals.....	Andrew Vacca
Board of Zoning and Building Appeals	Becky Russo
Board of Zoning and Building Appeals	Mark Thomay
Board of Zoning and Building Appeals.....	Paul Fredrick
Board of Zoning and Building Appeals.....	Con Sullivan
Board of Zoning and Building Appeals (Alternate).....	Kathy Oros
Board of Zoning and Building Appeals (Alternate).....	Gary Allie
Civil Service.....	Tom Miranda
Civil Service.....	David DeGrandis
Civil Service.....	Jim Sheppard
Secretary - Civil Service	Sherri Menoes
Secretary - Boards and Commissions	Kimberly Earley

City of Middleburg Heights, Ohio
Organizational Chart
For the Year Ended December 31, 2025





THE *M*IDDLE OF
EVERYTHING!



OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Middleburg Heights, Cuyahoga County, Ohio (the City), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Middleburg Heights, Cuyahoga County, Ohio as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General and Recreation Funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will also issue our report dated June 30, 2026, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State

A handwritten signature in black ink that reads "Tiffany L. Ridenbaugh". The signature is written in a cursive, flowing style.

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

June 30, 2026

City of Middleburg Heights
Management's Discussion and Analysis
For the Year Ended December 31, 2025
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, 2025. 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 2025 are as follows:

- The assets and deferred outflows of resources of the City of Middleburg Heights exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$62,258,166 (*net position*).
- Total Net Position decreased by \$810,048 which represents a 1.3 percent decrease from 2024 net position. Unrestricted net position decreased by \$7,515,218 or 49.5 percent in 2025 as the City continues to invest heavily in capital and infrastructure improvements.
- Total Assets and deferred outflows of the City decreased \$12,869,108 which represents a 9.1 percent decrease from 2024 balances.
- Total Capital Assets increased by \$3,739,668 or 4.2 percent from 2024.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$14,888,854 a decrease of \$3,881,045 or 20.7 percent from 2024 balances. Equity in Pooled Cash and Investments in the governmental funds decreased by \$12,512,268 or 53.1 percent from 2024 and was primarily the result of the paying construction costs for the Southland/Smith Road project out of City funds while receiving subsequent grant and other reimbursements in 2026.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$11,097,163 or 39.6 percent of total general fund expenditures and other financing uses.
- Total long-term outstanding debt decreased from \$19,999,591 to \$18,697,402. This was a 6.5 percent decrease from the 2024 balance. This was due to regular debt service payments being made and no new issuance of debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements and 4) required supplementary information. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

City of Middleburg Heights
Management's Discussion and Analysis
For the Year Ended December 31, 2025
Unaudited

for future spending. The fund financial statement also looks at the City's most significant funds with all other nonmajor funds presented in total in one column.

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

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

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

The government-wide financial statements can be found starting on page 18 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 2025, the City of Middleburg Heights maintained 23 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances, for the General Fund, Recreation Fund, Bond Retirement Fund, Capital Improvements Fund and Streets/Infrastructure Improvement Fund; all of which are considered to be major funds. Data from the other 18 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.

City of Middleburg Heights
Management's Discussion and Analysis
For the Year Ended December 31, 2025
Unaudited

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City's only proprietary fund is an internal service fund for self-insurance of health benefits, which is considered a nonmajor fund. The basic proprietary fund financial statements can be found on pages 26 to 28 of this report.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 29 to 30 of this report.

Notes to the Basic Financial Statements The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 to 76 of this report.

Required Supplementary Information As a result of implementing GASB 68, GASB 71 and GASB 75, these tables give additional information to support the data reported in the government-wide financial statements. The tables can be found on pages 77 to 84 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 85 to 127 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 2025?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by the private sector. The accrual basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

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

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

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

The City of Middleburg Heights as a Whole

Recall that the Statement of Net Position looks at the City as a whole. The following table provides a summary of the City's net position for 2025 compared to 2024.

Table 1 Net Position

	Governmental Activities	
	2025	2024
Assets		
Current and Other Assets	\$28,134,739	\$40,981,418
Capital Assets, Net	92,425,134	88,685,466
<i>Total Assets</i>	<u>120,559,873</u>	<u>129,666,884</u>
 Deferred Outflows of Resources		
Pension	7,315,910	10,323,026
Other Post Employment Benefits	557,723	1,312,704
<i>Total Deferred Outflows of Resources</i>	<u>7,873,633</u>	<u>11,635,730</u>
 Liabilities		
Current Liabilities	4,148,402	12,198,110
Long-term Liabilities		
Due within One Year	1,199,037	1,419,201
Due in More Than One Year	54,328,305	57,678,099
<i>Total Liabilities</i>	<u>59,675,744</u>	<u>71,295,410</u>
 Deferred Inflows of Resources		
Property Tax	3,164,126	3,326,341
Pension	1,708,915	1,806,393
Other Post Employment Benefits	1,626,555	1,806,256
<i>Total Deferred Inflows of Resources</i>	<u>6,499,596</u>	<u>6,938,990</u>
 Net Position		
Net Investment in Capital Assets	78,744,077	69,149,648
Restricted for:		
Capital Projects	0	2,667,777

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Debt Service	2,662,832	2,740,526
Other Purposes	3,558,563	3,702,441
Unrestricted (Deficit)	<u>(22,707,306)</u>	<u>(15,192,178)</u>
<i>Total Net Position</i>	<u><u>\$62,258,166</u></u>	<u><u>\$63,068,214</u></u>

As noted earlier, over time net position may serve as a useful indicator of a government's financial position. For the City of Middleburg Heights, total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$62,258,166 at the close of the most recent fiscal year.

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

Total assets and deferred outflows decreased by \$12,869,108 from 2024, while the City's total liabilities and deferred inflows decreased by \$12,059,060. As a result, the total net position of the City's governmental activities decreased slightly by \$810,048.

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

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for the current year in comparison to 2024.

Governmental Activities

Table 2 Changes in Net Position

	Governmental Activities	Governmental Activities
	<u>2025</u>	<u>2024</u>
Revenues		
Program Revenues:		
Charges for Services	\$3,120,291	\$3,309,908
Operating Grants and Contributions	1,385,788	1,432,287
Capital Grants and Contributions	<u>4,159,181</u>	<u>5,741,057</u>
Total Program Revenues	<u><u>8,665,260</u></u>	<u><u>10,483,252</u></u>
General Revenues:		
Property Taxes & Other Local Taxes	4,134,203	3,705,635
Income Taxes	25,829,767	24,861,108
Grants and Entitlements	764,130	680,239

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Investment Income	931,922	1,187,074
Miscellaneous	3,736,558	1,673,818
Total General Revenues	35,396,580	32,107,874
Total Revenues	44,061,840	42,591,126
Program Expenses		
General Government	16,884,525	9,899,466
Security of Persons and Property:		
Police	7,902,798	8,210,240
Fire	5,781,833	5,969,469
Public Health Services	297,339	301,086
Culture and Recreation	4,000,469	3,958,502
Community Development	939,743	1,014,536
Economic Development	891,043	857,999
Streets and Highways	5,595,230	4,934,475
Sanitation	1,578,608	1,562,836
Interest and Fiscal Charges	1,000,300	769,609
Total Program Expenses	44,871,888	37,478,218
Increase (decrease) in Net Position	(810,048)	5,112,908
Net Position Beginning of Year	63,068,214	57,955,306
Net Position End of Year	\$62,258,166	\$63,068,214

Governmental activities decreased the City's net position by \$810,048. Discussion of the reasons for the decrease in net position are as follows:

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

Income tax revenue for 2025 was \$25,829,767, which was an increase of 3.9% from the previous year. Of the \$44,061,840 in total revenues, income tax accounted for 58.6% of the total. Property and other local taxes were \$4,134,203 which was an increase of 11.6% from 2024 and accounted for 9.4% of total revenues. Operating grants and contributions, capital grants and contributions, general revenues from grants and entitlements account for 14.3% of total revenues, and charges for services, investment income, and other revenue make up the remaining 17.7%. Total revenues increased by \$1.5 million or 3.5 percent. Reimbursements for various infrastructure projects of over \$2 million was the main driver of the overall increase in revenues. Income tax increases of almost \$1 million and property taxes of over \$400,000 also contributed to the increase despite decreases in capital grant funding. The City finance department monitors its sources of revenues very closely for fluctuations.

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2025 and was reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an*

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

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

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

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

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

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

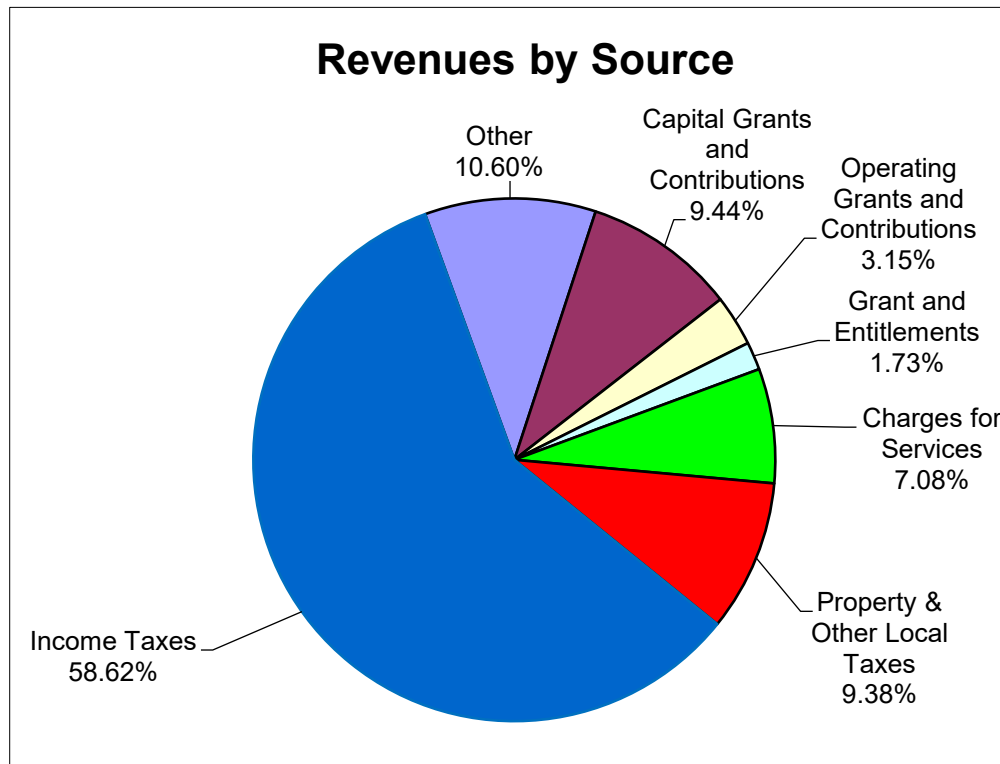
Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes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

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for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

OPERS and OP&F both experienced a decrease in unfunded pension liabilities during the most recent measurement period largely driven by strong investment performance. While both systems reported investment losses in the prior year, significant gains in the current year helped improve their funded positions. For OPERS, the shift from net OPEB liability to a net OPEB asset was driven by a combination of favorable actuarial assumption changes and robust investment returns. OP&F's net OPEB liability remained relatively stable year over year, reflecting a balance of offsetting impacts from actuarial updates and investment performance.

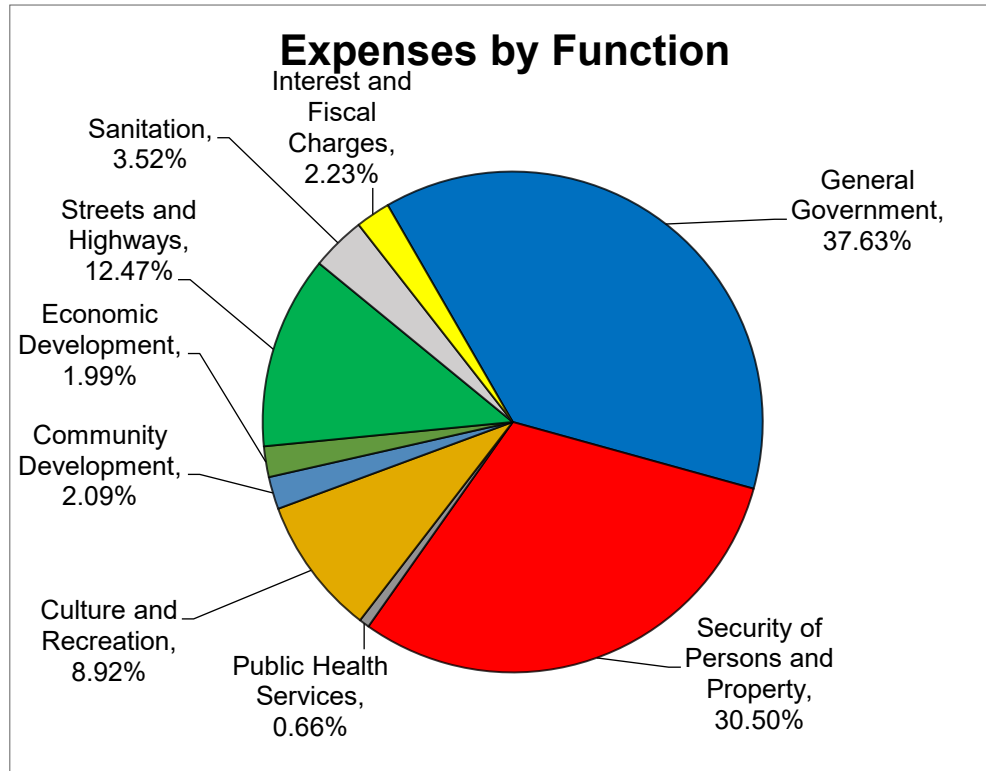


Total program expenses increased by \$7,393,670 or 19.7% as compared to 2024.

Total program expenses for 2025 were \$44,871,888. Security of Persons and Property, which included the police and fire departments accounted for program expenses of \$13,684,631, which represents 30.5% of total City expenses for the year 2025. Culture and Recreation expenses of \$4,000,469 accounted for 8.9%. Culture and recreation expenses consist largely of costs to operate the City's Community Center and depreciation expense on the building. Both revenues and expenditures at the community center continue to increase and approach pre-pandemic levels. Street and highway expenses of \$5,595,230 accounted for 12.5%.

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



Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Information about the City's governmental funds begins on page 19. These funds are accounted for by using the modified accrual basis of accounting.

As of December 31, 2025, the City's governmental funds reported combined ending fund balances of \$14,888,854 a decrease of \$3,881,045 from the prior year. Of that amount, \$5,862,329 constitutes unassigned fund balances, which is available for spending at the government's discretion. The non-spendable fund balances are not easily converted to cash and are comprised of inventory, unclaimed monies and prepaid expenditures accounted for \$891,044.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance for the General Fund was \$11,914,809 of which \$6,381,118 was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the sum of total fund expenditures and other financing uses of \$28,021,260. Unassigned fund

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balance represents 39.6% (40.1% in 2024) of total General Fund expenditures and other financing uses, while total fund balance represents 42.5% (45.1% in 2024) of that same amount.

During the current fiscal year, the fund balance of the City's General Fund decreased by \$542,565. The decrease can be primarily attributed to increases in safety forces expenditures of over \$540,000. Revenues increased 3.3 percent in 2025, while expenditures increased only 2.4 percent from 2025. Income tax revenues rebounded with a \$1.1 million increase in 2025. Investment income declined by approximately \$250,000 as interest rates and available fund balances trended downward. Expenditures increased by only 2.4% but again was due primarily to an increase in public safety expenditures and related personnel costs. Overall General Fund revenues increased by 3.3% and came in at \$27.5 million in 2025.

The balance in the Recreation Fund decreased by \$25,755. This decrease in fund balance can be attributed to current year expenditures exceeding revenues. Operations and programming have continued to ramp up as both revenues and expenditures have increased and are nearing pre-pandemic levels. In addition, the City continues to offer more competitive wages as a means to attract an ever shrinking work force. The increased wage rates and increased part-time labor have been a primary factor in driving expenditures and thus a declining fund balance.

The Bond Retirement Fund increased by only \$1,710 from 2024. Debt service requirements are properly matched with funding sources. The City did not issue any new debt in 2025 in the bond retirement fund.

The Capital Improvements Fund operations decreased by \$245,843. The decrease can be attributed to necessary increased capital expenditures despite a transfer of \$1,088,600 from the general fund.

The Street/Infrastructure Improvements Fund decreased by \$2,368,959. The City has many infrastructure projects that are currently in progress and the City transferred \$900,000 and advanced \$2,000,000 from the general fund help fund these projects. In addition, the City issued manuscript debt of \$2,100,000 from the general fund.

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 2025 the City amended its General Fund budget on various occasions. All recommendations for budget changes come to the Finance Committee of City Council for review before going to the whole Council for Ordinance enactment on the change. The City does allow small interdepartmental budget changes that modify line items within departments within the same fund and within major category, the major categories being "Wages and Fringe Benefits" and "Other". The General Fund supports many of our major activities such as our Police, Fire and Service Departments, as well as administrative, legislative and executive activities. The General Fund is monitored closely, looking for possible revenue shortfalls or overspending by individual departments.

For the General Fund, original budgeted revenues and other financing sources were \$26.3 million and final budgeted revenues and other financing sources were \$26.3 million and actual revenues and other financing sources were \$27.3 million. The City's ending unencumbered cash balance in the General Fund was \$2,331,711 above the final budgeted amount.

The difference between the General Fund's original budget for expenditures and other uses of \$27,781,033 and the final amended budget of \$35,638,523 was \$7,857,490 or 28.3%. Some of the larger

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revisions were \$588,600 for Central Park phase I project and \$200,000 for the Middleburg Exterior Maintenance Grant program. In addition, advances of \$3,270,000 and \$2,000,000 to fund the Southland Redevelopment Project and Smith Road Streetscape and Realignment projects. Brownfield Grant funds were subsequently reimbursed in 2026 for the Southland Redevelopment project. Actual expenditures and other uses were \$34,299,237 or \$1,339,286, (3.8%) less than the final amended budget. The final budget for wages and fringe benefits was \$18,534,812 of which \$17,998,418 or 97.1% was spent leaving a positive variance of \$536,394. Most of this variance was attributable to the service, police and fire departments. Police officers and firefighters have a contractual right to redeem certain compensated absences for pay, and the city budgets for this as if all eligible employees will exercise their option to sell the maximum number of hours available to sell. If less than the maximum number of hours are sold, then a positive variance results. The final budget for expenditures other than wages and fringe benefits was \$8,535,111 of which \$7,732,219 or 90.6% was actually spent leaving a positive variance of \$802,892.

Capital Assets and Debt Administration

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

	Governmental Activities	
	2025	2024
Land	\$10,122,051	\$10,099,301
Land Improvements	681,216	724,585
Buildings and Improvements	21,485,151	22,238,317
Machinery and Equipment	4,386,348	4,301,199
Furniture and Fixtures	39,499	42,994
Infrastructure		
Streets	26,805,353	26,943,582
Sidewalks	1,224,011	1,268,424
Traffic Signals	958,589	1,039,442
Water Mains	3,741,044	3,235,606
Sanitary Sewers	2,423,259	2,471,798
Storm Sewers	8,918,141	7,501,843
Construction in Progress	11,640,472	8,818,375
Total Net Capital Assets	<u>\$92,425,134</u>	<u>\$88,685,466</u>

Total net capital assets of the City as of December 31, 2025 were \$92,425,134. Capital assets are \$3,739,668 or 4.2% more than in 2024. The increase in the city's capital assets was primarily due to the Fire Station generator along with other capital equipment which include a new squad for the fire department and a new salt truck. Other projects not yet complete include: a) Construction of the Abrams Creek detention basin project b) Arrowhead Trail reconstruction project c) Smith Road resurfacing project and d) Southland streetscape project. The City is committed to a long-term goal of not only meeting its infrastructure and facilities needs, but also satisfying those needs in a continued high quality manner. Additional information on the City's capital assets can be found in Note 8 of this report.

Debt

As of December 31, 2025, the City had \$22,207,330 in bonds, financed purchase obligations, compensated absences and OPWC loans outstanding with \$1,199,037 due within one year.

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Table 4 Outstanding Long-Term Obligations at Year End

	Governmental Activities	
	2025	2024
General Obligation Bonds	\$16,487,044	\$17,479,390
Special Assessment Bonds	1,842,540	1,903,317
Financed Purchase Obligations	0	208,195
Compensated Absences	3,509,928	3,338,251
OPWC - Loan	367,818	408,689
Total	<u>\$22,207,330</u>	<u>\$23,337,842</u>

The General Obligation Bonds are composed of Refunded Street Infrastructure improvement bonds that were issued in October 2020 and will be repaid with a portion of the second 1 percent of the City's municipal income tax. Also, Various Purpose bonds issued 2022 and will be repaid with a percentage of the first 1 percent of the City's municipal income tax.

The Special Assessment Bonds consist of American Veterans Parkway issued in 2018. 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 \$81.2 million on December 31, 2025.

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

Current Financial Related Activities

The City of Middleburg Heights is financially stable. On November 7, 2006, the residents of the City of Middleburg Heights voted in favor of an income tax increase from 1.75% to 2.00% with a corresponding increase in the credit given for resident income earned outside of the city, effective January 1, 2007. This increase along with the efforts of our Economic Development Department has helped to ensure the financial stability of our city. The City endured the greatest economic downturn since the Great Depression and the first global pandemic in 100 years without laying off staff, without cuts in service, and without raising taxes. Continued reductions in intergovernmental revenues levied by the State have dictated a conservative approach concerning the City's financial matters. The City will continue to exercise fiscal prudence in order to maintain our historically sound financial position. The Mayor and City Council are dedicated to maintaining the service level that has come to be expected by its residents while balancing a tight budget.

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.

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Contacting the City's Finance Department

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

City of Middleburg Heights, Ohio

Statement of Net Position

December 31, 2025

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$12,058,788
Assets Held for Resale	1,600,000
Accounts Receivable	1,068,600
Accrued Interest Receivable	61,128
Intergovernmental Receivable	910,911
Prepaid Items	303,211
Materials and Supplies Inventory	478,837
Income Tax Receivable	5,364,056
Property Taxes Receivable	3,392,326
Other Local Taxes Receivable	88,608
Special Assessments Receivable	1,820,625
Net OPEB Asset	987,649
Nondepreciable Capital Assets	21,762,523
Depreciable Capital Assets, Net	70,662,611
<i>Total Assets</i>	<u>120,559,873</u>
Deferred Outflows of Resources	
Pension	7,315,910
Other Post Employment Benefits	557,723
<i>Total Deferred Outflows of Resources</i>	<u>7,873,633</u>
Liabilities	
Accounts Payable	1,116,854
Accrued Wages	908,064
Retainage Payable	106,835
Intergovernmental Payable	225,243
Accrued Interest Payable	49,338
Claims Payable	1,039,191
Unearned Revenue	702,877
Long-Term Liabilities:	
Due Within One Year	1,199,037
Due In More Than One Year:	
Net Pension Liability	31,942,229
Net OPEB Liability	1,377,783
Other Amounts	21,008,293
<i>Total Liabilities</i>	<u>59,675,744</u>
Deferred Inflows of Resources	
Property Taxes	3,164,126
Pension	1,708,915
Other Post Employment Benefits	1,626,555
<i>Total Deferred Inflows of Resources</i>	<u>6,499,596</u>
Net Position	
Net Investment in Capital Assets	78,744,077
Restricted for:	
Debt Service	2,662,832
Streets and Highways	1,490,495
Police and Fire	941,116
OPEB Assets	987,649
Other Purposes	139,303
Unrestricted (Deficit)	<u>(22,707,306)</u>
<i>Total Net Position</i>	<u><u>\$62,258,166</u></u>

See accompanying notes to the basic financial statements

City of Middleburg Heights, Ohio
Statement of Activities
For the Year Ended December 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Security of Persons and Property:					
Police	\$7,902,798	\$233,809	\$0	\$0	(\$7,668,989)
Fire	5,781,833	1,076,395			(4,705,438)
Public Health and Welfare	297,339	60,181			(237,158)
Culture and Recreation	4,000,469	1,269,966			(2,730,503)
Community Development	939,743	261,560			(678,183)
Economic Development	891,043	4,000			(887,043)
Streets and Highways	5,595,230	15,370	1,385,788	4,159,181	(34,891)
Sanitation	1,578,608				(1,578,608)
General Government	16,884,525	199,010			(16,685,515)
Interest and Fiscal Charges	1,000,300				(1,000,300)
<i>Total Governmental Activities</i>	<u>\$44,871,888</u>	<u>\$3,120,291</u>	<u>\$1,385,788</u>	<u>\$4,159,181</u>	<u>(36,206,628)</u>
General Revenues					
Property and Other Local Taxes Levied for:					
General Purposes					3,450,710
Debt Service					70,409
Police and Fire Pension					422,410
Public Health and Welfare					190,674
Income Tax Levied for:					
General Purposes					20,160,026
Debt Service					1,475,728
Recreation					2,049,725
Capital Outlay					2,144,288
Grants and Entitlements not Restricted to Specific Programs					764,130
Investment Earnings					931,922
Miscellaneous					3,736,558
<i>Total General Revenues</i>					<u>35,396,580</u>
Change in Net Position					(810,048)
<i>Net Position Beginning of Year</i>					<u>63,068,214</u>
<i>Net Position End of Year</i>					<u>\$62,258,166</u>

See accompanying notes to the basic financial statements

City of Middleburg Heights, Ohio

Balance Sheet

Governmental Funds

December 31, 2025

	General	Recreation	Bond Retirement	Capital Improvements	Streets/ Infrastructure Improvements
Assets:					
Equity in Pooled Cash and Investments	\$1,546,117	\$226,561	\$529,549	\$2,785,193	\$4,166,155
Assets Held for Resale				1,600,000	
Materials and Supplies Inventory	118,043	30,181			
Accrued Interest Receivable	61,128				
Accounts Receivable	748,020				
Interfund Receivable	7,870,000				
Intergovernmental Receivable	317,721		3,770		
Prepaid Items	265,707	36,925			
Income Taxes Receivable	4,123,887	492,420	304,678	260,157	182,914
Property Taxes Receivable	2,688,540		71,695		
Other Local Taxes Receivable	88,608				
Special Assessments Receivable			1,820,000		625
Total Assets	\$17,827,771	\$786,087	\$2,729,692	\$4,645,350	\$4,349,694
Liabilities:					
Accounts Payable	\$289,848	\$24,358	\$0	\$5,992	\$612,408
Accrued Wages	759,260	99,087			
Interfund Payable				3,770,000	4,100,000
Intergovernmental Payable	193,868	20,724			
Retainage Payable					106,835
Unearned Revenue		302,877		400,000	
Total Liabilities	\$1,242,976	\$447,046	0	4,175,992	4,819,243
Deferred Inflows of Resources:					
Property Taxes	2,507,240		66,860		
Unavailable Revenue - Delinquent Property Taxes	181,300		4,835		
Unavailable Revenue - Income taxes	1,096,049	130,876	80,978	69,145	48,615
Unavailable Revenue - Other	885,397		1,823,770		625
Total Deferred Inflows of Resources	4,669,986	130,876	1,976,443	69,145	49,240
Fund Balances:					
Nonspendable	492,746	67,106			
Restricted		141,059	753,249		
Committed				400,213	
Assigned	324,900				
Unassigned	11,097,163				(518,789)
Total Fund Balances	11,914,809	208,165	753,249	400,213	(518,789)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$17,827,771	\$786,087	\$2,729,692	\$4,645,350	\$4,349,694

See accompanying notes to the financial statements

		City of Middleburg Heights, Ohio <i>Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities December 31, 2025</i>	
Other Governmental Funds	Total Governmental Funds		
		Total Governmental Fund Balances	\$14,888,854
		<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
\$1,807,986	\$11,061,561	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	92,425,134
330,613	478,837	The net pension liability and net OPEB liability are not due and payable outflows are not reported in the governmental funds:	
320,580	61,128	Net Pension Asset	987,649
589,420	1,068,600	Deferred Outflows - Pension/OPEB	7,873,633
579	7,870,000	Deferred Inflows - Pension/OPEB	(3,335,470)
	910,911	Net Pension Liability	(31,942,229)
	303,211	Net OPEB Liability	(1,377,783)
632,091	5,364,056	Total	(27,794,200)
	3,392,326	Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
	88,608	Delinquent Property Taxes	228,200
	1,820,625	Income Taxes	1,425,663
\$3,681,269	\$34,019,863	Intergovernmental	650,698
		Special Assessments	1,820,625
		Charges for Services	912,699
		Total	5,037,885
\$183,373	\$1,115,979	An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	(42,839)
49,717	908,064	Accrued interest payable on long-term debt is not due and payable in the current period and therefore is not reported in the funds.	(49,338)
	7,870,000	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
10,651	225,243	General Obligation Bonds	(16,487,044)
	106,835	Special Assessment Bonds	(1,842,540)
	702,877	OPWC Loan	(367,818)
243,741	10,928,998	Compensated Absences	(3,509,928)
		Total	(22,207,330)
590,026	3,164,126	<i>Net Position of Governmental Activities</i>	<u><u>\$62,258,166</u></u>
42,065	228,200		
674,230	1,425,663		
1,306,321	3,384,022		
	8,202,011		
331,192	891,044		
1,384,489	2,278,797		
415,526	815,739		
	324,900		
	10,578,374		
2,131,207	14,888,854		
\$3,681,269	\$34,019,863		

City of Middleburg Heights, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2025

	General	Recreation	Bond Retirement	Capital Improvements	Streets/ Infrastructure Improvements
Revenues					
Property Taxes	\$2,568,961	\$0	\$68,514	\$0	\$0
Payment in Lieu of Taxes					
Income Taxes	20,369,838	2,068,168	1,497,237	1,270,483	895,183
Other Local Taxes	810,715				
Intergovernmental	696,889		7,201	3,299,482	50,000
Special Assessments			64,866		
Interest	917,532				
Fines, Licenses and Permits	593,042				
Charges for Services	779,004	1,269,966			
Other	742,714	1,188		275,865	1,909,633
<i>Total Revenues</i>	<u>27,478,695</u>	<u>3,339,322</u>	<u>1,637,818</u>	<u>4,845,830</u>	<u>2,854,816</u>
Expenditures					
Current:					
Security of Persons and Property					
Police	7,355,519				
Fire	5,271,181				
Public Health and Welfare	96,000				
Culture and Recreation		3,365,077			
Community Development	971,189				
Economic Development	550,619				
Streets and Highways					
Sanitation	1,578,608				
General Government	9,399,544		6,549		
Capital Outlay				5,772,462	5,861,831
Debt Service:					
Principal Retirement			1,000,000	208,197	40,869
Interest and Fiscal Charges			629,559	205,914	221,075
TIF Service Payments					
<i>Total Expenditures</i>	<u>25,222,660</u>	<u>3,365,077</u>	<u>1,636,108</u>	<u>6,186,573</u>	<u>6,123,775</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,256,035</u>	<u>(25,755)</u>	<u>1,710</u>	<u>(1,340,743)</u>	<u>(3,268,959)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets				6,300	
Transfers In				1,088,600	900,000
Transfers Out	(2,798,600)				
<i>Total Other Financing Sources (Uses)</i>	<u>(2,798,600)</u>	<u>0</u>	<u>0</u>	<u>1,094,900</u>	<u>900,000</u>
<i>Net Change in Fund Balances</i>	<u>(542,565)</u>	<u>(25,755)</u>	<u>1,710</u>	<u>(245,843)</u>	<u>(2,368,959)</u>
<i>Fund Balances Beginning of Year</i>	<u>12,457,374</u>	<u>233,920</u>	<u>751,539</u>	<u>646,056</u>	<u>1,850,170</u>
<i>Fund Balances End of Year</i>	<u>\$11,914,809</u>	<u>\$208,165</u>	<u>\$753,249</u>	<u>\$400,213</u>	<u>(\$518,789)</u>

* The Local Fiscal Recovery Fund changed from a major fund in 2024 to a nonmajor fund in 2025.

See accompanying notes to the basic financial statements

		City of Middleburg Heights, Ohio <i>Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended December 31, 2025</i>	
Other Governmental Funds *	Total Governmental Funds	Net Change in Fund Balances - Total Governmental Funds	(\$3,881,045)
\$601,011	\$3,238,486	<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
172,363	172,363	Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the net amount of current year capital asset activity.	
	26,100,909	Capital Asset Additions	6,805,032
	810,715	Capital Asset Deletions	(389,603)
1,439,214	5,492,786	Accum Depr on Disposals	389,603
294,651	359,517	Current Year Depreciation	(3,065,364)
14,390	931,922	Total	3,739,668
9,724	602,766	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
283,204	2,332,174	Delinquent Property Taxes	85,002
108,467	3,037,867	Income Tax	(271,142)
		Intergovernmental	6,614
2,923,024	43,079,505	Special Assessments	(80,650)
		Charges for Services	185,351
		Total	(74,825)
		The issuance of long term debt provides current financial resources to the governmental funds while the repayment of principal of long- term debt consumes the current financial resources, but reduces long-term liabilities in the statement of net position.	
		Bond and Financed Purchase Principal	1,208,197
		OPWC Loan Principal	40,869
		Total	1,249,066
		In the statement of activities, interest accrued on outstanding bonds, bond premium, and the gain/loss on refunding are amortized over the term of the bonds, whereas in the governmental funds the expenditure is reported when the bonds are issued.	
		Accrued Interest	3,125
		Amortization of Bond Premium	53,123
		Total	56,248
		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.	
			(171,677)
		Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	
		Pension	2,655,763
		OPEB	35,914
		Except for amounts reported as deferred inflows/outflows, changes in the net pension liability/OPEB liability are reported as pension/OPEB expense in the statement of activities.	
		Pension	(3,432,773)
		OPEB	295,458
		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.	
			(1,281,845)
		<i>Change in Net Position of Governmental Activities</i>	(\$810,048)

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, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$2,576,175	\$2,576,175	\$2,568,961	(\$7,214)
Income Taxes	19,503,000	19,503,000	20,312,609	809,609
Other Local Taxes	800,000	800,000	799,168	(832)
Intergovernmental	638,862	638,862	688,097	49,235
Interest	700,000	700,000	832,525	132,525
Fines, Licenses and Permits	857,675	832,525	590,990	(241,535)
Charges for Services	638,500	638,500	775,723	137,223
Other	632,000	629,300	742,714	113,414
<i>Total Revenues</i>	<u>26,346,212</u>	<u>26,318,362</u>	<u>27,310,787</u>	<u>992,425</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police	7,328,384	7,407,784	7,297,702	110,082
Fire	5,514,294	5,523,394	5,379,247	144,147
Public Health and Welfare	104,000	104,000	104,000	0
Community Development	1,117,113	1,104,113	973,253	130,860
Economic Development	625,266	625,266	557,665	67,601
Sanitation	1,702,327	1,702,327	1,702,064	263
General Government	10,279,649	10,603,039	9,716,706	886,333
<i>Total Expenditures</i>	<u>26,671,033</u>	<u>27,069,923</u>	<u>25,730,637</u>	<u>1,339,286</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(324,821)</u>	<u>(751,561)</u>	<u>1,580,150</u>	<u>2,331,711</u>
Other Financing Sources (Uses)				
Advances Out		(5,770,000)	(5,770,000)	0
Transfers Out	(1,110,000)	(2,798,600)	(2,798,600)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(1,110,000)</u>	<u>(8,568,600)</u>	<u>(8,568,600)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(1,434,821)</u>	<u>(9,320,161)</u>	<u>(6,988,450)</u>	<u>2,331,711</u>
<i>Fund Balance Beginning of Year</i>	<u>9,347,043</u>	<u>9,347,043</u>	<u>9,347,043</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>492,168</u>	<u>492,168</u>	<u>492,168</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$8,404,390</u></u>	<u><u>\$519,050</u></u>	<u><u>\$2,850,761</u></u>	<u><u>\$2,331,711</u></u>

See accompanying notes to the basic financial statements

City of Middleburg Heights, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Recreation Fund
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Income Taxes	\$2,400,000	\$2,400,000	\$2,083,476	(\$316,524)
Charges for Services	1,085,000	1,085,000	1,282,369	197,369
Other	4,500	4,500	1,188	(3,312)
<i>Total Revenues</i>	<u>3,489,500</u>	<u>3,489,500</u>	<u>3,367,033</u>	<u>(122,467)</u>
Expenditures				
Current:				
Culture and Recreation	<u>3,543,164</u>	<u>3,593,164</u>	<u>3,399,971</u>	<u>193,193</u>
<i>Total Expenditures</i>	<u>3,543,164</u>	<u>3,593,164</u>	<u>3,399,971</u>	<u>193,193</u>
<i>Net Change in Fund Balance</i>	(53,664)	(103,664)	(32,938)	70,726
<i>Fund Balance Beginning of Year</i>	200,000	200,000	200,000	0
Prior Year Encumbrances Appropriated	<u>32,938</u>	<u>32,938</u>	<u>32,938</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$179,274</u>	<u>\$129,274</u>	<u>\$200,000</u>	<u>\$70,726</u>

See accompanying notes to the basic financial statements

City of Middleburg Heights, Ohio

Statement of Fund Net Position

Proprietary Fund

December 31, 2025

	Governmental Activities Internal Service Fund - Health Insurance
Assets	
<i>Current Assets</i>	
Equity in Pooled Cash and Investments	\$997,227
<i>Total Assets</i>	997,227
Liabilities	
<i>Current Liabilities</i>	
Accounts Payable	875
Claims Payable	1,039,191
<i>Total Liabilities</i>	1,040,066
Net Position	
Unrestricted	(42,839)
<i>Total Net Position</i>	(\$42,839)

See accompanying notes to the basic financial statements

City of Middleburg Heights, Ohio
*Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2025*

	Governmental Activities Internal Service Fund - Health Insurance
Operating Revenues	
Charges for Services	\$3,083,684
Other	246,504
<i>Total Operating Revenues</i>	<u>3,330,188</u>
Operating Expenses	
Contractual Services	1,245,060
Claims	3,366,973
<i>Total Operating Expenses</i>	<u>4,612,033</u>
<i>Change in Net Position</i>	(1,281,845)
<i>Net Position Beginning of Year</i>	<u>1,239,006</u>
<i>Net Position End of Year</i>	<u><u>(\$42,839)</u></u>

See accompanying notes to the basic financial statements

City of Middleburg Heights, Ohio
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2025

	Governmental Activities Internal Service Fund - Health Insurance
<i>Increase (Decrease) In Cash and Investments</i>	
Cash Flows Used By Operating Activities	
Cash Received from Interfund Services	\$3,083,684
Cash Received from Employees	246,504
Cash Payments to Suppliers for Services	(1,245,935)
Cash Payments for Claims	(2,454,792)
<i>Net Cash Flows Used By Operating Activities</i>	(370,539)
<i>Net Decrease In Cash and Investments</i>	(370,539)
<i>Cash and Investments Beginning of Year</i>	1,367,766
<i>Cash and Investments End of Year</i>	\$997,227
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
<i>Operating Loss</i>	(\$1,281,845)
Adjustments:	
Decrease in Accounts Payable	(875)
Increase in Claims Payable	912,181
<i>Net Cash Used By Operating Activities</i>	(\$370,539)

See accompanying notes to the basic financial statements

City of Middleburg Heights, Ohio

Statement of Fiduciary Net Position

Custodial Funds

December 31, 2025

	<u>Custodial Funds</u>
Assets	
Equity in Pooled Cash and Equivalents	<u>\$3,335</u>
Total Assets	<u>3,335</u>
Liabilities	
Due to Other Governments	<u>3,335</u>
<i>Total Liabilities</i>	<u>3,335</u>
Net Position	
Restricted for Individuals, Organizations, and Other Governments	<u>\$0</u>

See accompanying notes to the basic financial statements

City of Middleburg Heights, Ohio
Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Fiscal Year Ended December 31, 2025

	<u>Custodial Funds</u>
<u>Additions</u>	
Fines, Licenses and Permits for Other Governments	<u>\$64,751</u>
Total Additions	<u>64,751</u>
<u>Deductions</u>	
Distributions to the State of Ohio	56,329
Fines and Forfeitures Distributions to Other Governments	<u>8,422</u>
Total Deductions	<u>64,751</u>
Net Increase (Decrease) in Fiduciary Net Position	0
Net Position Beginning of Year	<u>0</u>
Net Position End of Year	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2025

Note 1 – Description of the City

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

Note 2 - Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

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

B. Basis of Presentation

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

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2025

Government-wide Financial Statements

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

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

Fund Financial Statements

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

C. Fund Accounting

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

Governmental Funds

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

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

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2025

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

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

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

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

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

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

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

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension and other employee benefit trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The City's custodial funds account for the activities of the Mayor's Court and State Building Standards fees.

D. Measurement Focus

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

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

City of Middleburg Heights, Ohio
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For the Year Ended December 31, 2025

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

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

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

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

E. Basis of Accounting

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

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, hotel/motel tax, admissions tax, cable TV franchise fees, ambulance

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fees, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), interest, grants and entitlements.

Deferred Outflows/Inflows of Resources In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods and represent an acquisition of net assets that applies to future periods. For the City, deferred outflows of resources include pension and OPEB are reported in the government-wide statement of net position. The deferred outflows of resources related to pensions and OPEB are explained in Notes 9 and 10.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to future periods. For the City, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2024, but which were levied to finance year 2025 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, charges for services, intergovernmental grants, and special assessments. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. Deferred inflows of resources related to pensions and OPEB are reported in the government-wide statement of net position. (See Notes 9 and 10)

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

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

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

F. Cash and Investments

During 2025, investments were limited to State Treasury Asset Reserve of Ohio (STAR Ohio), US Treasury Notes and negotiable certificate of deposits. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Government Accounting Standards Board (GASB) Statement No. 79. *Certain External Investment Pools and Pool Participants*. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2025, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees or redemption rates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

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

Investment procedures are restricted by provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2025 amounted to \$846,916 which includes \$151,042 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. Assets Held for Resale

Assets held for resale represent two properties purchased by the City in the Southland Business District to facilitate redevelopment of those properties and are intended to be sold rather than used in governmental operations. These assets are recorded at the estimated net realizable value and are reported on the statement of net position.

During the year, the City evaluated the carrying value of assets held for resale and recorded any necessary adjustments based on estimated market conditions and anticipated selling costs. Proceeds from the sale of such assets are recognized upon transfer of ownership in accordance with applicable accounting standards.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2025, 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.

I. Inventory

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

J. Capital Assets

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

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

All capital assets are depreciated except for land and construction in progress. Improvements are

City of Middleburg Heights, Ohio
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depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

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

K. Interfund Balances

On the fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables". Interfund balance amounts are eliminated in the statement of net position. See Note 17 for interfund activity.

L. Compensated Absences

The City recognizes a liability for compensated absences for the leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment under the last-in-first-out flow assumption. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements.

M. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences and net pension liability that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the governmental fund financial statements when due. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Annual membership revenues for the City's Community Center have been recorded as unearned revenue to the extent that they had not been earned as of December 31, 2025.

N. Fund Balance

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

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

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

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

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

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

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

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

O. Net position

Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances

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

The government-wide statement of net position reports \$6,221,395 of the restricted component of net position, none of which is restricted by enabling legislation. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available.

P. 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.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and are either unusual in nature or infrequent in occurrence. Neither item occurred in 2025.

R. 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.

S. 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.

T. Budgetary Process

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

City of Middleburg Heights, Ohio
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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.

U. Pensions and Other Post Employment Benefits (OPEB)

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

Note 3 – Changes in Accounting Principles

For the fiscal year ended December 31, 2025, the City has implemented the following GASB Statement 102, *Certain Risk Disclosures*.

GASB Statement 102 The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations and constraints. The statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision making authority. The implementation of GASB Statement No. 102 had no material impact on the financial statements of the City.

Note 4 - Budgetary Basis of Accounting

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

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

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

	<u>Net Change in Fund Balance</u>	
	<u>General</u>	<u>Recreation</u>
GAAP Basis	(\$542,565)	(\$25,755)
Net Adjustment for Revenue Accruals	(167,908)	27,711
Advances Out	(5,770,000)	0
Net Adjustment for Expenditure Accruals	179,856	(8,333)
Encumbrances	(687,833)	(26,561)
Budget Basis	<u>(\$6,988,450)</u>	<u>(\$32,938)</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by

City of Middleburg Heights, Ohio
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eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

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

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

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

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

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

- Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or
- Participation in the Ohio Pooled Collateral System (OPCS) a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

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

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

S & P Global		Measurement	Investment Maturities (in years)			
Ratings	Investment	Amount	Less than 1	1-3	More Than 3	% Total
	Net Asset Value (NAV) Per Share:					
AAAm	STAR Ohio	\$3,365,029	\$3,365,029	\$0	\$0	36.0%
	Fair Value:					
AAA	United States Treasury Notes	1,004,280	1,004,280			10.7%
***	Negotiable Certificates of Deposit	971,822	480,173	491,649		10.4%
AAA	Federal Home Loan Bank	2,007,880	1,006,010	1,001,870		21.5%
AAA	Federal National Mortgage Association	2,003,310			2,003,310	21.4%
Total Portfolio		\$9,352,321	\$5,855,492	\$1,493,519	\$2,003,310	100.0%

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the City's recurring fair value measurements as of December 31, 2025. The City's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

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

STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of December 31, 2025, is 28.2 days.

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

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

Note 6 – Receivables

Receivables at December 31, 2025, consisted primarily of municipal income taxes, property and other local taxes, accounts, special assessments, interest, and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are deemed collectible in full.

Special assessments expected to be collected in more than one-year amount to \$1,755,000 in the Bond Retirement Fund. At December 31, 2025 the amount of delinquent special assessments was \$26,722.

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 2025 for real and public utility property taxes represents collections of 2024 taxes.

2025 real property taxes are levied after October 1, 2025 on the assessed value as of January 1, 2025, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2025 real property taxes are collected in and intended to finance 2026 operations.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2025 public utility property taxes, which became a lien December 31, 2024, are levied after October 1, 2025, and collected in 2025 with real property taxes.

The tax rate for all City operations for the year ended December 31, 2025, was \$4.45 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2025 property tax receipts were based are as follows:

Real Property	\$734,614,960
Public Utility Tangible Property	<u>38,614,230</u>
Total Valuation	<u><u>\$773,229,190</u></u>

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

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the county, including the City. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes and outstanding delinquencies, which are measurable as of December 31, 2025 and for which there is an enforceable legal claim. In the General, Police Pension, Fire Pension, Bond Retirement and Southwest General Hospital Funds, the entire receivable has been offset by deferred inflows of resources since the current taxes were not levied to finance 2025 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 2025, the City levied a municipal income tax of 2.00 percent on all income earned within the City as well as on income of residents earned outside of the City. In the case of income of residents earned outside of the city, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the Regional Income Tax Agency (RITA), on behalf of the City, at least quarterly. Corporations and other individual taxpayers are required to pay their estimated tax at least quarterly and file a final return annually. Taxes collected by RITA in one month are remitted to the City on the first (advance) and tenth business days (final settlement) of the following month. Income tax revenue is credited to the General Fund, Recreation Fund, General Obligation Bond Retirement Fund, Capital Improvements Fund, and Streets/Infrastructure Improvements Fund.

C. Intergovernmental Receivable

A summary of intergovernmental receivables follows:

Governmental Activities	Amounts
Gasoline Taxes	\$551,500
Homestead and Rollback	173,806
Local Government Funds	175,133
Permissive Motor Vehicle License Tax	9,166
Berea Municipal Court	1,306
Total	<u>\$910,911</u>

Note 7 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2025, the City contracted with Travelers Insurance Agency for its Commercial Umbrella coverage. A summary of insurance coverage is as follows:

Company	Type of Coverage	Coverage
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Selective Insurance Co.	Comprehensive general liability	\$1 million per occurrence/ \$2 million aggregate
Selective Insurance Co.	Employee Benefits	\$1 million per occurrence/ \$3 million aggregate
Selective Insurance Co.	Blanket building and contents	\$93,647,351
Selective Insurance Co.	Inland marine coverage	\$2,314,857
Selective Insurance Co.	Public Entity Management	\$1 million per occurrence
Selective Insurance Co.	Law Enforcement Liability	\$1 million per occurrence
Travelers Insurance Co.	Cyber Risk Liability	\$1,000,000
Selective Insurance Co.	Employee Dishonesty	\$100,000
Selective Insurance Co.	Commercial Automobile	\$1,000,000
Selective Insurance Co.	Commercial Umbrella	\$5,000,000

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 2025 the City provided two different medical plans for full time employees, council members and their families. A traditional plan with a Preferred Provider Organization is self funded and administered by a third party administrator. A Health Maintenance Organization plan was also offered and was fully insured. All covered employees also receive prescription, dental and vision benefits. Employees declining health care benefits can receive a monthly opt-out payment ranging from \$14 to \$100. Full time employees receive term life insurance benefits of \$50,000. Elected officials received term life insurance benefits of \$30,000.

Under the traditional medical plan, the preferred provider prices all claims which are then submitted to the third party administrator. The third party administrator reviews and processes the claims, which the City then pays. The City has purchased medical stop loss coverage of \$75,000 per individual and \$3,598,812 in aggregate. In 2025, the City funded the self-insurance internal service fund at \$960 per month for single coverage and \$2,394 per month for family coverage. These charges are paid by the fund from which the employees' compensation is paid.

The claims liability of \$1,039,191 as estimated and reported in the internal service fund at December 31, 2025, are based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims represent medical claims that are due within one year and are classified as a current liability.

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

	Estimated Claims Payable January 1st	Current Year Claims and Changes In Estimates	Claim Payments	Estimated Claims Payable December 31st
2024	\$157,976	\$2,084,584	(\$2,115,550)	\$127,010
2025	\$127,010	\$3,366,973	(\$2,454,792)	\$1,039,191

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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, 2025, was as follows:

	Balance 12/31/2024	Additions	Deletions	Balance 12/31/2025
Governmental Activities				
<i>Capital Assets not being Depreciated:</i>				
Land	\$10,099,301	\$22,750		\$10,122,051
Construction-In-Progress	8,818,375	6,007,537	(3,185,440)	11,640,472
Total Capital Assets, not being Depreciated	<u>18,917,676</u>	<u>6,030,287</u>	<u>(3,185,440)</u>	<u>21,762,523</u>
<i>Capital Assets being Depreciated:</i>				
Land Improvements	1,973,220			1,973,220
Buildings and Improvements	41,029,248	251,004		41,280,252
Furniture and Fixtures	142,626			142,626
Machinery and Equipment	14,481,640	773,337	(389,603)	14,865,374
Infrastructure:				
Streets	39,108,344	837,198		39,945,542
Sidewalks	1,776,519			1,776,519
Traffic Signals	4,553,345			4,553,345
Water Mains	4,128,811	560,489		4,689,300
Sanitary Sewers	3,465,279			3,465,279
Storm Sewers	8,950,089	1,538,157		10,488,246
Total Capital Assets being Depreciated	<u>119,609,121</u>	<u>3,960,185</u>	<u>(389,603)</u>	<u>123,179,703</u>
Less Accumulated Depreciation:				
Land Improvements	(1,248,635)	(43,369)		(1,292,004)
Buildings and Improvements	(18,790,931)	(1,004,170)		(19,795,101)
Furniture and Fixtures	(99,632)	(3,495)		(103,127)
Machinery and Equipment	(10,180,441)	(688,188)	389,603	(10,479,026)
Infrastructure:				
Streets	(12,164,762)	(975,427)		(13,140,189)
Sidewalks	(508,095)	(44,413)		(552,508)
Traffic Signals	(3,513,903)	(80,853)		(3,594,756)
Water Mains	(893,205)	(55,051)		(948,256)
Sanitary Sewers	(993,481)	(48,539)		(1,042,020)
Storm Sewers	(1,448,246)	(121,859)		(1,570,105)
Total Accumulated Depreciation	<u>(49,841,331)</u>	<u>(3,065,364)</u>	<u>389,603</u>	<u>(52,517,092)</u>
Total Capital Assets being Depreciated, Net	<u>69,767,790</u>	<u>894,821</u>	<u>0</u>	<u>70,662,611</u>
Governmental Activities Capital Assets, Net	<u><u>\$88,685,466</u></u>	<u><u>\$6,925,108</u></u>	<u><u>(\$3,185,440)</u></u>	<u><u>\$92,425,134</u></u>

* Depreciation expense was charged to governmental activities as follows:

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Public Safety:	
Police	\$443,643
Fire	268,642
Culture and Recreation	521,519
Community Development	6,362
Economic Development	3,313
Streets and Highways	1,326,142
General Government	495,743
Total Depreciation Expense	<u>\$3,065,364</u>

NOTE 9 – DEFINED BENEFIT PENSION PLANS

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

Net Pension/OPEB Liability (Asset)

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

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

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

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

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* and *net OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually-

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required pension/OPEB contributions outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

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

Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers two separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan, and the member-directed plan is a defined contribution plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in both plans, law enforcement and public safety divisions exist only within the traditional pension plan.

The traditional pension plan also includes members of the legacy combined plan, a hybrid defined benefit/defined contribution plan referred to as the combined plan division of the traditional pension plan throughout this disclosure. Prior to January 1, 2024, the combined plan was a separate pension plan. Effective January 1, 2022, the combined plan was no longer available for member selection. In October 2023, the legislature approved House Bill (HB) 33 which allowed for the consolidation of the combined plan into the traditional pension plan. The combined plan was consolidated into the traditional pension plan effective January 1, 2024, and is tracked as a separate division within the traditional pension plan. No changes were made to the benefit design features of the combined plan as part of this consolidation so that members in this plan will experience no changes. Throughout this disclosure, references to the traditional pension plan are inclusive of the combined plan division, unless otherwise noted.

Members of the combined plan division earn a formula benefit similar to, but at a factor less than, the traditional pension plan benefit. This defined benefit is funded by employer contributions and associated investment earnings. Additionally, combined plan division member contributions are deposited into a defined contribution account in which the member self-directs the investment. Upon retirement or termination, the member may choose a defined contribution retirement distribution that is equal in amount to the member's contributions to the plan and investment gains or losses on those contributions. Members in this division may also elect to annuitize their defined contribution account balances.

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

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

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Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Pension Plan Formula: (Excluding Combined Plan Division) 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Pension Plan Formula: (Excluding Combined Plan Division) 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Pension Plan Formula: (Excluding Combined Plan Division) 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Division Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Division Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Division Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Traditional pension plan state and local members (excluding the combined plan division) who retire before meeting the age-and-years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests at retirement.

Combined plan division members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit.

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

When a traditional pension plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the member's original base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan division receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan division members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan division consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan division members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the

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annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

	Traditional Pension Plan	
	State and Local Divisions	
	Excluding	
	Combined Plan	Combined Plan
	Division	Division
2025 Statutory Maximum Contribution Rates		
Employer	14.0 %	14.0 %
Employee	10.0 %	10.0 %
2025 Actual Contribution Rates		
Employer:		
Pension	14.0 %	12.0 %
Post-employment Health Care Benefits	0.0	2.0
Total Employer	14.0 %	14.0 %
Employee	10.0 %	10.0 %

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

Employer contribution rates are actuarially determined within the constraints of statutory limits for each division and expressed as a percentage of covered payroll.

Employer contribution rates are actuarially determined within the constraints of statutory limits for each division and expressed as a percentage of covered payroll. For 2025, the City's contractually required contribution was \$1,141,325 for the traditional plan (including combined plan division). Of this amount, \$86,086 is reported as an intergovernmental payable.

Ohio Police & Fire Pension Fund (OP&F)

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

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines

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and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

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

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

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

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

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

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

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

	<u>Police</u>	<u>Firefighters</u>
2025 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2025 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	<u>12.25 %</u>	<u>12.25 %</u>

City of Middleburg Heights, Ohio
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Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$1,514,438 for 2025. Of this amount, \$115,796 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2024, and was determined by rolling forward the total pension liability as of January 1, 2024, to December 31, 2024. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	OP&F	Total
Proportion of the Net Pension Liability:			
Current Measurement Period	0.043406%	0.2231002%	
Prior Measurement Period	0.045009%	0.2307260%	
Change in Proportion	<u>-0.001603%</u>	<u>-0.0076258%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 10,641,214	\$ 21,301,015	\$ 31,942,229
Pension Expense	\$ 975,693	\$ 2,457,080	\$ 3,432,773

Effective January 1, 2024, the combined plan was consolidated with the traditional plan. The proportionate share percentage and net pension liability for the prior period reflects the City's share of contributions to the traditional plan only. The current year proportionate share and net pension liability reflects the consolidated traditional plan inclusive of the combined plan.

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

At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	OPERS	OP&F	Total
Deferred Outflows of Resources			
Net Difference between Projected and Actual			
Earnings on Pension Plan Investments	\$ 1,255,340	\$ 1,031,809	\$ 2,287,149
Differences between Expected and			
Actual Experience	203,603	903,707	1,107,310
Changes of Assumptions	-	840,300	840,300
Changes in Proportionate Share and			
Differences in Contributions	-	425,388	425,388
City Contributions Subsequent			
to the Measurement Date	1,141,325	1,514,438	2,655,763
Total Deferred Outflows of Resources	<u>\$ 2,600,268</u>	<u>\$ 4,715,642</u>	<u>\$ 7,315,910</u>
Deferred Inflows of Resources			
Differences between Expected and			
Actual Experience	\$ -	\$ 107,715	\$ 107,715
Changes of Assumptions	-	241,417	241,417
Changes in Proportionate Share and			
Differences in Contributions	289,500	1,070,283	1,359,783
Total Deferred Inflows of Resources	<u>\$ 289,500</u>	<u>\$ 1,419,415</u>	<u>\$ 1,708,915</u>

\$2,655,763 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2026	\$ 509,666	\$ 839,730	\$ 1,349,396
2027	1,301,846	1,426,794	2,728,640
2028	(484,344)	(391,360)	(875,704)
2029	(157,725)	(73,569)	(231,294)
2030	-	(16,409)	(16,409)
Thereafter	-	(3,397)	(3,397)
Total	<u>\$ 1,169,443</u>	<u>\$ 1,781,789</u>	<u>\$ 2,951,232</u>

Actuarial Assumptions – OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2024, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67:

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	<u>OPERS Traditional Plan</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.0 percent, simple
Post-January 7, 2013 Retirees (Current Year)	2.9 percent, simple for calendar year 2025 then 2.05 percent, simple
Post-January 7, 2013 Retirees (Prior Year)	2.3 percent, simple through 2024, then 2.05 percent, simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

For the prior year, the actuarial assumptions for the Combined Legacy Plan included future salary increases (including inflation) of 2.75 percent to 8.25 percent, including wage inflation.

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2024, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, including the defined benefit component of the Combined Plan, and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 8.8 percent for 2024.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2024, these best estimates are summarized below:

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Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00%	2.42%
Domestic Equities	21.00	5.70
Real Estate	13.00	4.17
Private Equity	15.00	8.40
International Equities	20.00	6.10
Risk Parity	2.00	4.40
Other investments	5.00	2.54
Total	100.00%	

A simple weighted sum of asset class returns will not yield the results shown on the above table given the process followed to adjust for inflation, the compounding to a given time period, and the impact of volatility and correlations to the portfolio.

Discount Rate The discount rate used to measure the total pension liability for the current year was 6.9 percent for the traditional pension plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.90 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.90 percent) or one-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	\$ 17,408,410	\$ 10,641,214	\$ 5,017,734

Actuarial Assumptions – OP&F

The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements, and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth. The changes in assumptions are being amortized over the estimated remaining useful life of the participants which was 6.16 years at December 31, 2024.

City of Middleburg Heights, Ohio
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Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2024, are presented below.

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.2 percent simple per year

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2021.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Best estimates of the long-term expected real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2024, are summarized below:

City of Middleburg Heights, Ohio
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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	18.60 %	3.80 %
Non-US Equity	12.40	4.60
Private Markets	10.00	5.60
Core Fixed Income *	25.00	2.60
High Yield Fixed Income	7.00	4.30
Private Credit	5.00	6.70
U.S. Inflation Linked Bonds*	15.00	2.40
Midstream Energy Infrastructure	5.00	5.20
Real Assets	8.00	6.10
Gold	5.00	3.20
Private Real Estate	12.00	5.30
Commodities	2.00	2.50
Total	125.00 %	

Note: Assumptions are geometric.

* levered 2.0x

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

Discount Rate For measurement year 2024, the total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50 percent. Based on those assumptions, OP&F's fiduciary net position was projected to be available to make all future benefit payment of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate. To illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent) or one percentage point higher (8.50 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	\$ 28,524,050	\$ 21,301,015	\$ 15,293,879

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NOTE 10 – POSTEMPLOYMENT BENEFITS

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

Ohio Public Employees Retirement System (OPERS)

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers two separate pension plans: the traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan and the member-directed plan is a defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, the 115 Health Care Trust (115 Trust), which was established in 2014 to fund health care for the Traditional Pension and Member-Directed plans. The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Age 65 or older Retirees Minimum of 20 years of qualifying service credit

Age 60 to 64 Retirees Based on the following age-and-service criteria:

Group A 30 years of total service with at least 20 years of qualified health care service credit;

Group B 31 years of total service credit with at least 20 years of qualified health care service credit; or

Group C 32 years of total service credit with at least 20 years of qualified health care service credit.

Age 59 or younger Based on the following age-and-service criteria:

Group A 30 years of qualified health care service credit;

Group B 32 years of qualified health care service credit at any age or 31 years of qualified health care service credit and at least age 52; or

Group C 32 years of qualified health care service credit and at least age 55.

Retirees who do not meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

City of Middleburg Heights, Ohio
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Members with a retirement date on or prior to December 1, 2014, with at least 10 years of qualifying health care service credit will continue to be eligible for the OPERS health care program. Members with a retirement date after December 1, 2014, but prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022, as summarized in the following table:

Group A	Group B	Group C
Age and Service Requirements December 1, 2014 or Prior	Age and Service Requirements December 1, 2014 or Prior	Age and Service Requirements December 1, 2014 or Prior
Any Age with 10 years of service credit	Any Age with 10 years of service credit	Any Age with 10 years of service credit
January 1, 2015 through December 31, 2021	January 1, 2015 through December 31, 2021	January 1, 2015 through December 31, 2021
Age 60 with 20 years of service credit or Any Age with 30 years of service credit	Age 52 with 31 years of service credit or Age 60 with 20 years of service credit or Any Age with 32 years of service credit	Age 55 with 32 years of service credit or Age 60 with 20 years of service credit

See the Age and Service Retirement section of the OPERS ACFR for a description of Groups A, B and C.

Beginning January 1, 2014, qualifying contributing service credit for health care will be accumulated only if the member's eligible salary is at least \$1,000 per month. Partial health care credit will not be granted for months in which eligible salary is less than \$1,000. Credit earned prior to January 2014 will not be affected by this requirement.

Recipients of disability benefits prior to January 1, 2014, have continued access to the health care program while the disability benefit continues and will not be subject to the five-year rule described below. The allowance will be determined in the same manner as an age-and-service retiree. If the recipient does not meet minimum age-and-service requirements, the minimum allowance will be used. Recipients with an initial disability effective date on or after January 1, 2014, will have coverage during the first five years of disability benefits. After five years, the recipient must meet minimum age-and-service health care eligibility requirements or be enrolled in Medicare (due to disability status) to remain enrolled in the OPERS health care program. If enrolled, the allowance will be determined in the same way as an age-and-service retiree.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances are determined using a percentage based on years of service and the age when the individual is first eligible for the HRA, multiplied by the base allowance as determined by the Board.

The base allowance was \$1,200 per month for non-Medicare retirees and \$350 per month for Medicare retirees throughout 2024. The base allowance for Medicare retirees increased to \$400 per month in January 2025. Monthly allowances range between 51 percent and 90 percent of the base allowance for both non-Medicare and Medicare retirees.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan. While Medicare eligible retirees must use the Connector to select a vendor to be eligible to receive an HRA, non-Medicare eligible retirees may use the Connector or another vendor and still be eligible to receive an HRA.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must

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enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

Participants in the Member-Directed Plan have a portion of the employer contribution credited to an individual retiree medical account. Interest accrues based on the investment performance of the stable value fund, not to exceed 4 percent. Members with an account prior to July 1, 2015, become vested in the account at a rate of 20 percent for each year of participation until the member is fully vested at the end of five years. Members establishing accounts on or after July 1, 2015, vest over 15 years at a rate of 10 percent each year starting with the sixth year of participation.

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. For fiscal year 2025, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2025, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan (excluding the Combined Plan Division). Beginning July 1, 2022, there was a two percent allocation to health care for the Combined Plan Division which has continued through 2025. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2025 was 4.0 percent. Effective July 1, 2022, a portion of the health care rate was funded with reserves which has continued through 2025.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. For 2025, the City's contractually required contribution was \$0 for the traditional plan, exclusive of the combined plan.

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Ohio Police & Fire Pension Fund (OP&F)

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

A stipend funded by OP&F via the Health Care Stabilization Fund (HCSF) is available to eligible members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses. This stipend model allows eligible members the option of choosing an appropriate health care plan on the insurance exchange. Implementation of the stipend model has helped OP&F meet the funding goal of a 15-year future solvency projection in the HCSF.

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2025, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The City's contractually required contribution to OP&F was \$35,914 for 2025. Of this amount, \$2,744 is

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reported as an intergovernmental payable.

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

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2023, rolled forward to the measurement date of December 31, 2024, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2024, and was determined by rolling forward the total OPEB liability as of January 1, 2024, to December 31, 2024. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Period	0.042131%	0.223100%	
Prior Measurement Period	0.042970%	0.230726%	
Change in Proportion	<u>-0.000839%</u>	<u>-0.007626%</u>	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ (987,649)	\$ 1,377,783	
OPEB Expense	(316,717)	21,259	(295,458)

At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Net Difference between Projected and Actual			
Earnings on OPEB Plan Investments	\$ 20,337	\$ 56,112	\$ 76,449
Differences between Expected and			
Actual Experience	-	61,874	61,874
Changes of Assumptions	-	290,416	290,416
Changes in Proportionate Share and			
Differences in Contributions	10,554	82,516	93,070
City Contributions Subsequent			
to the Measurement Date	-	35,914	35,914
Total Deferred Outflows of Resources	<u>\$ 30,891</u>	<u>\$ 526,832</u>	<u>\$ 557,723</u>
Deferred Inflows of Resources			
Differences between Expected and			
Actual Experience	\$ 48,070	\$ 281,119	\$ 329,189
Changes of Assumptions	142,510	975,042	1,117,552
Changes in Proportionate Share and			
Differences in Contributions	-	179,814	179,814
Total Deferred Inflows of Resources	<u>\$ 190,580</u>	<u>\$ 1,435,975</u>	<u>\$ 1,626,555</u>

\$35,914 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction/addition of the net OPEB liability (asset) in 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Year Ending December 31:	OPERS	OP&F	Total
2026	\$ (93,230)	\$ (125,743)	\$ (218,973)
2027	94,508	(99,761)	(5,253)
2028	(119,039)	(197,510)	(316,549)
2029	(41,928)	(201,599)	(243,527)
2030	-	(218,205)	(218,205)
Thereafter	-	(102,239)	(102,239)
Total	<u>\$ (159,689)</u>	<u>\$ (945,057)</u>	<u>\$ (1,104,746)</u>

Actuarial Assumptions – OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members.

The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75 percent
Projected Salary Increases,	2.75 to 10.75 percent including wage inflation
Single Discount Rate	6.00 percent
Prior Year Single Discount Rate	5.70 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	4.08 percent
Prior Year Municipal Bond Rate	3.77 percent
Health Care Cost Trend Rate	5.5 percent, initial 3.50 percent, ultimate in 2039
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2024, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan Division, Member-

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Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 10.0 percent for 2024.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2024, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	37.00%	2.37%
Domestic Equities	26.00	5.70
Real Estate Investment Trust	5.00	5.00
International Equities	26.00	6.10
Risk Parity	3.00	4.40
Other investments	3.00	2.50
Total	<u>100.00%</u>	

A simple weighted sum of asset class returns will not yield the results shown on the above table given the process followed to adjust for inflation, the compounding to a given time period, and the impact of volatility and correlations to the portfolio.

Discount Rate A single discount rate of 6.0 percent was used to measure the total OPEB liability on the measurement date of December 31, 2024; however, the single discount rate used at the beginning of the year was 5.70 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarially determined contribution rates of 6.00. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2124. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2124, the duration of the projection period through which projected health care

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payments are fully funded. The tax-exempt municipal bond rate was not needed in the determination of the single discount rate.

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

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ (490,405)	\$ (987,649)	\$ (1,402,541)

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2025 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Trend Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ (1,002,718)	\$ (987,649)	\$ (970,698)

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2024, is based on the results of an actuarial valuation date of January 1, 2024, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements, and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2025

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation are presented below:

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.50 percent to 10.5 percent
Payroll Growth	3.25 percent
Blended discount rate:	
Current measurement rate	4.69 percent
Prior measurement rate	4.07 percent
Cost of Living Adjustments	2.2 percent simple per year
Projected Depletion Year of OPEB Assets	2039

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2021.

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

Best estimates of the long-term expected real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2023, are summarized below:

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2025

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	18.60 %	3.80 %
Non-US Equity	12.40	4.60
Private Markets	10.00	5.60
Core Fixed Income *	25.00	2.60
High Yield Fixed Income	7.00	4.30
Private Credit	5.00	6.70
U.S. Inflation Linked Bonds*	15.00	2.40
Midstream Energy Infrastructure	5.00	5.20
Real Assets	8.00	6.10
Gold	5.00	3.20
Private Real Estate	12.00	5.30
Commodities	2.00	2.50
Total	125.00 %	

Note: Assumptions are geometric.

* levered 2.0x

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

Discount Rate For 2024, the total OPEB liability was calculated using the discount rate of 4.69 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.5 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, the long-term assumed rate of return on investments of 7.5 percent was applied to periods before December 31, 2038, and the Municipal Bond Index Rate of 4.04 percent was applied to periods on and after December 31, 2038, resulting in a discount rate of 4.69 percent.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate. To illustrate the potential impact, the following table presents the net OPEB liability calculated using the discount rate of 4.69 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.69 percent), or one percentage point higher (5.69 percent), than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$ 1,710,742	\$ 1,377,783	\$ 1,095,714

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2025

Note 11 - Compensated Absences

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

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

Note 12 - Contingencies

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

Note 13 – Fund Balance

Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balance	General	Recreation	Bond Retirement	Capital Improvements	Streets/ Infrastructure Improvements	Other Governmental Funds
Non-Spendable for:						
Prepaid Items	\$265,707	\$36,925	\$0	\$0	\$0	\$579
Materials and Supplies						
Inventory	118,043	30,181				330,613
Unclaimed Monies	108,996					
Total Non-Spendable	492,746	67,106	0	0	0	331,192
Restricted for:						
Bond Retirement			753,249			
Recreation		141,059				
Street Construction						661,028
State Highway						302,006
Clerk of Court Computer						22,340
Law Enforcement						213,557
One Ohio Opioid						48,906
Police Pension						68,326
Fire Pension						68,326
Total Restricted	0	141,059	753,249	0	0	1,384,489

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2025

Committed to:

Capital Improvements	400,213				
TIF-Pearl Plaza					32,666
TIF-WXZ					38,161
TIF-Serpentini					30,264
Medical Transport					265,467
Tree Planting					8,005
Veteran's Memorial					7,835
Tri-City Bark Park					33,128
Total Committed	0	0	0	400,213	0

Assigned for:

Unpaid Obligations	324,900				
Total Assigned	324,900				
Unassigned:	11,097,163	0	0	(518,789)	0
Total Fund Balance:	\$11,914,809	\$208,165	\$753,249	\$400,213	(\$518,789)

Note 14 - Long-Term Obligations

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

Debt Issue	Original Issue Date	Interest Rate	Original Issue Amount
General Obligation Bonds			
Refunded Street Improvement	2020	2.50 - 3.50%	\$ 4,105,000
Various Purpose	2022	3.00 - 5.00%	14,850,000
Special Assessments Bonds			
American Veterans Parkway	2018	3.00 - 4.00%	2,200,000

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

	Outstanding 12/31/24	Additions	(Reductions)	Outstanding 12/31/25	Amounts Due in One Year
General Obligation Bonds:					
2020 Street Improve Refunding	\$ 2,820,000		\$ (335,000)	\$ 2,485,000	\$ 340,000
2022 Various Purpose	13,695,000		(605,000)	13,090,000	620,000
Unamortized Premium	964,390		(52,346)	912,044	0
Total General Obligation Bonds	17,479,390	0	(992,346)	16,487,044	960,000
Special Assessment Bonds:					
American Veterans Parkway	1,880,000		(60,000)	1,820,000	65,000
Unamortized Premium	23,317	0	(777)	22,540	0
Total Special Assessment Bonds	1,903,317	0	(60,777)	1,842,540	65,000
Direct Borrowings:					
Equipment and Vehicles	208,197		(208,197)	0	0
OPWC Loan	408,689	0	(40,871)	367,818	40,869
Total Direct Borrowings	616,884	0	(249,068)	367,818	40,869

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2025

Other Long-Term Obligations:

Net Pension Liability	34,074,857	0	(2,132,628)	31,942,229	0
Net OPEB Liability	1,684,601	0	(306,818)	1,377,783	0
Compensated Absences *	3,338,251	171,677		3,509,928	133,168
Total Other Long-Term Obligations	<u>39,097,709</u>	<u>171,677</u>	<u>(2,439,446)</u>	<u>36,829,940</u>	<u>133,168</u>
Total Long-Term Liabilities	<u>\$59,097,300</u>	<u>\$171,677</u>	<u>(\$3,741,637)</u>	<u>\$55,527,342</u>	<u>\$1,199,037</u>

* The change in compensated absences above is a net change for the year.

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

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

Refunded bonds On October 8, 2020, the City issued \$4,105,000 of current refunding general obligation bonds. The proceeds of the bonds were used to refund \$4,000,000 of the City's outstanding 2013 Street Improvement Bonds. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt by \$412,549 and an economic gain (difference between present values of the old and new debt service payments) of \$385,765. As of December 31, 2024 \$2,815,000 of these bonds are considered defeased (which will mature on December 1, 2022 through December 1, 2032).

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

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

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

Direct Borrowings Equipment and Vehicles In 2020, the City entered into two lease agreements for the financing and acquisition of Body Cameras for the police department with a down payment of \$21,593

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2025

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

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

The City's overall legal debt margin was \$81,189,065 at December 31, 2025. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2025, are as follows:

Year	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2026	\$960,000	\$525,289	\$65,000	\$66,762
2027	985,000	489,359	65,000	64,163
2028	1,010,000	452,356	70,000	61,563
2029	1,035,000	414,281	70,000	58,762
2030	1,060,000	375,134	75,000	56,400
2031-2035	4,560,000	1,348,554	405,000	242,637
2036-2040	4,440,000	677,681	485,000	164,856
2041-2045	1,305,000	141,294	585,000	67,125
2046-2047	220,000	13,200	0	0
Total	\$15,575,000	\$4,437,148	\$1,820,000	\$782,268

Year	OPWC Loan-Direct Borrowing		Totals	
	Principal	Interest	Principal	Interest
2026	\$40,869		\$1,065,869	\$592,051
2027	40,869		1,090,869	553,522
2028	40,869		1,120,869	513,919
2029	40,869		1,145,869	473,043
2030	40,869		1,175,869	431,534
2031-2035	163,473		5,128,473	1,591,191
2036-2040			4,925,000	842,537
2041-2045			1,890,000	208,419
2046-2047			220,000	13,200
Total	\$367,818	\$0	\$17,762,818	\$5,219,416

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

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

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2025

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

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

December 31, 2025, the aggregate principal amount of conduit debt obligations outstanding is \$135,482,132.

Note 15 – Notes Payable

Note activity for the year ending December 31, 2025 are as follows:

	Outstanding 12/31/24	Additions	(Reductions)	Outstanding 12/31/25
Economic Dev Series 8%	\$3,600,000	\$0	(\$3,600,000)	\$0
Smith Road Reconstruction 6%	\$4,780,000	\$0	(\$4,780,000)	\$0
Total Notes Payable	<u>\$8,380,000</u>	<u>\$0</u>	<u>(\$8,380,000)</u>	<u>\$0</u>

All notes are capital-related debt backed by the full faith and credit of the City and mature within one year. The liability for the notes outstanding were reflected in the Capital Improvements Fund and the Street Infrastructure Improvements Fund. The note proceeds were credited to those funds in 2024.

Note 16 - Contractual Commitments

The City had the following contractual commitments outstanding at December 31, 2025:

Project	Remaining on Contract
Central Park Project	\$1,488,600
Smith Road Streetscape	\$1,820,493
Smith Road Southland	78,358
General Pavement Services	147,354
Indian Creek Relief Sewer	205,123
Street Improvement Program	265,456
Bagley Road Traffic Signals	84,202
Police Department Demolition	52,800
	<u>\$4,142,386</u>

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

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2025

Funds	Encumbrance Commitments
General fund	\$687,832
Recreation Fund	26,562
Capital Improvement Fund	1,937,361
Street Infrastructure Fund	4,069,061
Nonmajor Governmental Funds	319,779
	<u>\$7,040,595</u>

Note 17 - Interfund Transfers and Balances

During the calendar year 2025, a transfer of \$800,000 was made from the General Fund to the Street Construction Fund. This transfer was made to provide additional resources to fund current operations. Also, a transfer was made from the General Fund to the Capital Improvement Fund of \$1,088,600 to fund the Central Park Project and the Street Infrastructure Improvement Fund of \$900,000 for the Smith Road/Southland Redevelopment project. Lastly, a transfer from the General Fund to the Tri-City Bark Park fund of \$10,000 was made for current operations.

The City made several inter-fund receivable/payables in 2025. The General Fund advanced \$3,770,000 to the Capital Improvement fund. These advances were comprised of \$500,000 for the Central Park Project and \$3,270,000 for the Southland Redevelopment project. Reimbursement from Brownfield grant funds will be received in 2026. The General Fund also advanced \$2,000,000 to the Street Infrastructure Improvement Fund for the Smith Road Streetscape and Smith Road Realignment projects. The City also issued \$2,100,000 in Manuscript debt for Smith Road Streetscape project and the City bought the notes issued. The advances will be paid in 2026.

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 2025, City of Middleburg Heights remitted \$201,314 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

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2025

provides burial grounds and burial services to the public. The Cemetery is a jointly governed organization among the cities of Middleburg Heights and Berea. A joint council consisting of the council members from the member communities governs the Cemetery. The joint council elects and appoints the members of the Board of Trustees. The Board consists of the following: one elected member of the legislative body from each of the political subdivisions, and one appointed resident from either of the political subdivisions who is not a member of the legislative body. The joint council exercises total control over the operation of the Cemetery including budgeting, appropriating, and contracting. Each City's degree of control is limited to its representation on the Board. In 2025, the City of Middleburg Heights contributed \$50,000 for operating expenses to the Cemetery.

C. Southwest Council of Governments

The Southwest Council of Governments helps foster cooperation between municipalities in areas affecting health, safety, welfare, education, economic conditions, and regional development. The Council's Board is comprised of one member from each of the 16 participating cities. The Board exercises total control over the operation of the Council including budgeting, appropriating, contracting, and designating management. Budgets are adopted by the Board. Each City's degree of control is limited to its representation on the Board. The Council has established two subsidiary organizations, the Hazardous Material Response Team ("HAZMAT"), which provides hazardous material protection and assistance, and the Southwest Enforcement Bureau, which provides extra assistance to cities in the form of a SWAT team. In 2025, the City of Middleburg Heights contributed \$27,500 to the Council. The Council's financial statements may be obtained by contacting the Southwest Council of Governments, 11 Berea Commons, Berea, Ohio.

D. Northeast Ohio Public Energy Council

The City is a member of The Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 200 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities. NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. Financial information can be obtained by contacting Ronald McVoy, Board Chairman, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

E. Suburban Water Regional Council of Governments

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

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

City of Middleburg Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2025

Note 19 – Change with Financial Reporting Entity

The Local Fiscal Recovery Fund, which was previously reported as a major governmental fund, is being reported as a nonmajor fund on the Statement of Revenues, Expenses and Changes in Fund Balances – Governmental Funds.



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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>			
City's Proportion of the Net Pension Liability	0.043406%	0.045009%	0.047640%
City's Proportionate Share of the Net Pension Liability	\$10,641,214	\$11,783,541	\$14,072,877
City's Covered Payroll	\$7,731,657	\$7,408,486	\$7,384,696
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	137.63%	159.05%	190.57%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.99%	79.01%	75.74%
<i>Ohio Police and Fire Pension Fund (OPF)</i>			
City's Proportion of the Net Pension Liability	0.223100%	0.230726%	0.225618%
City's Proportionate Share of the Net Pension Liability	\$21,301,015	\$22,291,316	\$21,431,523
City's Covered Payroll	\$6,662,577	\$6,570,849	\$6,158,270
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	319.71%	339.25%	348.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.26%	63.63%	62.90%

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

See accompanying notes to the required supplementary information.

2022	2021	2020	2019	2018	2017	2016
0.049356%	0.048794%	0.054001%	0.054164%	0.053348%	0.055777%	0.057222%
\$4,294,172	\$7,225,329	\$10,673,664	\$14,834,421	\$8,369,253	\$12,666,117	\$9,911,572
\$7,163,093	\$6,872,364	\$7,596,371	\$7,321,493	\$7,047,179	\$7,208,742	\$7,130,408
59.95%	105.14%	140.51%	202.61%	118.76%	175.70%	139.00%
92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%
0.240993%	0.232611%	0.240866%	0.235846%	0.229533%	0.239505%	0.245510%
\$15,055,823	\$15,857,308	\$16,226,014	\$19,251,266	\$14,087,477	\$15,170,006	\$15,793,831
\$5,969,771	\$5,667,281	\$5,737,012	\$5,495,118	\$5,030,065	\$5,171,594	\$5,136,362
252.20%	279.80%	282.83%	350.33%	280.07%	293.33%	307.49%
75.03%	70.65%	69.89%	63.07%	70.91%	68.36%	66.77%

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>				
Contractually Required Contribution	\$1,141,325	\$1,082,432	\$1,037,188	\$1,033,856
Contributions in Relation to the Contractually Required Contribution	<u>(1,141,325)</u>	<u>(1,082,432)</u>	<u>(1,037,188)</u>	<u>(1,033,856)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll	\$8,152,321	\$7,731,657	\$7,408,486	\$7,384,686
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
<i>Ohio Police and Fire Pension Fund (OPF)</i>				
Contractually Required Contribution	\$1,514,438	\$1,401,782	\$1,386,374	\$1,296,350
Contributions in Relation to the Contractually Required Contribution	<u>(1,514,438)</u>	<u>(1,401,782)</u>	<u>(1,386,374)</u>	<u>(1,296,350)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll	\$7,182,894	\$6,662,577	\$6,570,849	\$6,158,270
Contributions as a Percentage of Covered Payroll	21.08%	21.04%	21.10%	21.05%

See accompanying notes to the required supplementary information.

2021	2020	2019	2018	2017	2016
\$1,002,833	\$962,131	\$1,063,492	\$1,025,009	\$916,133	\$865,049
(1,002,833)	(962,131)	(1,063,492)	(1,025,009)	(916,133)	(865,049)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,163,093	\$6,872,364	\$7,596,371	\$7,321,493	\$7,047,179	\$7,208,742
14.00%	14.00%	14.00%	14.00%	13.00%	12.00%
\$1,256,381	\$1,194,308	\$1,210,827	\$1,157,171	\$1,061,150	\$1,089,883
(1,256,381)	(1,194,308)	(1,210,827)	(1,157,171)	(1,061,150)	(1,089,883)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$5,969,771	\$5,667,281	\$5,737,012	\$5,495,118	\$5,030,065	\$5,171,594
21.05%	21.07%	21.11%	21.06%	21.10%	21.07%

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

	2025	2024
<i>Ohio Public Employees' Retirement System (OPERS)</i>		
City's Proportion of the Net OPEB Liability (Asset)	0.042131%	0.042970%
City's Proportionate Share of the Net OPEB Liability (Asset)	(\$987,649)	(\$387,815)
City's Covered Payroll	\$7,731,657	\$7,408,486
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	-12.77%	-5.23%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	121.51%	107.76%
<i>Ohio Police and Fire Pension Fund (OPF)</i>		
City's Proportion of the Net OPEB Liability	0.223100%	0.230726%
City's Proportionate Share of the Net OPEB Liability	\$1,377,783	\$1,684,601
City's Covered Payroll	\$6,662,577	\$6,570,849
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	20.68%	25.64%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	56.05%	51.89%

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

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

See accompanying notes to the required supplementary information.

2023	2022	2021	2020	2019	2018	2017
0.045033%	0.046438%	0.045985%	0.051061%	0.051151%	0.050468%	0.052867%
\$283,942	(\$1,454,509)	(\$819,260)	\$7,052,851	\$6,668,883	\$5,480,417	\$5,339,747
\$7,384,696	\$7,163,093	\$6,872,364	\$7,596,371	\$7,321,493	\$7,047,179	\$7,208,742
3.85%	-20.31%	-11.92%	92.85%	91.09%	77.77%	74.07%
94.79%	128.23%	115.57%	47.80%	46.33%	54.14%	54.04%
0.225618%	0.240993%	0.232611%	0.240866%	0.235846%	0.229533%	0.239505%
\$1,606,335	\$2,641,487	\$2,464,553	\$2,379,208	\$2,147,740	\$13,005,024	\$11,368,764
\$6,158,270	\$5,969,771	\$5,667,281	\$5,737,012	\$5,495,118	\$5,030,065	\$5,171,594
26.08%	44.25%	43.49%	41.47%	39.08%	258.55%	219.83%
52.59%	46.86%	45.42%	47.08%	46.57%	14.13%	15.96%

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

	2025	2024	2023
<i>Ohio Public Employees' Retirement System (OPERS)</i>			
Contractually Required Contribution	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	0	0	0
Contribution Deficiency (Excess)	\$0	\$0	\$0
City's Covered Payroll (1)	\$8,152,321	\$7,731,657	\$7,408,486
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%
<i>Ohio Police and Fire Pension Fund (OPF)</i>			
Contractually Required Contribution	\$35,914	\$33,313	\$32,854
Contributions in Relation to the Contractually Required Contribution	(35,914)	(33,313)	(32,854)
Contribution Deficiency (Excess)	\$0	\$0	\$0
City's Covered Payroll	\$7,182,894	\$6,662,577	\$6,570,849
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%

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

See accompanying notes to the required supplementary information.

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$0	\$0	\$0	\$0	\$0	\$70,472	\$144,175
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(70,472)</u>	<u>(144,175)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,384,686	\$7,163,093	\$6,872,364	\$7,596,371	\$7,321,493	\$7,047,179	\$7,208,742
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%
\$30,791	\$29,849	\$28,336	\$28,685	\$27,476	\$25,150	\$25,858
<u>(30,791)</u>	<u>(29,849)</u>	<u>(28,336)</u>	<u>(28,685)</u>	<u>(27,476)</u>	<u>(25,150)</u>	<u>(25,858)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,158,270	\$5,969,771	\$5,667,281	\$5,737,012	\$5,495,118	\$5,030,065	\$5,171,594
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

City of Middleburg Heights
Cuyahoga County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2025

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions – OPERS

No changes to the assumptions below since 2022. Amounts reported beginning in 2022 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in prior years are presented below:

	2022	2019	2018 and 2017	2016 and prior
Wage Inflation	2.75%	3.25%	2.75%	2.75%
Future Salary Increases, including wage inflation	2.75% to 10.75%	3.25% to 10.75%	3.25% to 10.75%	4.25% to 10.05%
COLA or Ad Hoc COLA:				
Pre-January 7, 2013 Retirees	3.00%, simple	3.00%, simple	3.00%, simple	3.00%, simple
Post-January 7, 2013 Retirees	see below	see below	see below	see below
Investment Rate of Return	6.90%	7.20%	7.50%	8.00%
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age

The assumptions related to COLA or Ad Hoc COLA for Post-January 7, 2013, retirees are as follows:

2025	2.90%, simple through 2025, then 2.05%, simple
2024	2.30%, simple through 2024, then 2.05%, simple
2022	3.00%, simple through 2022, then 2.05%, simple
2021	0.50%, simple through 2021, then 2.15%, simple
2020	1.40%, simple through 2020, then 2.15%, simple
2017-2019	3.00%, simple through 2018, then 2.15%, simple
2016 and prior	3.00%, simple through 2018, then 2.80%, simple

Changes in Benefit Terms – OPERS

There were no significant changes in benefit terms.

Changes in Assumptions – OP&F

For 2022, the single discount rate changed from 8.00 percent to 7.50 percent.

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

Changes in Benefit Terms – OP&F

There were no significant changes in benefit terms.

City of Middleburg Heights
Cuyahoga County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2025

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions - OPERS

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

<u>Assumption</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Wage Inflation	2.75%	2.75%	2.75%	2.75%	3.25%	3.25%	3.25%	3.25%
Single Discount Rate	6.00%	5.70%	5.22%	6.00%	6.00%	3.16%	3.96%	3.85%
Municipal Bond Rate	4.08%	3.77%	4.05%	1.84%	2.00%	2.75%	3.71%	3.31%
Health Care Cost Trend Rate	5.50%	5.50%	5.50%	5.50%	8.50%	10.50%	10.00%	7.50%

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

Changes in Benefit Terms – OPERS

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in 2021.

Changes in Assumptions – OP&F

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

<u>Assumption</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Blended Discount Rate	4.69%	4.07%	4.27%	2.84%	2.96%	3.56%	4.66%	3.24%
Municipal Bond Rate	4.04%	3.38%	3.65%	2.05%	2.12%	2.75%	4.13%	3.16%

Changes in Benefit Terms – OP&F

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

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

Nonmajor Special Revenue Funds

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

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

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

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

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

One Ohio Opioid Fund To account for the collection of settlement fees from the national opioid settlement and related expenditures.

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

Local Fiscal Recovery Fund To account for the collection of grant funds and related expenditures as part of the American Rescue Plan Act (ARPA) of 2021.

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

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.

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

Nonmajor Special Revenue Funds

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

Tri-City Bark Park To account for the contributions and maintenance of the dog park. The dog park is jointly governed by the cities of Middleburg Heights, Brook Park and Berea.

Nonmajor Capital Projects Fund

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

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

Pearl Plaza Tax Increment Financing Fund This fund accounts for the revenues received from Service Payments in Lieu of Taxes (PILOTs) that are legally restricted for the payment of improvements related to an economic development project.

WXZ Tax Increment Financing Fund This fund accounts for the revenues received from Service Payments in Lieu of Taxes (PILOTs) that are legally restricted for the payment of improvements related to an economic development project.

Serpentini Tax Increment Financing Fund This fund accounts for the revenues received from Service Payments in Lieu of Taxes (PILOTs) that are legally restricted for the payment of improvements related to an economic development project.

City of Middleburg Heights, Ohio

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2025

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$1,706,895	\$101,091	\$1,807,986
Materials and Supplies Inventory	330,613		330,613
Accounts Receivable	320,580		320,580
Intergovernmental Receivable	589,420		589,420
Prepaid Items	579		579
Property Taxes Receivable	632,091		632,091
<i>Total Assets</i>	<u>3,580,178</u>	<u>101,091</u>	<u>3,681,269</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$3,580,178</u></u>	<u><u>\$101,091</u></u>	<u><u>\$3,681,269</u></u>
Liabilities:			
Accounts Payable	\$183,373		\$183,373
Accrued Wages	49,717		49,717
Intergovernmental Payable	10,651		10,651
<i>Total Liabilities</i>	<u>243,741</u>	<u>0</u>	<u>243,741</u>
Deferred Inflows of Resources:			
Property Taxes	590,026		590,026
Unavailable Revenue-Delinquent Property Taxes	42,065		42,065
Unavailable Revenue-Other	674,230		674,230
<i>Total Deferred Inflows of Resources</i>	<u>1,306,321</u>	<u>0</u>	<u>1,306,321</u>
Fund Balances			
Non-Spendable	331,192		331,192
Restricted	1,384,489		1,384,489
Committed	314,435	101,091	415,526
<i>Total Fund Balances</i>	<u>2,030,116</u>	<u>101,091</u>	<u>2,131,207</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$3,580,178</u></u>	<u><u>\$101,091</u></u>	<u><u>\$3,681,269</u></u>

City of Middleburg Heights, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2025

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Property Taxes	\$601,011	\$0	\$601,011
Payment In Lieu of Taxes		172,363	172,363
Intergovernmental	1,439,214		1,439,214
Special Assessments	294,651		294,651
Interest	14,390		14,390
Fines, Licenses and Permits	9,724		9,724
Charges for Services	283,204		283,204
Other	108,467		108,467
<i>Total Revenues</i>	<u>2,750,661</u>	<u>172,363</u>	<u>2,923,024</u>
Expenditures			
Current:			
Security of Persons and Property:			
Police	198,694		198,694
Fire	305,276		305,276
Public Health and Welfare	201,339		201,339
Economic Development	294,651	919	295,570
Streets and Highways	2,656,154		2,656,154
General Government	12,413		12,413
Capital Outlay	681,720		681,720
Debt Service:			
TIF Service Payments		81,491	81,491
<i>Total Expenditures</i>	<u>4,350,247</u>	<u>82,410</u>	<u>4,432,657</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,599,586)</u>	<u>89,953</u>	<u>(1,509,633)</u>
Other Financing Sources			
Transfers In	810,000		810,000
<i>Total Other Financing Sources</i>	<u>810,000</u>	<u>0</u>	<u>810,000</u>
<i>Net Change in Fund Balances</i>	<u>(789,586)</u>	<u>89,953</u>	<u>(699,633)</u>
<i>Fund Balances Beginning of Year</i>	<u>2,819,702</u>	<u>11,138</u>	<u>2,830,840</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,030,116</u></u>	<u><u>\$101,091</u></u>	<u><u>\$2,131,207</u></u>

City of Middleburg Heights, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2025

	Street Construction	State Highway	Clerk of Court Computer	Law Enforcement	One Ohio Opioid	Medical Transport	Local Fiscal Recovery
Assets:							
Equity in Pooled Cash and Investments	\$593,318	\$409,840	\$22,340	\$213,457	\$48,906	\$233,414	\$0
Materials and Supplies Inventory	301,065	29,548					
Accounts Receivable						320,580	
Intergovernmental Receivable	518,598	42,068		100			
Prepaid Items	579						
Property Taxes Receivable							
<i>Total Assets</i>	<u>\$1,413,560</u>	<u>\$481,456</u>	<u>\$22,340</u>	<u>\$213,557</u>	<u>\$48,906</u>	<u>\$553,994</u>	<u>\$0</u>
Liabilities:							
Accounts Payable	\$48,947	\$122,020	\$0	\$0	\$0	\$12,406	\$0
Accrued Wages	47,803					1,914	
Intergovernmental Payable	10,254					397	
<i>Total Liabilities</i>	<u>107,004</u>	<u>122,020</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,717</u>	<u>0</u>
Deferred Inflows of Resources:							
Property Taxes							
Unavailable Revenue-Delinquent Property Taxes							
Unavailable Revenue-Other	343,884	27,882				273,810	
<i>Total Deferred Inflows of Resources</i>	<u>343,884</u>	<u>27,882</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>273,810</u>	<u>0</u>
Fund Balances:							
Non-Spendable	301,644	29,548					
Restricted	661,028	302,006	22,340	213,557	48,906		0
Committed						265,467	
<i>Total Fund Balances</i>	<u>962,672</u>	<u>331,554</u>	<u>22,340</u>	<u>213,557</u>	<u>48,906</u>	<u>265,467</u>	<u>0</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$1,413,560</u>	<u>\$481,456</u>	<u>\$22,340</u>	<u>\$213,557</u>	<u>\$48,906</u>	<u>\$553,994</u>	<u>\$0</u>

(continued)

City of Middleburg Heights, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2025

	PACE Special Assessment	Police Pension	Fire Pension	Tree Planting	Veteran's Memorial	Southwest General Hospital	Tri-City Bark Park	Total Nonmajor Special Revenue Funds
Assets:								
Equity in Pooled Cash and Investments	\$0	\$68,326	\$68,326	\$8,005	\$7,835	\$0	\$33,128	\$1,706,895
Materials and Supplies Inventory								330,613
Accounts Receivable								320,580
Intergovernmental Receivable		11,311	11,311			6,032		589,420
Prepaid Items								579
Property Taxes Receivable		215,084	215,084			201,923		632,091
<i>Total Assets</i>	<u>\$0</u>	<u>\$294,721</u>	<u>\$294,721</u>	<u>\$8,005</u>	<u>\$7,835</u>	<u>\$207,955</u>	<u>\$33,128</u>	<u>\$3,580,178</u>
Liabilities:								
Accounts Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$183,373
Accrued Wages								49,717
Intergovernmental Payable								10,651
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>243,741</u>
Deferred Inflows of Resources:								
Property Taxes		200,580	200,580			188,866		590,026
Unavailable Revenue-Delinquent Property Taxes		14,504	14,504			13,057		42,065
Unavailable Revenue-Other		11,311	11,311			6,032		674,230
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>226,395</u>	<u>226,395</u>	<u>0</u>	<u>0</u>	<u>207,955</u>	<u>0</u>	<u>1,306,321</u>
Fund Balances:								
Non-Spendable								331,192
Restricted		68,326	68,326					1,384,489
Committed				8,005	7,835	0	33,128	314,435
<i>Total Fund Balances</i>	<u>0</u>	<u>68,326</u>	<u>68,326</u>	<u>8,005</u>	<u>7,835</u>	<u>0</u>	<u>33,128</u>	<u>2,030,116</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$0</u>	<u>\$294,721</u>	<u>\$294,721</u>	<u>\$8,005</u>	<u>\$7,835</u>	<u>\$207,955</u>	<u>\$33,128</u>	<u>\$3,580,178</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, 2025

	Street Construction	State Highway	Clerk of Court Computer	Law Enforcement	One Ohio Opioid	Medical Transport	Local Fiscal Recovery
Revenues							
Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Intergovernmental	1,154,551	93,632		129,961			6,500
Special Assessments							
Interest	7,609	6,441		219			
Fines, Licenses and Permits			2,877	6,847			
Charges for Services	14,290	1,080				266,959	
Other	94,416				14,051		
<i>Total Revenues</i>	<u>1,270,866</u>	<u>101,153</u>	<u>2,877</u>	<u>137,027</u>	<u>14,051</u>	<u>266,959</u>	<u>6,500</u>
Expenditures							
Current:							
Security of Persons and Property:							
Police				6,662			
Fire						113,244	
Public Health and Welfare							
Economic Development							
Streets and Highways	2,430,510	225,644					
General Government			5,913				6,500
Capital Outlay						681,720	
<i>Total Expenditures</i>	<u>2,430,510</u>	<u>225,644</u>	<u>5,913</u>	<u>6,662</u>	<u>0</u>	<u>794,964</u>	<u>6,500</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,159,644)</u>	<u>(124,491)</u>	<u>(3,036)</u>	<u>130,365</u>	<u>14,051</u>	<u>(528,005)</u>	<u>0</u>
Other Financing Sources							
Transfers In	800,000						
<i>Total Other Financing Sources</i>	<u>800,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(359,644)</u>	<u>(124,491)</u>	<u>(3,036)</u>	<u>130,365</u>	<u>14,051</u>	<u>(528,005)</u>	<u>0</u>
<i>Fund Balances Beginning of Year</i>	<u>1,322,316</u>	<u>456,045</u>	<u>25,376</u>	<u>83,192</u>	<u>34,855</u>	<u>793,472</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$962,672</u>	<u>\$331,554</u>	<u>\$22,340</u>	<u>\$213,557</u>	<u>\$48,906</u>	<u>\$265,467</u>	<u>\$0</u>

(continued)

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, 2025

	PACE Special Assessment	Police Pension	Fire Pension	Tree Planting	Veteran's Memorial	Southwest General Hospital	Tri-City Bark Park	Total Nonmajor Special Revenue Funds
Revenues								
Property Taxes	\$0	\$205,522	\$205,522	\$0	\$0	\$189,967	\$0	\$601,011
Intergovernmental		21,599	21,599			11,372		1,439,214
Special Assessments	294,651							294,651
Interest					121			14,390
Fines, Licenses and Permits								9,724
Charges for Services				875				283,204
Other								108,467
Total Revenues	294,651	227,121	227,121	875	121	201,339	0	2,750,661
Expenditures								
Current:								
Security of Persons and Property:								
Police		192,032						198,694
Fire			192,032					305,276
Public Health and Welfare						201,339		201,339
Economic Development	294,651							294,651
Streets and Highways								2,656,154
General Government								12,413
Capital Outlay								681,720
Total Expenditures	294,651	192,032	192,032	0	0	201,339	0	4,350,247
Excess of Revenues Over (Under) Expenditures	0	35,089	35,089	875	121	0	0	(1,599,586)
Other Financing Sources								
Transfers In							10,000	810,000
Total Other Financing Sources	0	0	0	0	0	0	10,000	810,000
Net Change in Fund Balances	0	35,089	35,089	875	121	0	10,000	(789,586)
Fund Balances Beginning of Year	0	33,237	33,237	7,130	7,714	0	23,128	2,819,702
Fund Balances End of Year	\$0	\$68,326	\$68,326	\$8,005	\$7,835	\$0	\$33,128	\$2,030,116

City of Middleburg Heights, Ohio

Combining Balance Sheet

Nonmajor Capital Projects Fund

December 31, 2025

	Fat Head's TIF	Pearl Plaza TIF	WXZ TIF	Serpentini TIF	Total Nonmajor Capital Projects Fund
Assets					
Equity in Pooled Cash and Investments	\$0	\$32,666	\$38,161	\$30,264	\$101,091
<i>Total Assets</i>	<u>\$0</u>	<u>\$32,666</u>	<u>\$38,161</u>	<u>\$30,264</u>	<u>\$101,091</u>
Liabilities and Fund Balances					
Liabilities					
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances					
Committed	<u>0</u>	<u>32,666</u>	<u>38,161</u>	<u>30,264</u>	<u>101,091</u>
<i>Total Fund Balances</i>	<u>0</u>	<u>32,666</u>	<u>38,161</u>	<u>30,264</u>	<u>101,091</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$0</u>	<u>\$32,666</u>	<u>\$38,161</u>	<u>\$30,264</u>	<u>\$101,091</u>

City of Middleburg Heights, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Fund
For the Year Ended December 31, 2025

	Fat Head's TIF	Pearl Plaza TIF	WXZ TIF	Serpentini TIF	Total Nonmajor Capital Projects Fund
Revenues					
Payment in Lieu of Taxes	\$81,491	\$33,000	\$27,299	\$30,573	\$172,363
<i>Total Revenues</i>	<u>81,491</u>	<u>33,000</u>	<u>27,299</u>	<u>30,573</u>	<u>172,363</u>
Expenditures					
Current:					
Economic Development	0	334	276	309	919
Debt Service:					
TIF Service Payments	81,491	0	0		81,491
<i>Total Expenditures</i>	<u>81,491</u>	<u>334</u>	<u>276</u>	<u>309</u>	<u>82,410</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>32,666</u>	<u>27,023</u>	<u>30,264</u>	<u>89,953</u>
<i>Net Change in Fund Balances</i>	<u>0</u>	<u>32,666</u>	<u>27,023</u>	<u>30,264</u>	<u>89,953</u>
<i>Fund Balances Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>11,138</u>	<u>0</u>	<u>11,138</u>
<i>Fund Balances End of Year</i>	<u>\$0</u>	<u>\$32,666</u>	<u>\$38,161</u>	<u>\$30,264</u>	<u>\$101,091</u>

Combining Statements – Custodial Funds

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

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

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

City of Middleburg Heights, Ohio
Combining Statement of Fiduciary Net Position
Custodial Funds
December 31, 2025

	Bd. of Building Standards	Mayor's Court	Total
Assets			
Equity in Pooled Cash and Equivalents	\$111	\$3,224	\$3,335
Total Assets	<u>\$111</u>	<u>\$3,224</u>	<u>\$3,335</u>
Liabilities			
Due to Other Governments	\$111	\$3,224	\$3,335
<i>Total Liabilities</i>	<u>\$111</u>	<u>\$3,224</u>	<u>\$3,335</u>
Net Position			
Restricted for Individuals, Organizations, and Other Governments	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

City of Middleburg Heights, Ohio
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Fiscal Year Ended December 31, 2025

	Bd. of Building Standards	Mayor's Court	Total
<u>Additions</u>			
Fines, Licenses and Permits for Other Governments	\$2,533	\$62,218	\$64,751
Total Additions	2,533	62,218	64,751
<u>Deductions</u>			
Distributions to the State of Ohio	2,533	53,796	56,329
Fines and Forfeitures Distributions to Other Governments		8,422	8,422
Total Deductions	2,533	62,218	64,751
Net Increase (Decrease) in Fiduciary Net Position	0	0	0
Net Position Beginning of Year	0	0	0
Net Position End of Year	\$0	\$0	\$0

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

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$2,576,175	\$2,576,175	\$2,568,961	(\$7,214)
Income Taxes	19,503,000	19,503,000	20,312,609	809,609
Other Local Taxes	800,000	800,000	799,168	(832)
Intergovernmental	638,862	638,862	688,097	49,235
Interest	700,000	700,000	832,525	132,525
Fines, Licenses and Permits	857,675	832,525	590,990	(241,535)
Charges for Services	638,500	638,500	775,723	137,223
Other	632,000	629,300	742,714	113,414
<i>Total Revenues</i>	<u>26,346,212</u>	<u>26,318,362</u>	<u>27,310,787</u>	<u>992,425</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Personal Services	6,074,745	6,124,745	6,063,199	61,546
Other	1,253,639	1,283,039	1,234,503	48,536
Total Police	<u>7,328,384</u>	<u>7,407,784</u>	<u>7,297,702</u>	<u>110,082</u>
Fire:				
Personal Services	4,888,867	4,888,867	4,786,966	101,901
Other	625,427	634,527	592,281	42,246
Total Fire	<u>5,514,294</u>	<u>5,523,394</u>	<u>5,379,247</u>	<u>144,147</u>
Total Security of Persons and Property	<u>12,842,678</u>	<u>12,931,178</u>	<u>12,676,949</u>	<u>254,229</u>
Public Health and Welfare:				
Senior Bus:				
Other	104,000	104,000	104,000	0
Total Senior Bus	<u>104,000</u>	<u>104,000</u>	<u>104,000</u>	<u>0</u>
Total Public Health and Welfare	<u>\$104,000</u>	<u>\$104,000</u>	<u>\$104,000</u>	<u>\$0</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, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Community Development:				
Planning and Zoning:				
Personal Services	\$120,119	\$120,119	\$115,011	\$5,108
Other	4,700	4,700	939	3,761
Total Planning and Zoning	124,819	124,819	115,950	8,869
Building:				
Personal Services	722,853	722,853	705,631	17,222
Other	202,320	189,320	84,551	104,769
Total Building	925,173	912,173	790,182	121,991
Engineer:				
Other	67,121	67,121	67,121	0
Total Engineer	67,121	67,121	67,121	0
Total Community Development	1,117,113	1,104,113	973,253	130,860
Economic Development:				
Personal Services	193,774	193,774	192,455	1,319
Other	431,492	431,492	365,210	66,282
Total Economic Development	625,266	625,266	557,665	67,601
Sanitation:				
Other	1,702,327	1,702,327	1,702,064	263
Total Sanitation	1,702,327	1,702,327	1,702,064	263
General Government:				
Mayor's Court:				
Personal Services	324,108	324,108	292,099	32,009
Other	17,766	17,766	3,487	14,279
Total Mayor's Court	341,874	341,874	295,586	46,288
Mayor:				
Personal Services	456,426	456,426	424,117	32,309
Other	12,566	12,566	5,952	6,614
Total Mayor	\$468,992	\$468,992	\$430,069	\$38,923

(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, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Finance:				
Personal Services	\$696,671	\$696,671	\$678,092	\$18,579
Other	54,165	54,165	50,206	3,959
Total Finance	750,836	750,836	728,298	22,538
Law:				
Personal Services	384,268	384,268	380,871	3,397
Other	324,370	374,370	357,946	16,424
Total Law	708,638	758,638	738,817	19,821
Service:				
Personal Services	3,306,034	3,281,034	3,209,825	71,209
Other	525,756	525,756	480,869	44,887
Total Service	3,831,790	3,806,790	3,690,694	116,096
Facilities Maintenance:				
Personal Services	508,075	528,075	521,117	6,958
Other	429,038	429,038	397,299	31,739
Total Facilities Maintenance	937,113	957,113	918,416	38,697
Council:				
Personal Services	524,482	524,482	519,202	5,280
Other	99,218	99,218	18,700	80,518
Total Council	623,700	623,700	537,902	85,798
Boards and Commissions:				
Personal Services	3,290	3,290	765	2,525
Other	7,900	7,900	7,650	250
Total Boards and Commissions	11,190	11,190	8,415	2,775
City Hall:				
Personal Services	200,000	286,100	109,068	177,032
Other	1,389,768	1,582,058	1,289,220	292,838
Total City Hall	1,589,768	1,868,158	1,398,288	469,870
Statutory Accounts:				
Other	1,015,748	1,015,748	970,221	45,527
Total Statutory Accounts	1,015,748	1,015,748	970,221	45,527
Total General Government	10,279,649	10,603,039	9,716,706	886,333
Total Expenditures	\$26,671,033	\$27,069,923	\$25,730,637	\$1,339,286

(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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(\$324,821)</u>	<u>(\$751,561)</u>	<u>\$1,580,150</u>	<u>\$2,331,711</u>
Other Financing Sources (Uses)				
Advances Out	0	(5,770,000)	(5,770,000)	0
Transfers Out	<u>(1,110,000)</u>	<u>(2,798,600)</u>	<u>(2,798,600)</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(1,110,000)</u>	<u>(8,568,600)</u>	<u>(8,568,600)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,434,821)	(9,320,161)	(6,988,450)	2,331,711
<i>Fund Balance Beginning of Year</i>	9,347,043	9,347,043	9,347,043	0
Prior Year Encumbrances Appropriated	<u>492,168</u>	<u>492,168</u>	<u>492,168</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$8,404,390</u></u>	<u><u>\$519,050</u></u>	<u><u>\$2,850,761</u></u>	<u><u>\$2,331,711</u></u>

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Recreation Fund
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Income Taxes	\$2,400,000	\$2,400,000	\$2,083,476	(\$316,524)
Charges for Services	1,085,000	1,085,000	1,282,369	197,369
Other	4,500	4,500	1,188	(3,312)
<i>Total Revenues</i>	<u>3,489,500</u>	<u>3,489,500</u>	<u>3,367,033</u>	<u>(122,467)</u>
Expenditures				
Current:				
Culture and Recreation:				
Personal Services	2,493,894	2,543,894	2,514,773	29,121
Other	1,049,270	1,049,270	885,198	164,072
<i>Total Expenditures</i>	<u>3,543,164</u>	<u>3,593,164</u>	<u>3,399,971</u>	<u>193,193</u>
<i>Net Change in Fund Balance</i>	(53,664)	(103,664)	(32,938)	70,726
<i>Fund Balance Beginning of Year</i>	200,000	200,000	200,000	0
Prior Year Encumbrances Appropriated	<u>32,938</u>	<u>32,938</u>	<u>32,938</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$179,274</u>	<u>\$129,274</u>	<u>\$200,000</u>	<u>\$70,726</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, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$68,698	\$68,698	\$68,514	(\$184)
Income Taxes	1,500,396	1,500,396	1,500,396	0
Special Assessments	41,500	41,500	64,867	23,367
Intergovernmental	7,120	7,120	7,201	81
<i>Total Revenues</i>	<u>1,617,714</u>	<u>1,617,714</u>	<u>1,640,978</u>	<u>23,264</u>
Expenditures				
Current:				
General Government:				
Other	12,010	12,010	6,549	5,461
Debt Service:				
Principal Retirement	1,000,000	1,000,000	1,000,000	0
Interest and Fiscal Charges	629,560	629,560	629,559	1
<i>Total Expenditures</i>	<u>1,641,570</u>	<u>1,641,570</u>	<u>1,636,108</u>	<u>5,462</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	<u>(23,856)</u>	<u>(23,856)</u>	<u>4,870</u>	<u>28,726</u>
<i>Net Change in Fund Balance</i>	<u>(23,856)</u>	<u>(23,856)</u>	<u>4,870</u>	<u>(28,726)</u>
<i>Fund Balance Beginning of Year Fund Balance</i>	<u>524,680</u>	<u>524,680</u>	<u>524,680</u>	<u>0</u>
<i>End of Year</i>	<u>\$500,824</u>	<u>\$500,824</u>	<u>\$529,550</u>	<u>(\$28,726)</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, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Income Taxes	\$1,236,750	\$1,236,750	\$1,268,369	\$31,619
Intergovernmental	361,200	3,299,500	3,299,483	(17)
Other	27,000	3,824,300	4,078,365	254,065
<i>Total Revenues</i>	<u>1,624,950</u>	<u>8,360,550</u>	<u>8,646,217</u>	<u>285,667</u>
Expenditures				
Capital Outlay	<u>4,155,865</u>	<u>11,507,673</u>	<u>11,177,627</u>	<u>330,046</u>
Debt Service:				
Principal Retirement	3,600,000	3,600,000	3,600,000	0
Interest and Fiscal Charges	<u>202,500</u>	<u>202,500</u>	<u>202,500</u>	<u>0</u>
Total Debt Service	<u>3,802,500</u>	<u>3,802,500</u>	<u>3,802,500</u>	<u>0</u>
<i>Total Expenditures</i>	<u>7,958,365</u>	<u>15,310,173</u>	<u>14,980,127</u>	<u>330,046</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(6,333,415)</u>	<u>(6,949,623)</u>	<u>(6,333,910)</u>	<u>615,713</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	10,000	10,000	6,300	(3,700)
Transfers In	300,000	1,088,600	1,088,600	0
Advances In	0	3,770,000	3,770,000	0
Issuance of debt	<u>3,798,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Other Financing Sources</i>	<u>4,108,000</u>	<u>4,868,600</u>	<u>4,864,900</u>	<u>(3,700)</u>
<i>Net Change in Fund Balance</i>	<u>(2,225,415)</u>	<u>(2,081,023)</u>	<u>(1,469,010)</u>	<u>612,013</u>
<i>Fund Balance Beginning of Year</i>	125,387	125,387	125,387	0
Prior Year Encumbrances Appropriated	<u>2,191,454</u>	<u>2,191,454</u>	<u>2,191,454</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$91,426</u></u>	<u><u>\$235,818</u></u>	<u><u>\$847,831</u></u>	<u><u>\$612,013</u></u>

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Streets Infrastructure Improvement Fund
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Income Taxes	\$860,000	\$860,000	\$892,479	\$32,479
Intergovernmental	7,343,000	50,000	50,000	0
Other	2,026,500	1,874,050	1,909,633	35,583
<i>Total Revenues</i>	<u>10,229,500</u>	<u>2,784,050</u>	<u>2,852,112</u>	<u>68,062</u>
Expenditures				
Current:				
Capital Outlay	16,780,408	9,744,408	9,718,225	26,183
Total Capital Outlay	<u>16,780,408</u>	<u>9,744,408</u>	<u>9,718,225</u>	<u>26,183</u>
Debt Service:				
Principal Retirement	4,821,000	4,821,000	4,820,869	131
Interest and Fiscal Charges	221,075	221,075	221,075	0
Total Debt Service	<u>5,042,075</u>	<u>5,042,075</u>	<u>5,041,944</u>	<u>131</u>
<i>Total Expenditures</i>	<u>21,822,483</u>	<u>14,786,483</u>	<u>14,760,169</u>	<u>26,314</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(11,592,983)</u>	<u>(12,002,433)</u>	<u>(11,908,057)</u>	<u>94,376</u>
Other Financing Sources (Uses)				
Transfer In	0	900,000	900,000	0
Advances In	0	2,000,000	2,000,000	0
Issuance of debt	5,302,000	2,100,000	2,100,000	0
<i>Total Other Financing Sources</i>	<u>5,302,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(6,290,983)</u>	<u>(7,002,433)</u>	<u>(6,908,057)</u>	<u>94,376</u>
<i>Fund Balance Beginning of Year</i>	<u>749,742</u>	<u>749,742</u>	<u>749,742</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>6,255,408</u>	<u>6,255,408</u>	<u>6,255,408</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$714,167</u>	<u>\$2,717</u>	<u>\$97,093</u>	<u>\$94,376</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, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$1,135,000	\$1,135,000	\$1,155,983	\$20,983
Interest	10,000	10,000	7,609	(2,391)
Charges for Services	10,000	10,000	14,290	4,290
Other	50,000	50,000	94,416	44,416
<i>Total Revenues</i>	<u>1,205,000</u>	<u>1,205,000</u>	<u>1,272,298</u>	<u>67,298</u>
Expenditures				
Current:				
Transportation:				
Streets and Highways:				
Personal Services	1,127,918	1,182,918	1,164,916	18,002
Other	1,647,008	1,669,408	1,581,644	87,764
<i>Total Expenditures</i>	<u>2,774,926</u>	<u>2,852,326</u>	<u>2,746,560</u>	<u>105,766</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,569,926)</u>	<u>(1,647,326)</u>	<u>(1,474,262)</u>	<u>173,064</u>
Other Financing Sources				
Transfers In	800,000	800,000	800,000	0
<i>Net Change in Fund Balance</i>	<u>(769,926)</u>	<u>(847,326)</u>	<u>(674,262)</u>	<u>173,064</u>
<i>Fund Balance Beginning of Year</i>	<u>768,780</u>	<u>768,780</u>	<u>768,780</u>	<u>0</u>
Prior Year Encumbrances Appropriated	296,558	296,558	296,558	0
<i>Fund Balance End of Year</i>	<u>\$295,412</u>	<u>\$218,012</u>	<u>\$391,076</u>	<u>\$173,064</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, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$93,000	\$93,000	\$93,729	\$729
Interest	1,000	1,000	6,441	5,441
Other	2,000	2,000	1,080	(920)
<i>Total Revenues</i>	<u>96,000</u>	<u>96,000</u>	<u>101,250</u>	<u>5,250</u>
Expenditures				
Current:				
Transportation:				
Streets and Highways:				
Other	142,320	142,320	130,640	11,680
<i>Net Change in Fund Balance</i>	<u>(46,320)</u>	<u>(46,320)</u>	<u>(29,390)</u>	<u>16,930</u>
<i>Fund Balance Beginning of Year</i>	361,485	361,485	361,485	0
Prior Year Encumbrances Appropriated	<u>77,320</u>	<u>77,320</u>	<u>77,320</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$392,485</u></u>	<u><u>\$392,485</u></u>	<u><u>\$409,415</u></u>	<u><u>\$16,930</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, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Fines, Licenses and Permits	\$3,000	\$3,000	\$2,877	(\$123)
Expenditures				
Current:				
General Government:				
Other	14,500	14,500	6,054	8,446
<i>Net Change in Fund Balance</i>	(11,500)	(11,500)	(3,177)	8,323
<i>Fund Balance Beginning of Year</i>	25,376	25,376	25,376	0
<i>Fund Balance End of Year</i>	\$13,876	\$13,876	\$22,199	\$8,323

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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$100	\$100	\$219	\$119
Intergovernmental	0	0	129,961	129,961
Fines, Licenses and Permits	3,500	3,500	6,822	3,322
<i>Total Revenues</i>	3,600	3,600	137,002	133,402
Expenditures				
Public Safety:				
Other	8,300	8,300	6,662	1,638
Total Transportation	8,300	8,300	6,662	1,638
<i>Total Expenditures</i>	8,300	8,300	6,662	1,638
<i>Net Change in Fund Balance</i>	(4,700)	(4,700)	130,340	135,040
<i>Fund Balance Beginning of Year</i>	83,117	83,117	83,117	0
<i>Fund Balance End of Year</i>	<u>\$78,417</u>	<u>\$78,417</u>	<u>\$213,457</u>	<u>\$135,040</u>

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
One Ohio Opioid Fund
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Other	\$15,000	\$15,000	\$14,051	-\$949
<i>Total Revenues</i>	<u>15,000</u>	<u>15,000</u>	<u>14,051</u>	<u>-949</u>
Expenditures				
General Government:				
Other	0	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	15,000	15,000	14,051	(949)
<i>Fund Balance Beginning of Year</i>	<u>34,855</u>	<u>34,855</u>	<u>34,855</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$49,855</u>	<u>\$49,855</u>	<u>\$48,906</u>	<u>(\$949)</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, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	\$217,500	\$217,500	\$265,553	\$48,053
Intergovernmental	1,000	1,000	0	(1,000)
<i>Total Revenues</i>	<u>218,500</u>	<u>218,500</u>	<u>265,553</u>	<u>47,053</u>
Expenditures				
Current:				
Transportation:				
Public Safety:				
Personal Services	50,965	50,965	41,457	9,508
Other	57,000	69,000	68,707	293
Capital Outlay	775,070	775,070	766,912	8,158
<i>Total Expenditures</i>	<u>883,035</u>	<u>895,035</u>	<u>877,076</u>	<u>17,959</u>
<i>Net Change in Fund Balance</i>	(664,535)	(676,535)	(611,523)	65,012
<i>Fund Balance Beginning of Year</i>	322,805	322,805	322,805	0
Prior Year Encumbrances Appropriated	430,070	430,070	430,070	0
<i>Fund Balance End of Year</i>	<u>\$88,340</u>	<u>\$76,340</u>	<u>\$141,352</u>	<u>\$65,012</u>

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Local Fiscal Recovery Fund
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$0	\$6,500	\$6,500	\$0
<i>Total Revenues</i>	<u>0</u>	<u>6,500</u>	<u>6,500</u>	<u>0</u>
Expenditures				
General Government:				
Other	0	6,500	6,500	0
Capital Outlay	<u>1,077,751</u>	<u>1,077,751</u>	<u>1,077,751</u>	<u>0</u>
<i>Total Expenditures</i>	<u>1,077,751</u>	<u>1,084,251</u>	<u>1,084,251</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,077,751)	(1,077,751)	(1,077,751)	0
<i>Fund Balance Beginning of Year</i>	<u>1,077,751</u>	<u>1,077,751</u>	<u>1,077,751</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
PACE Special Assessment Fund
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Special Assessments	\$294,651	\$294,651	\$294,651	\$0
<i>Total Revenues</i>	<u>294,651</u>	<u>294,651</u>	<u>294,651</u>	<u>0</u>
Expenditures				
General Government:				
Other	294,651	294,651	294,651	0
<i>Total Expenditures</i>	<u>294,651</u>	<u>294,651</u>	<u>294,651</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$206,094	\$206,094	\$205,522	(\$572)
Intergovernmental	21,361	21,361	21,600	239
<i>Total Revenues</i>	<u>227,455</u>	<u>227,455</u>	<u>227,122</u>	<u>(333)</u>
Expenditures				
Current:				
Public Safety:				
Personal Services	192,000	192,000	192,000	0
Other	100	100	32	68
<i>Total Expenditures</i>	<u>192,100</u>	<u>192,100</u>	<u>192,032</u>	<u>68</u>
<i>Net Change in Fund Balance</i>	35,355	35,355	35,090	(265)
<i>Fund Balance Beginning of Year</i>	<u>33,236</u>	<u>33,236</u>	<u>33,236</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$68,591</u>	<u>\$68,591</u>	<u>\$68,326</u>	<u>(\$265)</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, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$206,094	\$206,094	\$205,522	(\$572)
Intergovernmental	21,361	21,361	21,600	239
<i>Total Revenues</i>	<u>227,455</u>	<u>227,455</u>	<u>227,122</u>	<u>(333)</u>
Expenditures				
Current:				
Public Safety:				
Personal Services	192,000	192,000	192,000	0
Other	100	100	32	68
<i>Total Expenditures</i>	<u>192,100</u>	<u>192,100</u>	<u>192,032</u>	<u>68</u>
<i>Net Change in Fund Balance</i>	35,355	35,355	35,090	(265)
<i>Fund Balance Beginning of Year</i>	<u>33,236</u>	<u>33,236</u>	<u>33,236</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$68,591</u>	<u>\$68,591</u>	<u>\$68,326</u>	<u>(\$265)</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, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	\$0	\$0	\$875	\$875
Expenditures				
Current:				
General Government:				
Other	7,000	7,000	0	7,000
<i>Net Change in Fund Balance</i>	(7,000)	(7,000)	875	7,875
<i>Fund Balance Beginning of Year</i>	7,130	7,130	7,130	0
<i>Fund Balance End of Year</i>	\$130	\$130	\$8,005	\$7,875

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, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Interest	\$100	\$100	\$121	\$21
<i>Total Revenues</i>	<u>100</u>	<u>100</u>	<u>121</u>	<u>21</u>
Expenditures				
Current:				
General Government:				
Other	7,600	7,600	0	7,600
<i>Net Change in Fund Balance</i>	(7,500)	(7,500)	121	7,621
<i>Fund Balance Beginning of Year</i>	<u>7,714</u>	<u>7,714</u>	<u>7,714</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$214</u>	<u>\$214</u>	<u>\$7,835</u>	<u>\$7,621</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, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$195,090	\$189,967	\$189,967	\$0
Intergovernmental	11,248	11,372	11,372	0
<i>Total Revenues</i>	<u>206,338</u>	<u>201,339</u>	<u>201,339</u>	<u>0</u>
Expenditures				
Current:				
Public Health and Welfare:				
Other	206,000	201,339	201,339	0
<i>Net Change in Fund Balance</i>	338	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$338</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
Tri-City Bark Park
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Other	\$300	\$300	\$0	(\$300)
<i>Total Revenues</i>	<u>300</u>	<u>300</u>	<u>0</u>	<u>(300)</u>
Expenditures				
Current:				
General Government				
Other	12,138	12,138	6,825	5,313
Capital Outlay	0	0	0	0
<i>Total Expenditures</i>	<u>12,138</u>	<u>12,138</u>	<u>6,825</u>	<u>5,313</u>
<i>Excess of Revenues Over/(Under) Expenditures</i>	(11,838)	(11,838)	(6,825)	5,013
Other Financing Sources				
Transfers In	10,000	10,000	10,000	0
<i>Net Change in Fund Balance</i>	(1,838)	(1,838)	3,175	5,013
<i>Fund Balance Beginning of Year Prior Year</i>	<u>10,990</u>	<u>10,990</u>	<u>10,990</u>	<u>0</u>
Encumbrances Appropriated	12,138	12,138	12,138	0
<i>Fund Balance End of Year</i>	<u>\$21,290</u>	<u>\$21,290</u>	<u>\$26,303</u>	<u>\$5,013</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, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	\$3,390,000	\$3,390,000	\$3,330,188	(\$59,812)
<i>Total Revenues</i>	<u>3,390,000</u>	<u>3,390,000</u>	<u>3,330,188</u>	<u>(59,812)</u>
Expenditures				
General Government:				
Other	4,127,170	4,127,170	3,702,477	424,693
<i>Net Change in Fund Balance</i>	(737,170)	(737,170)	(372,289)	364,881
<i>Fund Balance Beginning of Year</i>	1,365,596	1,365,596	1,365,596	0
Prior Year Encumbrances Appropriated	2,170	2,170	2,170	0
<i>Fund Balance End of Year</i>	<u>\$630,596</u>	<u>\$630,596</u>	<u>\$995,477</u>	<u>\$364,881</u>

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Fat Head's Brewing Tax Increment Financing
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Payment in Lieu of Taxes	\$81,000	\$76,148	\$76,148	\$0
<i>Total Revenues</i>	<u>81,000</u>	<u>76,148</u>	<u>76,148</u>	<u>0</u>
Expenditures				
Current:				
Other	81,000	76,148	76,148	0
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Pearl Plaza Tax Increment Financing
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Payment in Lieu of Taxes	\$0	\$33,000	\$33,000	\$0
<i>Total Revenues</i>	<u>0</u>	<u>33,000</u>	<u>33,000</u>	<u>0</u>
Expenditures				
Current:				
Other	0	16,667	16,667	0
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>16,333</u>	<u>16,333</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>0</u>	<u>16,333</u>	<u>16,333</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$16,333</u>	<u>\$16,333</u>	<u>\$0</u>

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
WXZ Tax Increment Financing
For the Year Ended December 31, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Payment in Lieu of Taxes	\$0	\$27,299	\$27,299	\$0
<i>Total Revenues</i>	<u>0</u>	<u>27,299</u>	<u>27,299</u>	<u>0</u>
Expenditures				
Current:				
Other	0	276	276	0
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>27,023</u>	<u>27,023</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	27,023	27,023	0
<i>Fund Balance Beginning of Year</i>	<u>11,138</u>	<u>11,138</u>	<u>11,138</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$11,138</u>	<u>\$38,161</u>	<u>\$38,161</u>	<u>\$0</u>

City of Middleburg Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Serpentini Tax Increment Financing
For the Year Ended December 31, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Payment in Lieu of Taxes	\$0	\$30,573	\$30,573	\$0
<i>Total Revenues</i>	<u>0</u>	<u>30,573</u>	<u>30,573</u>	<u>0</u>
Expenditures				
Current:				
Other	0	309	309	0
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>30,264</u>	<u>30,264</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>0</u>	<u>30,264</u>	<u>30,264</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$30,264</u>	<u>\$30,264</u>	<u>\$0</u>



THE *M*IDDLE OF
EVERYTHING!



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Statistical Section

This part of the City of Middleburg Heights, Ohio's annual comprehensive 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.

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

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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.

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<i>Computation of Direct and Overlapping Debt.....</i>	144

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.

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<i>Principal Employers-Current Year and Nine Years Ago.....</i>	146

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.

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<i>Operating Indicators by Function/Program-Last Ten Years.....</i>	148
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Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

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

	2025	2024	2023	2022	2021	2020	2019	Restated 2018 (4)	Restated 2017 (3)	Restated 2016 (2)
Governmental Activities										
Net Investment in Capital Assets	\$78,744,077	\$69,149,648	\$68,792,217	\$72,784,790	\$64,794,337	\$68,763,555	\$63,295,243	\$62,788,000	\$63,171,346	\$57,262,806
Restricted for:										
Capital Projects	0	2,667,777	2,429,596	5,293,918	6,089,483	3,657,095	333,217	269,821	298,631	1,456,572
Debt Service	2,662,832	2,740,526	2,822,281	2,877,985	2,480,361	2,544,722	2,537,593	2,604,760	970,747	1,148,569
Other Purposes	3,558,563	3,702,441	3,617,603	3,577,614	3,804,970	3,476,620	2,747,201	2,211,483	1,821,842	1,605,793
Unrestricted	(22,707,306)	(15,192,178)	(19,706,391)	(25,384,133)	(25,789,283)	(34,186,475)	(26,143,400)	(33,228,314)	(33,791,249)	(12,177,620)
Total Net Position	<u>\$62,258,166</u>	<u>\$63,068,214</u>	<u>\$57,955,306</u>	<u>\$59,150,174</u>	<u>\$51,379,868</u>	<u>\$44,255,517</u>	<u>\$42,769,854</u>	<u>\$34,645,750</u>	<u>\$32,471,317</u>	<u>\$49,296,120</u>

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

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

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

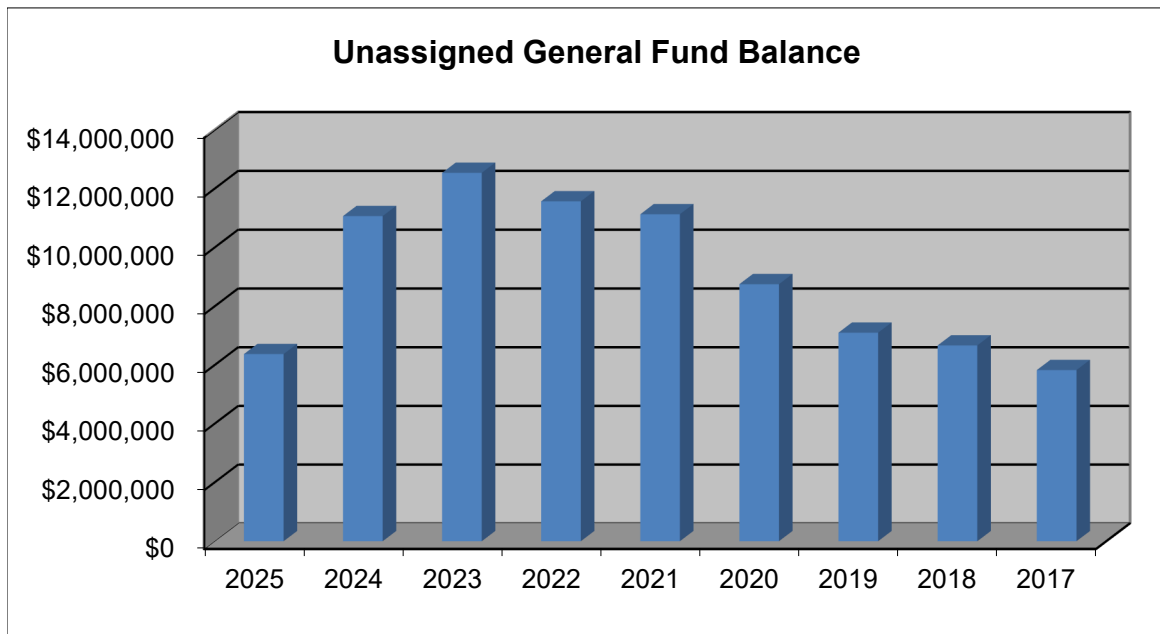
City of Middleburg Heights, Ohio
Changes in Net Position
Last Ten Years
(accrual basis of accounting)

	2025	2024	2023	2022	2021	2020	2019	2018	Restated 2017	Restated 2016
Program Revenues										
Governmental Activities:										
Charges for Services:										
Security of Persons and Property:										
Police	\$233,809	\$210,814	\$290,951	\$223,785	\$273,229	\$270,987	\$347,122	\$408,768	\$426,669	\$459,238
Fire	1,076,395	962,499	783,498	829,497	717,807	665,586	665,657	632,478	611,968	626,497
Public Health and Welfare	60,181	49,425	41,718	31,036	10,826	2,115	9,635	6,030	9,284	9,719
Culture and Recreation	1,269,966	1,184,562	1,136,377	967,879	508,455	592,106	1,365,043	1,424,416	1,441,576	1,506,720
Community Development	261,560	644,891	483,173	556,482	501,839	469,524	429,179	544,074	405,891	218,136
Economic Development	4,000	4,500	2,500	6,750	3,500	3,500	5,466	5,159	4,168	5,299
Streets and Highways	15,370	11,860	37,850	15,405	16,475	6,690	49,545	20,709	5,100	8,245
General Government	199,010	241,357	200,611	211,862	173,725	237,418	285,252	203,267	189,750	206,015
Operating Grants and Contributions	1,385,788	1,432,287	1,340,576	1,207,367	1,278,162	2,199,309	1,406,409	897,072	863,898	841,685
Capital Grants and Contributions	4,159,181	5,741,057	377,044	870,545	567,544	1,670,966	2,312,393	2,151,304	3,591,507	3,196,889
<i>Total Governmental Activities Program Revenues</i>	<u>8,665,260</u>	<u>10,483,252</u>	<u>4,694,298</u>	<u>4,920,608</u>	<u>4,051,562</u>	<u>6,118,201</u>	<u>6,875,701</u>	<u>6,293,277</u>	<u>7,549,811</u>	<u>7,078,443</u>
Expenses										
Governmental Activities:										
Security of Persons and Property:										
Police	7,902,798	8,210,240	7,917,161	4,346,332	6,112,722	6,221,397	1,606,519	6,273,941	5,721,292	5,669,608
Fire	5,781,833	5,969,469	6,375,460	4,951,930	4,588,732	4,660,546	(73,648)	5,132,916	4,664,396	4,669,411
Safety Director	0	0	0	0	0	0	0	40,999	65,336	76,087
Public Health and Welfare	297,339	301,086	298,599	284,751	289,200	256,598	295,715	269,917	268,837	265,118
Culture and Recreation	4,000,469	3,958,502	3,655,766	2,783,806	1,578,667	3,055,653	4,903,950	4,249,189	4,280,980	3,511,118
Community Development	939,743	1,014,536	923,592	690,261	525,245	1,151,692	1,211,646	940,128	951,924	836,514
Economic Development	891,043	857,999	890,333	877,545	760,949	579,966	456,698	373,206	374,547	355,895
Streets and Highways	5,595,230	4,934,475	6,139,694	4,051,785	5,354,727	4,316,103	5,837,026	3,682,770	4,635,443	3,606,091
Sanitation	1,578,608	1,562,836	1,413,985	1,552,841	1,373,640	1,219,782	1,166,123	1,074,595	968,468	972,643
General Government	16,884,525	9,899,466	9,778,501	10,388,753	5,855,516	10,259,818	9,832,734	9,293,223	9,193,766	8,489,326
Interest and Fiscal Charges	1,000,300	769,609	655,410	586,896	302,113	193,700	233,267	283,304	305,050	303,708
<i>Total Governmental Activities Expenses</i>	<u>44,871,888</u>	<u>37,478,218</u>	<u>38,048,501</u>	<u>30,514,900</u>	<u>26,741,511</u>	<u>31,915,255</u>	<u>25,470,030</u>	<u>31,614,188</u>	<u>31,430,039</u>	<u>28,755,519</u>
Net (Expense)/Revenue										
Governmental Activities:										
Security of Persons and Property:										

Police	(7,668,989)	(7,999,426)	(7,626,210)	(4,122,547)	(5,839,493)	(5,950,410)	(1,259,397)	(5,865,173)	(5,294,623)	(5,210,370)
Fire	(4,705,438)	(5,006,970)	(5,591,962)	(4,122,433)	(3,870,925)	(3,994,960)	739,305	(4,500,438)	(4,052,428)	(4,042,914)
Safety Director	0	0	0	0	0	0	0	(40,999)	(65,336)	(76,087)
Public Health and Welfare	(237,158)	(251,661)	(256,881)	(253,715)	(278,374)	(254,483)	(286,080)	(263,887)	(259,553)	(255,399)
Culture and Recreation	(2,730,503)	(2,773,940)	(2,519,389)	(1,815,927)	(1,070,212)	(2,463,547)	(3,538,907)	(2,824,773)	(2,839,404)	(2,004,398)
Community Development	(678,183)	(369,645)	(440,419)	(133,779)	(23,406)	(682,168)	(782,467)	(396,054)	(546,033)	(618,378)
Economic Development	(887,043)	(853,499)	(887,833)	(870,795)	(757,449)	(576,466)	(451,232)	(368,047)	(370,379)	(350,596)
Streets and Highways	(34,891)	2,250,729	(4,384,224)	(1,958,468)	(3,492,546)	(439,138)	(2,068,679)	(613,685)	(174,938)	440,728
Sanitation	(1,578,608)	(1,562,836)	(1,413,985)	(1,552,841)	(1,373,640)	(1,219,782)	(1,166,123)	(1,074,595)	(968,468)	(972,643)
General Government	(16,685,515)	(9,658,109)	(9,577,890)	(10,176,891)	(5,681,791)	(10,022,400)	(9,547,482)	(9,089,956)	(9,004,016)	(8,283,311)
Interest and Fiscal Charges	<u>(1,000,300)</u>	<u>(769,609)</u>	<u>(655,410)</u>	<u>(586,896)</u>	<u>(302,113)</u>	<u>(193,700)</u>	<u>(233,267)</u>	<u>(283,304)</u>	<u>(305,050)</u>	<u>(303,708)</u>
<i>Total Net Expense</i>	<u>(36,206,628)</u>	<u>(26,994,966)</u>	<u>(33,354,203)</u>	<u>(25,594,292)</u>	<u>(22,689,949)</u>	<u>(25,797,054)</u>	<u>(18,594,329)</u>	<u>(25,320,911)</u>	<u>(23,880,228)</u>	<u>(21,677,076)</u>
General Revenues										
Property and Other Local Taxes Levied for:										
General Purposes	3,450,710	3,099,062	2,995,256	2,964,738	2,495,560	2,252,600	2,598,390	2,222,016	2,212,335	1,891,298
Debt Service	70,409	58,778	58,236	57,419	51,369	51,008	50,632	221,303	235,258	215,852
Police and Fire Pension	422,410	352,676	349,342	344,480	308,246	305,982	303,760	278,988	282,308	259,010
Public Health and Welfare	190,674	195,119	191,045	187,755	182,291	180,254	179,942	172,745	176,370	160,237
Income Tax Levied for:										
General Purposes	20,160,026	19,265,913	19,624,101	21,314,858	19,702,296	17,269,279	17,214,009	16,085,525	14,868,339	16,464,919
Debt Service	1,475,728	2,064,844	1,525,065	637,958	369,256	408,415	410,442	728,515	1,076,575	1,250,267
Recreation	2,049,725	1,488,385	1,869,603	1,894,736	1,788,060	1,862,984	2,154,770	2,088,749	1,856,905	1,544,602
Capital Outlay	2,144,288	2,041,966	2,057,532	2,154,199	1,940,583	1,647,602	1,669,161	1,582,017	1,464,539	1,183,589
Grants and Entitlements not Restricted to										
Specific Programs	764,130	680,239	689,875	636,121	624,566	577,995	528,652	521,082	433,622	771,867
Investment Earnings	931,922	1,187,074	1,095,151	49,007	64,329	211,018	197,025	150,016	78,382	60,917
Miscellaneous	<u>3,736,558</u>	<u>1,673,818</u>	<u>1,704,129</u>	<u>3,123,327</u>	<u>2,287,744</u>	<u>2,515,580</u>	<u>1,411,650</u>	<u>3,305,938</u>	<u>980,681</u>	<u>483,198</u>
<i>Total General Revenues</i>	<u>35,396,580</u>	<u>32,107,874</u>	<u>32,159,335</u>	<u>33,364,598</u>	<u>29,814,300</u>	<u>27,282,717</u>	<u>26,718,433</u>	<u>27,356,894</u>	<u>23,665,314</u>	<u>24,285,756</u>
Change in Net Position	<u>(\$810,048)</u>	<u>\$5,112,908</u>	<u>(\$1,194,868)</u>	<u>\$7,770,306</u>	<u>\$7,124,351</u>	<u>\$1,485,663</u>	<u>\$8,124,104</u>	<u>\$2,035,983</u>	<u>(\$214,914)</u>	<u>\$2,608,680</u>

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

	2025	2024	2023	2022
General Fund				
Nonspendable	\$492,746	\$403,129	\$508,762	\$497,505
Assigned	324,900	979,160	414,404	657,619
Unassigned	11,097,163	11,075,085	12,544,433	11,577,074
<i>Total General Fund</i>	11,914,809	12,457,374	13,467,599	12,732,198
All Other Governmental Funds				
Nonspendable	398,298	237,048	263,748	211,930
Restricted	2,278,797	2,736,669	2,883,195	2,953,947
Committed	815,739	3,338,808	3,062,946	5,826,671
Unassigned	(518,789)	0	0	0
<i>Total All Other Governmental Funds</i>	2,974,045	6,312,525	6,209,889	8,992,548
<i>Total Governmental Funds</i>	\$14,888,854	\$18,769,899	\$19,677,488	\$21,724,746



2021	2020	2019	<i>Restated</i> 2018	2017	<i>Restated</i> 2016
\$508,732	\$458,751	\$410,415	\$352,039	\$238,434	\$340,009
216,435	426,900	278,299	345,074	994,245	305,282
11,136,659	8,759,249	7,109,835	6,814,906	5,832,320	7,142,347
11,861,826	9,644,900	7,798,549	7,512,019	7,064,999	7,787,638
224,591	255,443	231,950	258,891	165,190	273,410
2,946,093	2,742,014	2,132,616	1,729,717	1,935,765	1,784,819
6,555,638	3,984,240	679,115	559,216	486,670	1,520,206
0	0	(205,461)	(119,062)	(2,240,935)	(2,175,920)
9,726,322	6,981,697	2,838,220	2,428,762	346,690	1,402,515
\$21,588,148	\$16,626,597	\$10,636,769	\$9,940,781	\$7,411,689	\$9,190,153

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

	2025	2024	2023	2022
Revenues				
Property Taxes	\$3,238,486	\$2,794,163	\$2,785,115	\$2,721,773
Payment in Lieu of Taxes	172,363	92,629	80,552	79,899
Income Taxes	26,100,909	24,813,057	25,083,287	25,497,705
Other Local Taxes	810,715	894,999	811,738	811,687
Intergovernmental	5,492,786	7,175,448	2,395,261	2,710,627
Special Assessments	359,517	366,911	353,121	453,610
Interest	931,922	1,187,074	1,095,151	49,007
Fines, Licenses and Permits	602,766	985,632	891,800	940,378
Charges for Services	2,332,174	2,230,107	2,016,977	1,838,043
Other	3,037,867	985,716	1,151,547	2,382,050
Total Revenues	43,079,505	41,525,736	36,664,549	37,484,779
Expenditures				
Current:				
Security of Persons and Property	13,130,670	12,580,896	12,011,938	11,174,504
Public Health and Welfare	297,339	301,086	298,599	284,751
Culture and Recreation	3,365,077	3,247,713	3,065,972	2,957,847
Community Development	971,189	1,017,234	893,993	936,735
Economic Development	846,189	779,404	799,633	843,524
Streets and Highways	2,656,154	2,380,557	2,219,366	2,320,156
Sanitation	1,578,608	1,562,836	1,413,985	1,552,841
General Government	9,418,506	9,462,061	8,768,373	9,253,748
Capital Outlay	12,316,013	9,029,540	7,386,887	10,696,035
Debt Service:				
Principal Retirement	1,249,066	1,220,706	1,192,402	12,484,420
Interest and Fiscal Charges	1,056,548	825,768	711,485	579,334
TIF Service Payments	81,491	81,491	80,552	79,899
Total Expenditures	46,966,850	42,489,292	38,843,185	53,163,794
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(3,887,345)</i>	<i>(963,556)</i>	<i>(2,178,636)</i>	<i>(15,679,015)</i>
Other Financing Sources (Uses)				
General Obligation Bonds Issued				
Refunding Bonds Issued				
Premium on Debt Issuance		55,967		960,988
Payment to Refunded Bond Escrow Agent				
Sale of Capital Assets	6,300		131,378	4,625
Inception of financed purchase				
Issuance of debt				14,850,000
Transfers In	2,798,600	2,965,000	2,545,000	3,200,000
Transfers Out	(2,798,600)	(2,965,000)	(2,545,000)	(3,200,000)
Total Other Financing Sources (Uses)	6,300	55,967	131,378	15,815,613
Net Change in Fund Balances	(\$3,881,045)	(\$907,589)	(\$2,047,258)	\$136,598
Debt Service as a percentage of noncapital expenditures	5.74%	6.22%	6.51%	29.99%

2021	2020	2019	2018	2017	2016
					<i>Restated</i>
\$2,468,496	\$2,454,735	\$2,453,751	\$2,239,337	\$2,246,905	\$2,167,136
74,736	64,586	24,423	0	0	0
24,112,945	20,945,074	21,466,125	20,451,474	19,255,355	20,586,071
568,999	340,161	688,104	664,827	636,071	649,151
2,434,972	2,869,939	3,800,627	1,938,462	1,891,480	1,427,483
448,760	137,816	153,132	155,181	189,301	155,858
64,329	211,018	197,025	150,016	78,382	60,917
937,439	924,774	856,905	1,135,200	1,010,744	871,055
1,227,105	1,215,991	2,210,188	2,036,858	2,009,978	2,174,446
1,473,048	2,070,129	993,511	840,404	931,879	452,500
33,810,829	31,234,223	32,843,791	29,611,759	28,250,095	28,544,617
10,651,824	9,192,917	10,194,715	9,665,115	9,423,855	9,065,650
289,200	280,477	271,836	269,917	268,837	265,118
2,520,104	2,355,583	3,633,608	3,503,465	3,291,227	2,902,906
1,032,153	988,340	1,028,737	865,666	836,562	794,295
788,537	483,804	415,817	357,388	347,065	346,598
1,998,799	1,972,287	1,939,165	1,829,253	2,022,054	1,870,612
1,373,640	1,219,782	1,166,123	1,074,595	968,468	972,643
8,531,046	8,728,406	7,904,822	8,072,624	7,777,272	7,653,896
5,647,036	7,412,099	5,003,627	2,123,456	3,365,276	3,659,361
7,502,053	437,462	460,628	1,438,875	1,442,195	1,500,583
317,704	152,213	223,692	261,104	288,484	287,238
74,736	64,586	24,423	0	0	0
40,726,832	33,287,956	32,267,193	29,461,458	30,031,295	29,318,900
(6,916,003)	(2,053,733)	576,598	150,301	(1,781,200)	(774,283)
			2,200,000		
	4,105,000				
37,100	29,768		28,756		43,195
	(4,060,850)				
40,454	58,752	119,390	11,585	2,736	2,075
	1,160,891				
11,800,000	6,750,000				
1,200,000	1,700,000	2,100,000	1,104,143	1,100,000	1,100,000
(1,200,000)	(1,700,000)	(2,100,000)	(1,104,143)	(1,100,000)	(1,100,000)
11,877,554	8,043,561	119,390	2,240,341	2,736	45,270
\$4,961,551	\$5,989,828	\$695,988	\$2,390,642	(\$1,778,464)	(\$729,013)
20.52%	2.29%	2.30%	6.36%	7.49%	7.76%

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
2025	\$3,238,486	\$26,100,909	\$810,715	\$30,150,110
2024	2,794,163	24,813,057	894,999	28,502,219
2023	2,785,115	25,083,287	811,738	28,680,140
2022	2,721,773	25,497,705	811,687	29,031,165
2021	2,468,496	24,112,945	568,999	27,150,440
2020	2,454,735	20,945,074	340,161	23,739,970
2019	2,453,751	21,466,125	688,104	24,607,980
2018	2,239,337	20,451,474	664,827	23,355,638
2017	2,246,905	19,255,355	636,071	22,138,331
2016	2,167,136	20,586,071	649,151	23,402,358

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

Tax Year	Tax Rate	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes from Individuals	Percentage of Taxes from Individuals	Taxes from Net Profits	Percentage of Taxes from Net Profits
2025	2.00%	\$25,006,100	\$21,469,316	85.9%	\$1,300,701	5.2%	\$2,236,084	8.9%
2024	2.00%	24,377,489	20,976,779	86.0%	1,361,096	5.6%	2,039,914	8.4%
2023	2.00%	24,359,757	20,177,989	82.8%	1,359,332	5.6%	2,829,436	11.6%
2022	2.00%	24,719,637	19,486,676	78.8%	1,316,662	5.3%	3,916,299	15.8%
2021	2.00%	23,390,106	19,312,714	82.6%	1,382,296	5.9%	2,739,510	11.7%
2020	2.00%	20,094,600	17,275,076	86.0%	1,048,993	5.2%	1,770,530	8.8%
2019	2.00%	21,049,663	17,629,127	83.8%	1,254,511	6.0%	2,166,026	10.3%
2018	2.00%	20,204,584	16,893,208	83.6%	1,090,527	5.4%	2,220,849	11.0%
2017	2.00%	19,021,980	15,964,093	83.9%	1,118,613	5.9%	1,939,274	10.2%
2016	2.00%	19,920,234	16,224,601	81.4%	1,222,815	6.1%	2,472,819	12.4%

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:

2025		
	Rank	
	1	Southwest General Health Center
	2	United Parcel Service
	3	The Cleveland Clinic Foundation
	4	SW General Medical Group
	5	Berea City School District
	6	Amazon Com Services LLC
	7	City of Middleburg Heights
	8	Thyssenkrupp Materials NA LLC
	9	Zin Technologies Inc.
	10	Quadax Inc.

2016		
2025 Rank	Rank	Taxpayer
1	1	Southwest General Hospital
2	2	United Parcel Service
10	3	Quadax Inc.
-	4	HyComp Ilc.
-	5	Amerimark Direct Ilc.
21	6	Codonics Inc.
12	7	Ohio Anesthesea Group Inc.
18	8	MetroHealth System
-	9	C.H. Robinson International Inc.
9	10	Zin Technologies Inc.

Source: Regional Income Tax Agency

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

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

Tax Year/ Collection Year	City of Middleburg Heights						Polaris JVS & Berea School District		Cuyahoga County (1)	Total
	General Fund	Debt Service Fund	Police Pension Fund	Fire Pension Fund	Southwest Community Hospital	Total				
2016/2017	3.35	0.50	0.30	0.30	1.00	5.45	85.29		23.43	114.17
2017/2018	3.35	0.50	0.30	0.30	1.00	5.45	85.29		23.93	114.67
2018/2019	3.75	0.10	0.30	0.30	1.00	5.45	85.29		23.93	114.67
2019/2020	3.75	0.10	0.30	0.30	1.00	5.45	85.19		24.33	114.97
2020/2021	3.75	0.10	0.30	0.30	1.00	5.45	84.99		25.73	116.57
2021/2022	3.75	0.10	0.30	0.30	1.00	5.45	84.99		25.73	116.57
2022/2023	3.75	0.10	0.30	0.30	1.00	5.45	84.59		26.13	116.17
2023/2024	3.75	0.10	0.30	0.30	1.00	5.45	84.59		26.53	116.57
2024/2025	3.75	0.10	0.30	0.30	1.00	5.45	84.59		26.53	116.57
2025/2026	3.75	0.10	0.30	0.30	1.00	5.45	84.29		26.53	116.27

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

Source: Cuyahoga County Fiscal Officer

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

	Real Property (1)		Personal Property (1)		Public Utility Property (1)		Total		Ratio of Total	Total
Tax Year/ Collection Year	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value To Total Estimated Actual Value	Direct Tax Rate Mills
2016/2017	\$ 482,861,060	\$1,379,603,029	-	-	\$18,081,890	\$20,547,602	\$ 500,942,950	\$1,400,150,631	35.8%	5.45
2017/2018	490,560,840	1,401,602,400	-	-	20,351,440	23,126,636	510,912,280	1,424,729,036	35.9%	5.45
2018/2019	533,431,700	1,524,090,571	-	-	24,165,970	27,461,330	557,597,670	1,551,551,901	35.9%	5.45
2019/2020	537,928,650	1,536,939,000	-	-	26,350,830	29,944,125	564,279,480	1,566,883,125	36.0%	5.45
2020/2021	538,474,430	1,538,498,371	-	-	27,914,140	31,720,614	566,388,570	1,570,218,985	36.1%	5.45
2021/2022	600,345,660	1,715,273,314	-	-	30,747,330	34,940,148	631,092,990	1,750,213,462	36.1%	5.45
2022/2023	608,594,110	1,738,840,314	-	-	33,261,840	37,797,545	641,855,950	1,776,637,860	36.1%	5.45
2023/2024	605,003,420	1,728,581,200	-	-	33,706,190	38,302,489	638,709,610	1,766,883,689	36.1%	5.45
2024/2025	736,005,690	2,102,873,400	-	-	36,624,510	41,618,761	772,630,200	2,144,492,161	36.0%	5.45
2025/2026	734,614,960	2,098,899,886	-	-	38,614,230	43,879,807	773,229,190	2,142,779,693	36.1%	5.45

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

Source: Cuyahoga County Fiscal Officer

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

Tax Year/ Collection Year	Current Levy (1)	Current Collections	Percent of Current Levy Collected	Collection Including Delinquencies (1)	Total Collections As Percent of Current Levy	Accumulated Delinquency
2015/2016	\$2,428,464	\$2,347,156	96.6	\$2,395,844	98.7	\$108,796
2016/2017	2,490,448	2,392,356	96.1	2,472,132	99.3	132,091
2017/2018	2,471,220	2,373,528	96.0	2,465,286	99.7	134,773
2018/2019	2,668,573	2,619,745	98.2	2,721,396	101.9	113,847
2019/2020	2,759,827	2,704,343	98.0	2,760,414	100.0	110,787
2020/2021	2,776,850	2,708,499	97.5	2,781,324	100.1	108,766
2021/2022	3,080,695	2,995,196	97.2	3,067,035	99.6	129,698
2022/2023	3,141,731	3,030,204	96.4	3,129,040	99.6	126,725
2023/2024	3,132,779	3,074,213	98.1	3,152,268	100.6	143,200
2024/2025	3,800,404	3,656,705	96.2	3,737,269	98.3	228,200

(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.

Note: The County is aware of the requirement to report delinquent tax collections by levy rather than by collection year. The County's current computer system tracks levy amounts by either current levy or delinquent levy. Once amounts become part of the delinquent levy, the ability to track information by levy year is lost. The County is looking at options to provide this information in the future.

Source: Cuyahoga County Fiscal Officer

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

	2025	2024	2023
General Obligation Bonds	\$16,487,044	\$17,479,390	\$18,446,736
Percent of estimated actual property value	0.75%	0.79%	1.01%
Per Capita	\$1,030.18	\$1,092.19	\$1,152.63
Special Assessment Bonds	1,842,540	1,903,317	1,964,094
Bond Anticipation Notes	0	0	0
OPWC Loans	367,818	408,869	449,558
Equipment and Vehicles	0	208,195	413,032
Total Gross Indebtedness	<u>18,697,402</u>	<u>19,999,771</u>	<u>21,273,420</u>
Percentage of Personal Income	2.63%	2.88%	3.23%
Per Capita	\$1,168.30	\$1,249.67	\$1,329.26
Less:			
Special Assessment Bonds	(1,842,540)	(1,903,317)	(1,964,094)
Community & Service Center Refunding Bonds			
Bond Anticipation Notes	0	0	0
OPWC Loans	(367,818)	(408,689)	(449,558)
Equipment and Vehicles	0	(208,195)	(413,032)
Bond Retirement Fund Balance	<u>(753,249)</u>	<u>(751,539)</u>	<u>(778,175)</u>
Total Net Debt Applicable to Debt Limit	<u>15,733,795</u>	<u>16,728,031</u>	<u>17,668,561</u>
Overall Legal Debt Limit			
10 1/2% of Assessed Valuation	<u>81,189,065</u>	<u>81,126,171</u>	<u>67,064,509</u>
Legal Debt Margin Within 10 1/2% Limitations	<u>\$65,455,270</u>	<u>\$64,398,140</u>	<u>\$49,395,948</u>
Legal Debt Margin as a Percentage of the Debt Limit	80.62%	79.38%	73.65%
Unvoted Debt Limitation			
5 1/2% of Assessed Valuation	\$42,527,605	\$42,494,661	\$35,129,029
Net Unvoted Indebtedness Authorized by Council	18,697,402	19,999,771	21,273,420
Less:			
Special Assessment Bonds	(1,842,540)	(1,903,317)	(1,964,094)
Community & Service Center Refunding Bonds			
Bond Anticipation Notes	0	0	0
Service Center Bonds			
OPWC Loans	(367,818)	(408,689)	(449,558)
Equipment and Vehicles	0	(208,195)	(413,032)
General Obligation Bond Retirement Fund Balance	<u>(753,249)</u>	<u>(751,539)</u>	<u>(778,175)</u>
Net Debt Within 5 1/2% Limitations	<u>15,733,795</u>	<u>16,728,031</u>	<u>17,668,561</u>
Unvoted Legal Debt Margin Within 5 1/2% Limitations	<u>\$26,793,810</u>	<u>\$25,766,630</u>	<u>\$17,460,468</u>
Unvoted Legal Debt Margin as a Percentage of the	63.00%	60.63%	49.70%
Unvoted Debt Limitation			

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

2022	2021	2020	2019	2018	2017	2016
\$19,394,082	\$3,997,103	\$4,330,476	\$4,548,849	\$4,867,222	\$6,128,300	\$7,409,378
1.06%	0.02%	0.27%	0.28%	0.31%	0.43%	0.53%
\$1,211.83	\$249.76	\$270.59	\$285.27	\$305.23	\$384.32	\$464.65
2,019,871	2,090,648	2,156,425	2,222,202	2,301,080	205,178	324,288
0	11,800,000	6,750,000				
490,428	531,298	572,168	613,039	653,908	694,777	735,647
614,564	833,115	1,139,298	0	36,657	72,586	107,801
22,518,945	19,252,164	14,948,367	7,384,090	7,858,867	7,100,841	8,577,114
3.67%	3.28%	2.54%	1.53%	1.63%	1.47%	1.78%
\$1,407.08	\$1,202.96	\$934.04	\$463.07	\$492.84	\$445.31	\$537.88
(2,019,871)	(2,090,648)	(2,156,425)	(2,222,202)	(2,301,080)	(205,178)	(324,288)
					(930,000)	(1,890,000)
0	(11,800,000)	(6,750,000)				
(490,428)	(531,298)	(572,168)	(613,039)	(653,908)	(694,777)	(735,647)
(614,564)	(833,115)	(1,139,298)	0	(36,657)	(72,586)	(107,801)
(777,580)	(391,990)	(382,403)	(314,727)	(302,263)	(681,274)	(728,872)
18,616,502	3,605,113	3,948,073	4,234,122	4,564,959	4,517,026	4,790,506
67,394,875	66,264,764	59,470,800	59,249,345	58,547,755	53,645,789	52,599,010
\$48,778,373	\$62,659,651	\$55,522,727	\$55,015,223	\$53,982,796	\$49,128,763	\$47,808,504
72.38%	94.56%	93.36%	92.85%	92.20%	91.58%	90.89%
\$35,302,077	\$34,710,114	\$31,151,371	\$31,035,371	\$30,667,872	\$28,100,175	\$27,551,862
22,518,945	19,252,164	14,948,367	7,384,090	7,858,867	7,100,841	8,577,114
(2,019,871)	(2,090,648)	(2,156,425)	(2,222,202)	(2,301,080)	(205,178)	(324,288)
					(930,000)	(1,890,000)
0	(11,800,000)	(6,750,000)				
(490,428)	(531,298)	(572,168)	(613,039)	(653,908)	(694,778)	(735,647)
(614,564)	(833,115)	(1,139,298)	0	(36,657)	(72,586)	(107,801)
(777,580)	(391,990)	(382,403)	(314,727)	(302,263)	(681,274)	(728,872)
18,616,502	3,605,113	3,948,073	4,234,122	4,564,959	4,517,025	4,790,506
\$16,685,575	\$31,105,001	\$27,203,298	\$26,801,249	\$26,102,913	\$23,583,150	\$22,761,356
47.27%	89.61%	87.33%	86.36%	85.11%	83.93%	82.61%

City of Middleburg Heights, Ohio
Computation of Direct and Overlapping Debt
December 31, 2025

Jurisdiction	Debt Outstanding	Percentage Applicable To City of Middleburg Heights (c)	Amount Applicable To City of Middleburg Heights
Direct:			
General Obligation Bonds	\$ 16,487,044 (a)	100.00%	\$ 16,487,044
Special Assessment Bonds	1,842,540 (a)	100.00%	1,842,540
Loans Payable	367,818 (a)	100.00%	367,818
Total Direct Debt	\$ 18,697,402		\$ 18,697,402
Overlapping:			
Berea School District	\$103,045,000 (b)	37.70%	\$38,852,506
Cuyahoga County	200,875,000 (b)	1.75%	3,505,811
Cuyahoga Community College	170,875,000 (b)	1.75%	2,982,230
Total Overlapping Debt	\$ 474,795,000		\$ 45,340,547
Total Direct and Overlapping	\$ 493,492,402		\$ 64,037,949

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

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

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

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

Year	Population (1)		Total Personal Income (2)	Per Capita Personal Income (1)		Median Household Income (1)	Unemployment Rate (3)	
2025	16,004	b	\$711,745,892	\$44,473	b	\$78,815	b	3.4%
2024	16,004	b	693,277,276	43,319	b	78,324	b	3.3%
2023	16,004	b	659,332,792	41,198	b	74,109	b	3.0%
2022	16,004	b	612,857,176	38,294	b	70,129	b	3.4%
2021	16,004	b	587,714,892	36,723	b	68,125	b	4.6%
2020	16,004	b	587,714,892	36,723	b	68,125	b	7.6%
2019	15,946	a	481,792,444	30,214	a	66,337	a	7.3%
2018	15,946	a	481,792,444	30,214	a	66,337	a	4.5%
2017	15,946	a	481,792,444	30,214	a	66,337	a	5.7%
2016	15,946	a	481,792,444	30,214	a	66,337	a	5.4%

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

(a) 2010 Federal Census

(b) 2020 Federal Census

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

(3) Source: Ohio Bureau of Employment Services,

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

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

2025		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Southwest General Health Center	2,716	12.49%
United Parcel Service, Inc.	1,954	8.98%
Amazon.com Services LLC	985	4.53%
The Cleveland Clinic Foundation	571	2.63%
Middleburg-Legacy Place LLC	496	2.28%
The Metrohealth System	412	1.89%
Group Management Services, Inc.	396	1.82%
Quadax, Inc.	368	1.69%
City of Middleburg Heights	354	1.63%
Fabrizi Trucking & Paving Co.	342	1.57%
Total	<u>8,594</u>	<u>39.51%</u>
Total City Employment	<u>21,750</u>	

2016		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Southwest General Hospital	2,670	12.91%
United Parcel Service	2,146	10.38%
Amerimark Direct, LLC	759	3.67%
Quadax, Inc.	657	3.18%
City of Middleburg Heights	440	2.13%
Polaris Joint Vocational	389	1.88%
Sunnyside Automotive, Inc.	287	1.39%
Berea City School District	271	1.31%
Zin Technologies	235	1.14%
Brewer Garrett Co.	210	1.02%
Total	<u>8,064</u>	<u>39.00%</u>
Total City Employment	<u>20,675</u>	

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

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

Function/Program	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Government:										
Council	2	2	2	2	2	2	2	2	2	2
Finance	5	4	4	4	4	4	4	4	4	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	2	2	3	3	3	3	3	3	3	3
Public Service	27	25	28	28	25	25	26	29	29	33
Community Development:										
Planning & Zoning	1	1	1	1	1	1	1	1	1	1
Building	5	5	5	5	6	6	6	6	6	5
Economic Development:	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Police	34	35	34	34	35	42	39	39	36	37
Fire	28	28	27	28	27	28	26	27	27	26
Culture and Recreation:										
Programs				2	2	2	2	2	2	2
Recreation Center	10	11	11	9	10	10	11	12	12	9
Streets and Highways:										
Street Department	10	10	10	10	10	10	10	9	9	10
Totals:	<u>129</u>	<u>128</u>	<u>130</u>	<u>131</u>	<u>130</u>	<u>138</u>	<u>135</u>	<u>139</u>	<u>136</u>	<u>138</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	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Fire										
Emergency Responses	4,517	4,047	3,798	4,106	3,833	3,278	3,392	3,420	3,102	3,037
Ambulance runs	3,477	3,127	2,915	3,197	2,970	2,520	2,744	2,784	2,449	2,550
Fire Runs	1,040	920	883	909	863	758	648	636	653	487
Fire Safety Inspections/Re-Inspections	558	522	596	427	432	450	430	277	255	292
Fire Protection Systems Inspected	751	673	663	430	446	398	393	393	393	393
Building/Fire Protection Plan Received	132	217	220	237	273	363	161	183	217	204
Number of Community Program Hours	554	329	359	310	301	282	367.5	296.5	231	249
Hydrants Tested	1,400	1,400	1,400	1,400	1,400	1,100	1,100	1,100	1,100	1,100
Public Service										
Snowfall in inches ¹	31.3	31.3	19.8	54.9	34.3	37	27.7	42.1	44.8	41.7
Tons of salt used	2,800	4,800	2,700	4,800	3,200	4,000	3,350	5,196	3,500	3,300
Asphalt used in road maintenance (tons)	186.6	329.66	169.04	125	196	162	339.3	755.75	755.75	543.5
Concrete used in road maintenance (yards)	364	160.25	230.25	290	241	208	235.75	318	329	295.5
Number of Trees removed	195	133	57	51	75	46	184	190	184	197
Number of Trees planted	166	80	155	110	154	107	70	64	105	133
Senior citizen driveway plowing participants	1,087	1,070	1,043	1,058	1,073	1,108	1061	1109	1,120	1,131
Building										
Number of Permits issued by type:										
Building Permits	147	165	169	187	197	199	193	184	167	189
Electrical Permits	139	203	167	171	182	166	187	196	189	184
Plumbing Permits	105	151	160	135	134	134	174	140	160	138
HVAC Permits	178	177	152	151	193	167	131	183	147	158
Miscellaneous Permits	666	706	634	693	892	877	764	660	689	610
Inspections performed	1,704	1,821	1,623	1,653	2,027	1,525	1,712	2,289	1,783	1,744
Estimated value of construction	\$9,142,037	\$45,896,556	\$31,348,898	\$39,707,259	\$30,843,529	\$29,966,459	\$17,907,443	\$48,083,488	\$44,414,934	\$8,686,151
Number of Plans examined	79	90	89	168	112	101	111	125	123	74
Court										
Number of court cases	1,383	1,544	2,224	1,506	2,072	1,515	2,208	2,344	3,084	3,393
Number of violations	1,681	1,908	2,883	1,958	2,581	1,987	2,752	2,987	3,896	4,104
Number of Transferred Cases	26	23	46	32	37	32	74	115	170	244
Number of Waivers taken at Violations Bureau (Est)	328	376	582	497	540	237	413	433	622	725
Number of Court Appearances	330	374	511	340	369	425	544	778	1,079	1,251
Number of Waivers received by Mail	57	48	93	63	91	128	226	247	334	517
Number of Waivers received online	877	878	1,223	822	1,244	770	1016	918	1,141	1,199

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

Operating Indicators by Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Council										
Number of Ordinances & resolutions	94	102	106	100	101	99	134	94	97	68
Finance										
Number of checks processed (excluding payroll)	2,884	2,949	2,891	2,945	2,787	2,818	3,322	3,379	3,257	3,106
Number of Purchase orders issued	2,573	2,411	2,604	2,289	2,631	2,766	3,635	3,011	2,886	4,308
Number of W-2 forms issued	404	365	335	333	305	359	438	447	456	447
City W-2 Wages (in Millions)	\$15.49	\$15.32	\$14.57	\$13.74	\$13.30	\$12.73	\$13.48	\$12.81	\$12.73	\$12.44
Mayor's Office										
Newsletters mailed (Summer)	9,006	9,006	9,006	8,682	8,682	8,682	8,682	8,682	17,364	8,682
Recreation										
Number of Memberships	13,737	13,798	13,449	10,066	7,442	4,539	7,218	7,506	7,773	7,956
Learn to Swim enrollment	902	1,118	1,016	1,207	380	203	869	856	1,112	1,182
Enrollment in athletics programs	1,938	1,742	1,485	1,416	922	382	1,698	1,744	1,730	1,775
Number of Rental Events	790	708	485	421	334	506	1,750	1,655	1,630	1,507
Enrollment in classes, programs, and special events	9,320	8,307	6,296	8,767	6,566	5,513	18,260	15,894	17,017	17,241
Law										
Number of new litigations filed (traffic & criminal cases)	250	296	307	474	578	435	479	606	542	550
Number of Municipal Court cases heard and disposed	263	342	389	492	460	311	617	646	642	608
Planning & Zoning										
Number of Planning commission agenda items	39	64	87	79	50	56	65	58	68	65
Civil Service										
Number of Exams given	9	5	30	31	38	47	42	32	32	41

1 - National Weather Service, Cleveland, OH - Hopkins International Airport
2 - The 2015 payroll included 27 pay periods as opposed to the normal 26 pay periods.
3 - Newsletters were mailed bi-annually to residents in 2017, instead of annually.

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

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

Function/Program	2025	2024	2023
General Government:			
Other Departmental Vehicles	5	5	5
City Hall Square Footage	18,746	18,746	18,746
Police:			
Number of Stations	1	1	1
Number of Vehicles	29	23	23
Square Footage of Building	13,400	13,400	13,400
Fire:			
Number of Stations	1	1	1
Number of Vehicles	12	12	12
Square Footage of Building	19,730	19,730	19,730
Culture and Recreation:			
Number of Parks	4	4	4
Number of Vehicles	1	2	2
Recreation Center Square Footage	83,768	83,768	83,768
Public Service:			
Number of Vehicles	42	50	50
Service Center Square Footage	62,445	62,445	62,445
Streets (miles)	65	65	65

Source: City of Middleburg Heights, Finance Department

2020	2019	2018	2017	2016	2015
5 18,746	5 18,746	5 18,746	5 18,746	5 18,746	5 18,746
1 26 13,400	1 24 13,400	1 22 13,400	1 22 13,400	1 25 13,400	1 25 13,400
1 12 19,730	1 11 19,730	1 11 19,730	1 12 19,730	1 12 19,730	1 12 19,730
3 2 83,768	3 1 83,768	3 1 83,768	3 1 83,768	3 1 83,768	3 1 83,768
53 62,445 65	52 62,445 65	52 62,445 65	46 62,445 65	47 62,445 65	47 62,445 65

OHIO AUDITOR OF STATE KEITH FABER



CITY OF MIDDLEBURG HEIGHTS

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 7/21/2026

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

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