

**CITY OF MAYFIELD HEIGHTS  
CUYHAOGA COUNTY, OHIO**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2024**

***Zupka & Associates***  
**Certified Public Accountants**





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

City Council  
City of Mayfield Heights  
6154 Mayfield Road  
Mayfield Heights, Ohio 44124

We have reviewed the *Independent Auditor's Report* of the City of Mayfield Heights, Cuyahoga County, prepared by Zupka & Associates, for the audit period January 1, 2024 through December 31, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

KEITH FABER  
Ohio Auditor of State

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

October 09, 2025

**This page intentionally left blank.**

**CITY OF MAYFIELD HEIGHTS  
CUYAHOGA COUNTY, OHIO  
AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2024**

---

<u>TABLE OF CONTENTS</u>	<u>PAGE</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	5-15
Basic Financial Statements:	
Statement of Net Position	17
Statement of Activities	18
Balance Sheet - Governmental Funds	19
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	20
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - General Fund	23
Statement of Fund Net Position - Proprietary Fund	24
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	25
Statement of Cash Flows - Proprietary Fund	26
Notes to the Basic Financial Statements	28-88
Required Supplementary Information:	
Schedule of the City's Proportionate Share of the Net Pension Liability – Ohio Public Employees Retirement System – Last Ten Years	90-91
Ohio Police and Fire Pension Fund - Last Ten Years	92-93
Schedule of City Contributions – Pension	
Ohio Public Employees Retirement System – Last Ten Years	94-95
Ohio Police and Fire Pension Fund – Last Ten Years	96-97
Schedule of the City's Proportionate Share of the Net OPEB Liability – Ohio Public Employees Retirement System – Last Eight Years	98-99
Ohio Police and Fire Pension Fund – Last Eight Years	100-101
Schedule of City Contributions – OPEB –	
Ohio Public Employees Retirement System – Last Ten Years	102-103
Ohio Police and Fire Pension Fund – Last Ten Years	104-105
Notes to the Required Supplementary Information	106-109
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Required by <i>Government Auditing Standards</i>	110-111
Schedule of Prior Audit Findings and Recommendations	112

**This page intentionally left blank.**

## INDEPENDENT AUDITOR'S REPORT

City of Mayfield Heights  
Cuyahoga County  
6154 Mayfield Road  
Mayfield Heights, Ohio 44124

To the Members of City Council:

### Report on the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Mayfield Heights, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2024, 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 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 Mayfield Heights as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

***Emphasis of Matter***

As discussed in Note 3 to the basic financial statements, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

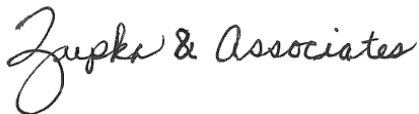


***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension and Postemployment Benefit Liabilities and Pension and Postemployment Benefit Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Zupka & Associates  
Certified Public Accountants

June 28, 2025

***This page intentionally left blank.***

**City of Mayfield Heights, Ohio**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended December 31, 2024**

---

The management's discussion and analysis of the City of Mayfield Heights' (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2024. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the basic financial statements and the notes to those financial statements to enhance their understanding of the City's financial performance.

**Financial Highlights**

Total assets and deferred outflows of resources of the City increased from \$134,727,036 to \$135,066,746, a total increase of \$339,710. This can be attributed to the increase in assets due to the increase in cash and cash equivalents.

Total liabilities and deferred inflows of resources of the City decreased from \$102,058,147 to \$97,729,685, a total decrease of \$4,328,462. This can most significantly be attributed to the decrease in due within one year due to the decrease in note payable.

Total net position increased from \$32,668,889 to \$37,337,061, a total increase of \$4,668,172. This is an increase of 14.03 percent. See the above explanations for the increases in total assets and total liabilities.

**Using This Annual Financial Report**

This management's discussion and analysis is intended to serve as an introduction to the City's basic financial statements. These statements are prepared and organized so the reader can understand the City as a financial whole, or as an entire operating entity. The statements provide a detailed look at the City's specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

**City of Mayfield Heights, Ohio**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended December 31, 2024**

---

**Reporting the City of Mayfield Heights as a Whole**

***Statement of Net Position and the Statement of Activities***

The Statement of Net Position presents information, excluding Fiduciary Funds, on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, an increase or decrease in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, in evaluating the overall position of the City, non-financial factors such as the City's tax base, change in tax laws, and the condition of capital assets should also be considered. Both the Statement of Net Position and the Statement of Activities use the accrual basis of accounting similar to the accounting method used by private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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
- Program Revenue and Expenses
- General Revenues
- Net Position Beginning of Year and End of Year

**Reporting the City of Mayfield Heights' Most Significant Funds**

***Fund Financial Statements***

The presentation of the City's major funds begins on page 19. The City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements and identify certain services and activities provided to our residents. However, these fund financial statements focus on the City's most significant funds. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The City's major funds are the General Fund, Road Improvement Fund, Aquatic and Community Center Fund, and Public Property Improvement.

**City of Mayfield Heights, Ohio**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended December 31, 2024**

---

***Governmental Funds***

Governmental funds are used to account for all activities which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. Governmental fund information assists in determining whether there are more or less financial resources available in the near future for important City services. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate a comparison between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds.

***Proprietary Funds***

There are different types of proprietary funds: enterprise funds and internal service funds. The City does not maintain any enterprise funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains such a fund for its self-insurance of workers' compensation related costs. The internal service fund is presented on the proprietary fund financial statements and has been included with governmental activities in the government-wide financial statements.

***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 these 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 City has none.

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

***Government-wide Financial Analysis***

As noted earlier, the Statement of Net Position looks at the City as a whole and can be used as an indicator of the City's financial position.

**City of Mayfield Heights, Ohio**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended December 31, 2024**

The Statement of Net Position in Table 1 provides a summary of the City's net position for 2024 compared to 2023.

**Table 1 - Net Position**

	Governmental Activities	
	2024	2023*
<b><u>Assets</u></b>		
Current and Other Assets	\$ 61,310,520	\$ 57,409,317
Capital Assets	61,593,976	61,142,581
Net OPEB Asset	253,988	952,644
<b>Total Assets</b>	<b>123,158,484</b>	<b>119,504,542</b>
<b><u>Deferred Outflows of Resources</u></b>		
Pension	10,576,974	13,141,872
OPEB	1,331,288	2,080,622
<b>Total Deferred Outflows of Resources</b>	<b>11,908,262</b>	<b>15,222,494</b>
<b><u>Liabilities</u></b>		
Current and Other Liabilities	2,104,465	5,295,434
Long-term Liabilities:		
Due within One Year	3,029,808	10,600,507
Due in More than One Year:		
Net Pension Liability	36,036,062	37,908,904
Net OPEB Liability	2,131,312	2,342,613
Other Amounts	42,763,485	35,122,457
<b>Total Liabilities</b>	<b>86,065,132</b>	<b>91,269,915</b>
<b><u>Deferred Inflows of Resources</u></b>		
Property Taxes	7,022,918	5,697,408
Pension	2,477,585	2,631,305
OPEB	2,164,050	2,459,519
<b>Total Deferred Inflows of Resources</b>	<b>11,664,553</b>	<b>10,788,232</b>
<b><u>Net Position</u></b>		
Net Investment in Capital Assets	20,506,536	20,738,354
Restricted	30,131,872	26,549,954
Unrestricted	(13,301,347)	(14,619,419)
<b>Total Net Position</b>	<b>\$ 37,337,061</b>	<b>\$ 32,668,889</b>

\*Restated

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2024 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pension – an Amendment of GASB Statement 27." The City previously 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).

**City of Mayfield Heights, Ohio**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended December 31, 2024**

---

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 deferred outflows related to pension and OPEB and net OPEB asset.

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.

**City of Mayfield Heights, Ohio**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended December 31, 2024**

---

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

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

Total assets and deferred outflows of resources for the City are \$135,066,746. The City's net capital assets increased by \$3,570,589 due to the increase of cash and cash equivalents in 2024. Total liabilities and deferred inflows of resources for the City are \$86,065,132 and \$11,664,553, respectively. Significant long-term liabilities are Net Pension Liability and Net OPEB Liability for \$36,036,062 and \$2,131,312, respectively. Due within one year decreased by \$7,570,699 due to the decrease of bond anticipation note in 2024. The change in deferred outflows and inflows are mainly related to recording of GASB 68 and 75. Property taxes, for which there is an enforceable legal claim as of December 31, 2024, but which were levied to finance year 2025 operations and pension, have been recorded as deferred inflows of resources. Total net position for the City is \$37,337,061. The most significant component of the net position is represented by the restricted of \$30,131,872.

The implementation of GASB Statement No. 68 and 75 requires the reader to perform additional calculations to determine what the City's Total Net Position at December 31, 2024 would be without consideration of the Net Pension and OPEB Liabilities. This is an important exercise, as the State Pension Systems (Ohio Public Employees Retirement System (OPERS) and Ohio Police and Fire (OP&F) collect, hold, invest, and distribute pensions to our employees, not the City of Mayfield Heights. These calculations are as follows on the next page:



**City of Mayfield Heights, Ohio**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended December 31, 2024**

	<b>Governmental Activities</b>
Total Net Position at December 31, 2024 (with GASB 68 and 75)	\$ 37,337,061
GASB 68/75 Calculations:	
Add:	
Deferred Inflows related to Pension	2,477,585
Deferred Inflows related to OPEB	2,164,050
Net Pension Liability	36,036,062
Net OPEB Liability	2,131,312
Less:	
Deferred Outflows related to Pension	(10,576,974)
Deferred Outflows related to OPEB	(1,331,288)
Net OPEB Asset	(253,988)
Total Net Position (without GASB 68 and 75)	<u>\$ 67,983,820</u>

Table 2 shows the changes in Net Position for the years ended December 31, 2024 and December 31, 2023 and corresponds to the Statement of Activities on page 18.

**Table 2 - Changes in Net Position**

	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023*</b>
<b><u>Revenues</u></b>		
Program Revenues:		
Charges for Services	\$ 3,229,650	\$ 2,501,945
Operating Grants and Contributions	1,999,674	1,759,983
Capital Grants and Contributions	-	2,206,834
General Revenues:		
Property Taxes	5,937,367	5,867,440
Municipal Income Taxes	29,286,135	25,939,529
Other Taxes	191,926	324,717
Grants and Entitlements not Restricted to Specific Programs	1,139,501	1,166,352
Other	2,952,752	2,582,724
<b>Total Revenues</b>	<u>44,737,005</u>	<u>42,349,524</u>
<b><u>Program Expenses</u></b>		
Security of Persons and Property	18,461,615	18,203,856
Public Health Services	417,866	374,790
Leisure Time Activities	3,377,291	2,065,493
Community Environment	1,061,891	1,079,526
Basic Utility Services	1,770,600	1,604,852
Transportation	7,795,583	9,816,898
General Government	5,221,456	4,153,699
Interest and Fiscal Charges	1,962,531	1,206,132
<b>Total Program Expenses</b>	<u>40,068,833</u>	<u>38,505,246</u>
 Increase in Net Position	 4,668,172	 3,844,278
 Net Position, Beginning of Year	 <u>32,668,889</u>	 <u>28,824,611</u>
<b>Net Position, End of Year</b>	<u><u>\$ 37,337,061</u></u>	<u><u>\$ 32,668,889</u></u>

\*Restated

**City of Mayfield Heights, Ohio**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended December 31, 2024**

---

***Governmental Activities***

Governmental activities increased the City's net position by \$4,584,819.

Several revenue sources fund the City's governmental activities. The most significant revenue source is municipal income tax, which accounts 65.59 percent of the City's revenue in 2024. In March 2020, the voters of the City approved an income tax increase from 1.00 percent to 1.50 percent. Based on the passage of this increase, City Council also increased the credit a resident who works in another community receives on their wages from 50 percent up to 1.00 percent to 100 percent up to 1.50 percent paid to the work community. Income tax as a revenue source was first enacted in 1967 and had been at the 1.00 percent rate since 1987.

The other major revenue source for the City is property tax, accounting for 13.30 percent of revenues in 2024. The City's charter millage is 10.00 and has remained the same since 1951. The tax duplicate for collection year 2024 was \$651,131,000 and has been certified at \$781,706,750 for the 2025 collection year. There was an increase of less than 2 percent in 2024 compared to 2023.

Capital grants and contributions decreased by \$2,206,834 mainly due to the decrease of grant related to the Road Improvement fund . The City's other revenue increased by \$370,028 due to the City receiving reimbursement monies from RITA, and an increase in interest received.

Governmental activities programs expenses totaled \$40,068,833 which is a \$1,563,587 increase as compared to 2023. Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$18,461,615 of the total expenses of the City. The increase as compared to 2023 is due to a 2024 increase of expenditures in GASB 68 & GASB 75 calculation. The provisions of GASB Statements 68 and 75 require the City to recognize a pension/OPEB adjustment that increases expenses by \$1,727,297 and \$526,912 in 2023 and 2024 respectively. As a result, it is difficult to ascertain the true operational cost of services and the changes in cost of service from year to year. The following table shows the total expenses by function with the GASB Statements 68 and 75 pension and OPEB costs removed.

	Governmental Activities	
	2024	2023
<b>EXPENSES</b>		
Program Expenses:		
Security of Persons and Property	\$ 17,826,235	\$ 16,403,425
Public Health Services	417,866	374,790
Leisure Time Activities	3,408,245	2,085,019
Community Environment	1,073,747	1,089,446
Basic Utility Services	1,770,600	1,604,852
Transportation	7,833,770	9,840,458
General Government	5,248,927	4,173,827
Interest and Fiscal Charges	1,962,531	1,206,132
<b>Total Expenses</b>	<b>\$ 39,541,921</b>	<b>\$ 36,777,949</b>

**City of Mayfield Heights, Ohio**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended December 31, 2024**

---

Using the adjusted amounts from the table above, there was a 7.52 percent increase in the City's total governmental activities in 2024 compared to 2023. The largest program function for the City is security of persons and property, which includes Police and Fire protection. This function accounts for 45.08 percent of total expenses in 2024, and increased by 8.67 percent from 2023. The second most significant program function is transportation, which includes the City's service department, road repairs, and snow removal. This accounts for 19.81 percent of expenses in 2024, and decreased by 20.39 percent from 2023.

### **The City's Funds**

Information about the City's major funds begins on page 19. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenue of \$57,052,728 and expenditures of \$52,229,477 (including other financing sources and uses).

The most significant fund is the General Fund with a year-end fund balance of \$22,186,285, which is an increase of \$2,608,818 from 2023 due to the increase in income taxes revenue in 2024.

The Road Improvement Fund had a year-end balance of \$6,388,049, an increase of \$1,807,195 from 2024 due to revenue exceeding expenditures. The majority of liabilities in this fund consist of contracts payable for road projects. The General Fund is liable for any deficit in this fund and will provide transfers when cash is required.

The Aquatic and Community Center Fund had a year-end balance of \$15,753. The decrease in the fund balance was due to the principal payment of the bond anticipation.

The Public Property Improvement Fund has a fund balance of \$8,930,638 which is an increase of \$1,563,171 from 2023.

### ***General Fund Budgeting Highlights***

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. An annual appropriation budget is prepared and presented to City Council for approval. A detailed line item budget for all departments is provided as part of the appropriation process. During the year, several amendments were made to the General Fund budget, with the major amendment being at the end of the year to adjust various line item amounts.

The City's original estimated revenue and the other financing sources were \$23,889,165 and the final estimated revenue and other financing sources were \$24,073,229.

Actual revenues and other financing sources of \$30,581,417 exceed the estimates mostly due to higher property taxes, fines, licenses and permits, and other revenues.

**City of Mayfield Heights, Ohio**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended December 31, 2024**

The original budget for expenditures and other financing uses of \$33,041,793 was increased by amended appropriations to a total of \$33,574,893, for an increase of \$533,100. Actual expenditures and other financing uses were \$4,923,003 less than appropriated. The security of persons and properties and general government expense functions had the most significant positive variances compared to appropriations, as actual operating expenditures were less than estimated.

**Capital Assets and Debt Administration**

***Capital Assets***

The City's investment in capital assets as of December 31, 2024, amounts to \$61,593,976 (net of accumulated depreciation). This investment in capital assets includes land, construction-in-progress, land improvements, buildings, machinery and equipment, furniture and fixtures, vehicles, roads, water mains, sanitary sewers, and storm sewers.

	Governmental Activities	
	2024	2023
Land	\$ 1,270,880	\$ 1,270,880
Construction-in-progress	2,311,473	35,167,039
Land Improvements	488,818	523,242
Buildings	39,240,921	4,752,033
Machinery and Equipment	1,515,184	1,361,202
Furniture and Fixtures	81,058	93,639
Vehicles	1,727,681	2,058,316
Right to use Software - SBITA	76,202	127,004
Infrastructures:		
Roads	8,428,204	9,996,565
Water Mains	654,418	683,340
Sanitary Sewers	4,850,245	5,057,543
Storm Sewers	948,892	1,004,422
<b>Total Capital Assets</b>	<b>\$ 61,593,976</b>	<b>\$ 62,095,225</b>

Total capital assets for governmental activities decreased by \$501,249 from 2023. The reason for this decrease can be attributed to the decrease of construction-in-progress for the Aquatic and Community Center in 2024. Refer to Note 10 of the basic financial statements for more detail on capital asset activity.

***Long-Term Obligations***

The City had the following long-term obligations outstanding at December 31, 2024 and 2023. See Note 15 for details regarding the City's long-term obligations.

**City of Mayfield Heights, Ohio**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended December 31, 2024**

**Table 4 - Long-Term Obligations at December 31**

	Governmental Activities	
	2024	2023
General Obligation Bonds	\$ 39,974,387	\$ 31,390,598
Bond Anticipation Notes	-	8,982,050
OPWC Loans	586,701	669,909
Subscription Payable	60,024	118,521
<b>Total Outstanding Debt</b>	<b>\$ 40,621,112</b>	<b>\$ 41,161,078</b>

As of December 31, 2024, the City had \$39,974,387 outstanding General Obligation Bonds. The City has utilized loans from the Ohio Public Works Commission (OPWC) and General Obligation Bonds to fund several of its major capital improvement projects.

#### **Current Financial Related Activities**

The City continues its strong financial position, which can be attributed to its conservative approach in fiscal management.

Municipal income tax has remained at a consistent level even with the effects of stay-at-home workers. The City continues to monitor these revenues for fluctuations.

#### **Contacting the City's Finance Department**

This financial report is designed to provide our residents, taxpayers, creditors, and investors with a general overview of the City's finances and demonstrate the City's accountability for all money it receives, spends, and invests.

If you have questions concerning this report or need additional financial information, contact the Director of Finance, Dana Skully, at Mayfield Heights City Hall, 6154 Mayfield Road, Mayfield Heights, Ohio 44124, by telephone at 440-442-2626, ext. 201, or by e-mail at [danaskully@mayfieldheightsohio.gov](mailto:danaskully@mayfieldheightsohio.gov).

## ***BASIC FINANCIAL STATEMENTS***

**City of Mayfield Heights, Ohio**  
**Statement of Net Position**  
**December 31, 2024**

	Governmental Activities
<b>ASSETS</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 45,441,108
Cash and Cash Equivalents:	
In Segregated Accounts	123,767
With Escrow Agents	302,658
Materials and Supplies Inventory	105,962
Accounts Receivable	304,786
Accrued Interest Receivable	61,557
Intergovernmental Receivable	1,084,468
Prepaid Items	219,663
Municipal Income Taxes Receivable	6,298,070
Property Taxes Receivable	7,360,185
Other Taxes Receivable	8,296
Nondepreciable Capital Assets	3,582,353
Depreciable Capital Assets	58,011,623
Net OPEB Asset	253,988
<b>Total Assets</b>	<b>123,158,484</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension	10,576,974
OPEB	1,331,288
<b>Total Deferred Outflows of Resources</b>	<b>11,908,262</b>
<b>LIABILITIES</b>	
Accounts Payable	655,692
Contracts Payable	130,531
Accrued Wages and Benefits	362,227
Intergovernmental Payable	331,338
Matured Compensated Absences Payable	64,750
Accrued Interest Payable	137,822
Retainage Payable	302,658
Unearned Revenue	119,447
Long-term Liabilities:	
Due within one year	3,029,808
Due in more than one year:	
Net Pension Liability (See Note 12)	36,036,062
Net OPEB Liability (See Note 13)	2,131,312
Other Amounts due in more than one year	42,763,485
<b>Total Liabilities</b>	<b>86,065,132</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Taxes	7,022,918
Pension	2,477,585
OPEB	2,164,050
<b>Total Deferred Inflows of Resources</b>	<b>11,664,553</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	20,506,536
Restricted for:	
Debt Service	3,612,019
Capital Projects	23,546,827
Streets	1,826,907
Other Purposes	892,131
OPEB/Pension	253,988
Unrestricted	(13,301,347)
<b>Total Net Position</b>	<b>\$ 37,337,061</b>

See accompanying notes to the basic financial statements

**City of Mayfield Heights, Ohio**  
**Statement of Activities**  
**For the Year Ended December 31, 2024**

		<b>Program Revenues</b>		<b>Net (Expense)</b>
				<b>Revenue and</b>
			<b>Operating</b>	<b>Changes in Net</b>
	<b>Expenses</b>	<b>Charges for</b>	<b>Grants and</b>	<b>Position</b>
		<b>Services</b>	<b>Contributions</b>	<b>Governmental</b>
				<b>Activities</b>
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
Security of Persons and Property	\$ 18,461,615	\$ 1,876,986	\$ 86,029	\$ (16,498,600)
Public Health Services	417,866	-	-	(417,866)
Leisure Time Activities	3,377,291	355,814	30,181	(2,991,296)
Community Environment	1,061,891	562,088	17,549	(482,254)
Basic Utility Services	1,770,600	-	-	(1,770,600)
Transportation	7,795,583	115,047	984,381	(6,696,155)
General Government	5,221,456	319,715	881,534	(4,020,207)
Interest and Fiscal Charges	1,962,531	-	-	(1,962,531)
Total Governmental Activities	<u>\$ 40,068,833</u>	<u>\$ 3,229,650</u>	<u>\$ 1,999,674</u>	<u>(34,839,509)</u>
<b>General Revenues:</b>				
Property Taxes levied for:				
General Purposes				5,021,100
Debt Service Purpose				560,435
Other Purposes				355,832
Municipal Income Taxes levied for:				
General Purposes				20,151,053
Capital Outlay				9,135,082
Other Taxes				191,926
Grants & Entitlements not restricted to specific programs				1,139,501
Investment Income				1,984,066
All Other Revenues				968,686
Total General Revenues				<u>39,507,681</u>
Change in Net Position				4,668,172
Net Position - Beginning of the Year, as Previously Reported				34,222,111
Change in Accounting Principle				<u>(1,553,222)</u>
<b>Net Position - Beginning of the Year, as Restated</b>				<u>32,668,889</u>
<b>Net Position - End of Year</b>				<u>\$ 37,337,061</u>

See accompanying notes to the basic financial statements



**City of Mayfield Heights, Ohio**  
**Balance Sheet – Governmental Funds**  
**December 31, 2024**

	General Fund	Road Improvement	Aquatic and Community Center	Public Property Improvement	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 20,518,123	\$ 5,801,631	\$ 50,651	\$ 8,524,135	\$ 10,343,706	\$ 45,238,246
Cash and Cash Equivalents:						
In Segregated Accounts	123,767	-	-	-	-	123,767
With Escrow Agents	-	169,317	127,630	-	5,711	302,658
Materials and Supplies Inventory	60,782	-	-	-	45,180	105,962
Accrued Interest Receivable	61,557	-	-	-	-	61,557
Accounts Receivable	145,739	-	-	-	159,047	304,786
Intergovernmental Receivable	555,968	8,739	-	-	519,761	1,084,468
Prepaid Items	219,663	-	-	-	-	219,663
Municipal Income Taxes Receivable	4,351,994	1,167,211	-	778,141	724	6,298,070
Property Taxes Receivable	6,223,035	-	-	-	1,137,150	7,360,185
Other Taxes Receivable	8,296	-	-	-	-	8,296
<b>Total Assets</b>	<u>\$ 32,268,924</u>	<u>\$ 7,146,898</u>	<u>\$ 178,281</u>	<u>\$ 9,302,276</u>	<u>\$ 12,211,279</u>	<u>\$ 61,107,658</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts Payable	\$ 494,639	\$ -	\$ -	\$ -	\$ 161,053	\$ 655,692
Accrued Wages and Benefits	348,850	-	-	-	13,377	362,227
Contracts Payable	7,637	32,075	34,898	-	55,921	130,531
Intergovernmental Payable	320,309	-	-	-	11,029	331,338
Matured Compensated Absences Payable	64,750	-	-	-	-	64,750
Retainage Payable	-	169,317	127,630	-	5,711	302,658
Unearned Revenue	64,766	-	-	-	54,681	119,447
<b>Total Liabilities</b>	<u>1,300,951</u>	<u>201,392</u>	<u>162,528</u>	<u>-</u>	<u>301,772</u>	<u>1,966,643</u>
<b>Deferred Inflows of Resources:</b>						
Property Taxes	5,937,876	-	-	-	1,085,042	7,022,918
Unavailable Revenue - Delinquent Property Taxes	285,159	-	-	-	52,108	337,267
Unavailable Revenue - Income Taxes	2,078,501	557,457	-	371,638	346	3,007,942
Unavailable Revenue - Other	480,152	-	-	-	502,935	983,087
<b>Total Deferred Inflows of Resources</b>	<u>8,781,688</u>	<u>557,457</u>	<u>-</u>	<u>371,638</u>	<u>1,640,431</u>	<u>11,351,214</u>
<b>Fund Balances:</b>						
Nonspendable	280,445	-	-	-	45,180	325,625
Restricted	-	6,388,049	15,753	8,930,638	6,069,248	21,403,688
Committed	899,397	-	-	-	4,154,648	5,054,045
Assigned	9,144,073	-	-	-	-	9,144,073
Unassigned	11,862,370	-	-	-	-	11,862,370
<b>Total Fund Balances</b>	<u>22,186,285</u>	<u>6,388,049</u>	<u>15,753</u>	<u>8,930,638</u>	<u>10,269,076</u>	<u>47,789,801</u>
<b>Total Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>	<u>\$ 32,268,924</u>	<u>\$ 7,146,898</u>	<u>\$ 178,281</u>	<u>\$ 9,302,276</u>	<u>\$ 12,211,279</u>	<u>\$ 61,107,658</u>

See accompanying notes to the basic financial statements

**City of Mayfield Heights, Ohio**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Position of Governmental Activities**  
**December 31, 2024**

<b>Total Governmental Fund Balances</b>		\$ 47,789,801
<i>Amounts reported for Governmental Activities in the Statement of Net Position are different because:</i>		
Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.		61,593,976
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenues in the funds:		
Delinquent property taxes	337,267	
Municipal Income taxes	3,007,942	
Intergovernmental	892,670	
Charges for services	90,417	
Total	<u>4,328,296</u>	4,328,296
In the Statement of Activities, interest is accrued on outstanding debt, whereas in Governmental funds, an interest expenditure is reported when due.		(137,822)
Internal Service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of the Internal Service funds are included in Governmental Activities in the Statement of Net Position.		202,862
The net pension liability and net OPEB liability/asset are not due and payable in the current period; and the net pension asset are not available for spending in the current period ; therefore' the liability, asset, and related deferred inflows/outflows are not reported in governmental fund(s):		
Deferred Outflows - Pension	10,576,974	
Deferred Inflows - Pension	(2,477,585)	
Net Pension Liability	(36,036,062)	
Deferred Outflows - OPEB	1,331,288	
Deferred Inflows - OPEB	(2,164,050)	
Net OPEB Asset	253,988	
Net OPEB Liability	(2,131,312)	
Total	<u>(30,646,759)</u>	(30,646,759)
Long-term liabilities, including loans payable, are not due and payable in the current period and therefore are not reported in the funds:		
OPWC loans	(586,701)	
Bond anticipation notes	(39,974,387)	
Subscription Payable	(60,024)	
Compensated absences	(5,172,181)	
Total	<u>(45,793,293)</u>	(45,793,293)
<b>Net Position of Governmental Activities</b>		<u><u>\$ 37,337,061</u></u>

See accompanying notes to the basic financial statements

**City of Mayfield Heights, Ohio**  
**Statement of Revenues, Expenditures and Changes in Fund Balances –**  
**Governmental Funds**  
**For the Year Ended December 31, 2024**

	General Fund	Road Improvement	Aquatic and Community Center	Public Property Improvement	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property Taxes	\$ 4,986,388	\$ -	\$ -	\$ -	\$ 909,923	\$ 5,896,311
Municipal Income Taxes	19,628,047	5,231,333	285,256	3,206,518	170,217	28,521,371
Other Taxes	191,926	-	-	-	-	191,926
Intergovernmental	1,088,511	114,887	300,000	-	1,973,563	3,476,961
Investment Income	1,984,066	-	-	-	-	1,984,066
Licenses and Permits	-	-	-	-	1,452	1,452
Fines, Licenses and Permits	752,726	-	-	-	36,855	789,581
Charges for Services	1,184,981	-	-	65,834	965,805	2,216,620
Contributions and Donations	22,006	-	8,500	225	-	30,731
All Other Revenues	759,844	-	-	1,306	207,536	968,686
<b>Total Revenues</b>	<b>30,598,495</b>	<b>5,346,220</b>	<b>593,756</b>	<b>3,273,883</b>	<b>4,265,351</b>	<b>44,077,705</b>
<b>EXPENDITURES</b>						
Current:						
Security of Persons and Property	16,080,378	-	-	-	552,138	16,632,516
Public Health Services	417,866	-	-	-	-	417,866
Leisure Time Activities	2,176,286	-	950	1,445	330,181	2,508,862
Community Environment	1,049,302	-	-	-	-	1,049,302
Basic Utility Services	1,022,067	-	-	-	414,583	1,436,650
Transportation	1,358,073	218,053	-	-	1,749,697	3,325,823
General Government	4,675,248	-	-	-	687,239	5,362,487
Capital Outlay	-	2,732,707	2,274,301	33,959	724,778	5,765,745
Debt Service:						
Principal Retirement	58,497	46,158	8,915,000	-	552,050	9,571,705
Interest and Fiscal Charges	3,094	-	447,500	-	1,872,440	2,323,034
Bond Issuance Costs	-	-	128,986	-	-	128,986
<b>Total Expenditures</b>	<b>26,840,811</b>	<b>2,996,918</b>	<b>11,766,737</b>	<b>35,404</b>	<b>6,883,106</b>	<b>48,522,976</b>
Excess of Revenues Over (Under) Expenditures	3,757,684	2,349,302	(11,172,981)	3,238,479	(2,617,755)	(4,445,271)
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of Capital Assets	1,134	-	-	-	64,615	65,749
General Obligation Bonds Issued	-	-	8,915,000	-	-	8,915,000
Premium on Debt Issuance	-	-	-	-	287,773	287,773
Transfers In	-	169,543	-	-	3,536,958	3,706,501
Transfers Out	(1,150,000)	(711,650)	-	(1,675,308)	(169,543)	(3,706,501)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,148,866)</b>	<b>(542,107)</b>	<b>8,915,000</b>	<b>(1,675,308)</b>	<b>3,719,803</b>	<b>9,268,522</b>
Net Change in Fund Balances	2,608,818	1,807,195	(2,257,981)	1,563,171	1,102,048	4,823,251
Fund Balances - Beginning of Year	19,591,434	4,580,854	2,273,734	7,367,467	9,187,405	43,000,894
Increase in Inventory	(13,967)	-	-	-	(20,377)	(34,344)
<b>Fund Balances- End of Year</b>	<b>\$ 22,186,285</b>	<b>\$ 6,388,049</b>	<b>\$ 15,753</b>	<b>\$ 8,930,638</b>	<b>\$ 10,269,076</b>	<b>\$ 47,789,801</b>

See accompanying notes to the basic financial statements

# City of Mayfield Heights, Ohio

## 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, 2024

<b>Net Change in Fund Balances - Total Governmental Funds</b>		<b>\$ 4,823,251</b>
<i>Amounts reported for Governmental Activities in the Statement of Activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital outlay	3,544,759	
Depreciation	<u>(3,895,491)</u>	
Total		(350,732)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(150,517)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property taxes	41,056	
Municipal Income taxes	764,764	
Special assessments	(1,088)	
Intergovernmental	(169,029)	
Charges for services	<u>23,597</u>	
Total		659,300
Other financing sources in the Governmental funds that increase long-term liabilities in the Statement of Net Position. These sources were attributed to the issuance of general obligation notes and related premium.		
		(9,202,773)
Repayment of note principal are expenditures in the Governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
		9,571,705
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	2,673,902	
OPEB	<u>46,991</u>	
Total		2,720,893
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension expense in the statement of activities.		
Pension	(3,212,238)	
OPEB	<u>(35,567)</u>	
Total		(3,247,805)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental funds.		
Compensated absences	(610,295)	
Change in inventory	(34,344)	
Accrued interest	318,455	
Amortization of bond premiums	<u>171,034</u>	
Total		<u>(155,150)</u>
<b>Change in Net Position of Governmental Activities</b>		<b>\$ 4,668,172</b>

See accompanying notes to the basic financial statements

**City of Mayfield Heights, Ohio**  
**Statement of Revenues, Expenditures and Changes in Fund Balance – Budget**  
**(Non-GAAP Budgetary Basis) and Actual – General Fund**  
**For the Year Ended December 31, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$ 5,259,225	\$ 4,986,388	\$ 4,986,388	\$ -
Municipal Income Taxes	14,541,331	14,897,959	19,977,831	5,079,872
Other Taxes	152,239	155,973	209,156	53,183
Charges for Services	813,374	833,323	1,117,467	284,144
Fines, Licenses and Permits	547,696	561,129	752,461	191,332
Intergovernmental	772,777	791,729	1,061,691	269,962
Investment Income	1,250,292	1,280,956	1,717,733	436,777
Contributions and Donations	400	410	550	140
All Other Revenues	551,006	564,516	757,006	192,490
<b>Total Revenues</b>	<u>23,888,340</u>	<u>24,072,383</u>	<u>30,580,283</u>	<u>6,507,900</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	17,522,178	17,886,778	15,967,933	1,918,845
Public Health Services	446,215	448,215	440,542	7,673
Leisure Time Activities	2,656,623	2,752,623	2,210,191	542,432
Community Environment	1,007,332	1,007,332	813,848	193,484
Basic Utility Services	1,162,183	1,162,183	1,112,162	50,021
Transportation	1,820,831	1,820,831	1,398,725	422,106
General Government	6,776,431	6,846,931	5,058,489	1,788,442
<b>Total Expenditures</b>	<u>31,391,793</u>	<u>31,924,893</u>	<u>27,001,890</u>	<u>4,923,003</u>
Excess of Revenues Over (Under) Expenditures	<u>(7,503,453)</u>	<u>(7,852,510)</u>	<u>3,578,393</u>	<u>11,430,903</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	825	846	1,134	288
Transfers Out	(1,650,000)	(1,650,000)	(1,650,000)	-
<b>Total Other Financings Sources (Uses)</b>	<u>(1,649,175)</u>	<u>(1,649,154)</u>	<u>(1,648,866)</u>	<u>288</u>
Net Change in Fund Balance	(9,152,628)	(9,501,664)	1,929,527	11,431,191
Fund Balance - Beginning of Year	14,730,291	14,730,291	14,730,291	-
Prior Year Encumbrances Appropriated	1,190,237	1,190,237	1,190,237	-
Fund Balance - End of Year	<u>\$ 6,767,900</u>	<u>\$ 6,418,864</u>	<u>\$ 17,850,055</u>	<u>\$ 11,431,191</u>

See accompanying notes to the basic financial statements

**City of Mayfield Heights, Ohio**  
**Statement of Fund Net Position**  
**Proprietary Fund**  
**December 31, 2024**

---

	<b>Governmental Activities - Internal Service Fund</b>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 202,862
<b>Total Assets</b>	<u>202,862</u>
 <b>NET POSITION</b>	
Unrestricted	<u>202,862</u>
<b>Total Net Position</b>	<u><u>\$ 202,862</u></u>

See accompanying notes to the basic financial statements

**City of Mayfield Heights, Ohio**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Fund**  
**For the Year Ended December 31, 2024**

---

	<b>Governmental Activities - Internal Service Fund</b>
Net Position - Beginning of Year	\$ 202,862
<b>Net Position - End of Year</b>	<b>\$ 202,862</b>

See accompanying notes to the basic financial statements

**City of Mayfield Heights, Ohio**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended December 31, 2024**

---

	<b>Governmental Activities - Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net Increase (Decrease) in Cash and Cash Equivalents	\$ -
Cash and Cash Equivalents - Beginning of Year	202,862
<b>Cash and Cash Equivalents - End of Year</b>	<b><u>\$ 202,862</u></b>

See accompanying notes to the basic financial statements



## ***Notes to Basic Financial Statements***

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2024**

---

**NOTE 1: REPORTING ENTITY**

The City of Mayfield Heights, Ohio (the “City”) is a home-rule municipal corporation established under the laws of the State of Ohio. The City operates under its own charter. The current charter, which provides for a council-mayor form of government, was adopted by the voters on July 2, 1951.

The City, in order to provide the necessary services to its citizens, is segmented into many different departments. Among these are the police, fire fighting and emergency medical technicians, street maintenance, planning and zoning, parks and recreation system, public improvements department, and general administrative staff to provide support to these service groups. The operation and control of these activities is provided by the City Council through the budgetary process and by the Mayor through administrative and managerial requirements and procedures. All are responsible to the citizens of the City and are included as part of the primary government.

A legally separate organization is a component unit of the primary government if **1)** the primary government is financially accountable for the organization, **2)** the nature and significance of the relationship between the primary government and the organization are such that exclusion would cause the reporting entity’s basic financial statements to be misleading or incomplete, or **3)** the organization is closely related to or financially integrated with the primary government. Components units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes. The City has no component units.

The City is associated with certain organizations which are identified as jointly governed organizations, a risk sharing pool, and an insurance pool. The jointly governed organizations are the Eastern Suburban Regional Council of Governments, the Mayfield Union Cemetery, the Suburban Water Regional Council of Governments, the Community Partnership on Aging Council of Governments, and the Northeast Ohio Public Energy Council as presented in Note 20 to the basic financial statements. The City is also associated with the Northern Ohio Risk Management Association, a risk sharing pool (Notes 17 and 18), and the Ohio Government Benefit Cooperative, an insurance purchasing pool (Note 21).

**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 government 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 on the following pages.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Basis of Presentation**

The City's basic financial statements consist of government-wide financial 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.

***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 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 are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods and services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are 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 face of the proprietary fund statements. Fiduciary funds are reported by type.

**B. 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. There are three categories of funds: governmental, proprietary, and fiduciary.

***Governmental Funds*** Governmental funds are those through which governmental functions are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Fund Accounting (Continued)**

Expendable assets are assigned to the various governmental funds according to the purpose 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 compared to liabilities and deferred inflows of resources is reported as fund balance. The following is a description of the City's major governmental funds:

General Fund The General Fund is the operating fund of the City and is used to account for all financial resources except those required by law or contract 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.

Road Improvement The Road Improvement Fund accounts for the financial resources collected for the City to make improvements to roads.

Aquatic and Community Center The Aquatic and Community Center Fund accounts for the financial resources and uses in constructing the new facility.

Public Property Improvement The Public Property Improvement accounts for a portion of Issue 9 money, set aside in accordance with established limits for the financial resources collected for the City to make public improvements.

The other governmental funds of the City account for debt service, grants and other resources whose use is restricted, committed, or assigned to 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. The City does not have any enterprise funds.

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 a self-insurance program for the City's workers' compensation retrospective rating plan.

***Fiduciary Funds*** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investments 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.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The City does not have any fiduciary funds.

**C. Measurement Focus**

***Government-wide Financial Statements*** The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the City are included on the statement of net position. The statement of activities presents increases (i.e. revenues) and decreases (i.e. 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 and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) 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 reconciliations 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 funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources along with all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in fund net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

**D. 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 along with the statement presented for proprietary 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 outflows/inflows of resources, and the presentation of expenses versus expenditures.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Basis of Accounting (Continued)**

***Revenues – Exchange and Nonexchange Transactions*** Revenue resulting from exchange transactions, in which the City 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 year in which the exchange on which the tax is imposed takes place. 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 fiscal year in which all eligibility requirements have been satisfied and the revenue is available. 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 specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are both measurable and available at year end: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest, grants and entitlements, and rentals.

Unearned revenue arises when assets are recognized before revenue recognition criteria has been satisfied. The City recorded unearned revenue related to building deposits and unspent proceeds from ARPA funds.

**Deferred Outflows/Inflows of Resources** - In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources include a pension and OPEB reported in the government-wide statement of net position. The deferred outflows of resources related to pension and OPEB are explained in Note 12 and Note 13.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**D. Basis of Accounting** (Continued)

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension and 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, municipal income taxes, special assessments, intergovernmental grants, and charges for services. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. (See Note 12 and Note 13).

***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.

**E. Cash, Cash Equivalents, and Investments**

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

The portfolio of the City was limited to STAR Ohio, Money Market, and U.S. Treasury/Agency Securities.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Cash, Cash Equivalents, and Investments (Continued)**

The City's investment in State Treasury Asset Reserve of Ohio (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 and is recognized as an external investment pool by the City. The city measures their investment in STAR Ohio as the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For 2024, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption. 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.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

Aside from investments clearly identified as belonging to a specific fund, any unrealized gain/loss resulting from the valuation will be recognized within the General Fund to the extent its cash and investment balance exceeds the cumulative value of those investments. Interest revenue credited to the General Fund during 2024 amounted to \$1,984,066, which includes \$1,078,455 assigned from other funds.

The City's policy is to hold investments until maturity or until market values equal or exceed cost.

**F. Materials and Supplies Inventory**

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of the governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as expenditures in the governmental fund types when purchased. Inventory consists of expendable supplies.



**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2024 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

**H. Capital Assets**

The City's only capital assets are general capital assets. General capital assets are capital assets which 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.

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 \$7,500. Interest incurred during the construction of capital assets is not capitalized.

The City is reporting an intangible right to use asset related to software. This intangible asset is being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

All capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method utilizing the half-year convention over the following useful lives:

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Building and Improvement	20 - 60 years
Machinery and Equipment	5 - 20 years
Furniture and Fixtures	15 - 20 years
Vehicles	5 - 20 years
Infrastructure	15 - 50 years

The City is reporting intangible right to use assets related to subscription-based information technology arrangements (SBITAs). The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease/SBITA term or the useful life of the underlying asset.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Compensated Absences**

The City recognizes a liability for compensated absences for leave 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. The liability is 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. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation - The City's policy permits employees to accumulate earned but unused benefits, which are eligible for payments at the employee's current pay rate upon separation from employment.

Sick - The City's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employment of the City and, upon separation from service, no monetary obligation exists. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policy. The city adopted the last-in first-out (LIFO) method for sick time used.

**J. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

**K. Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/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 systems. 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 systems report investments at fair value.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Fund Balance**

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

*Nonspendable* – The nonspendable fund balance classification includes amounts that cannot be spent because they are not spendable in form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

*Restricted* – Fund balance is reported as 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.

*Committed* – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of the City’s Council. Those committed amounts cannot be used for any other purpose unless the City’s Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. 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 governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts would represent intended uses established by City Council.

*Unassigned* – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In the 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 applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Fund Balance (Continued)**

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 could be used.

**M. Net Position**

Net Position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The City has no component of net position 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 net position are available.

**N. 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.

**O. 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 that are either unusual in nature or infrequent in occurrence. The City had no extraordinary or special items during 2024.

**P. Estimates**

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

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Q. Budgetary Data**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

An annual appropriation budget is prepared for all funds other than the custodial funds of the City. Budgetary comparisons are presented in this report on the budgetary basis.

The legal level of budgetary control is at the personal services and other object levels within each department for each fund. Any budgetary modifications at this level may only be made by resolution of City Council.

**Tax Budget** - A tax budget of estimated revenue and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 15 of each year for the period January 1 to December 31, of the following year. A proposed budget of estimated revenues and expenditures is submitted by the Mayor to members of City Council by November 15 of each year for the period January 1 to December 31 of the following year.

**Estimated Resources** - The County Budget Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. On or about January 1, the certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources.

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 amended certificate of estimated resources in effect at the time the final appropriations were passed by Council.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Q. **Budgetary Data** (Continued)

**Appropriations** - A temporary appropriation measure to control disbursements may be passed prior to January 1 of each year for the period from January 1 to March 31. The annual appropriations ordinance must be passed by April 1 and may be amended or supplemented during the year as new information becomes available, provided that total fund appropriations at the personal services and other object levels within each department do not exceed current estimated resources, as certified. The amounts reported as the original budgeted amounts reflect the first appropriation resolution 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 appropriation amounts passed by Council during the year.

**Encumbrances** - As part of formal budgetary control, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year-end are reported as a part of restricted, committed, or assigned fund balance for subsequent year expenditures for governmental funds.

**Lapsing of Appropriations** - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and is not reappropriated.

NOTE 3: **CHANGE IN ACCOUNTING PRINCIPLES**

During the year, the City implemented the following Governmental Accounting Standards Board (GASB) Statements and Implementation Guides:

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. These changes were incorporated in the City's financial statements; however, there was no effect on the beginning net position/fund balance.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 3: CHANGE IN ACCOUNTING PRINCIPLES (Continued)**

*GASB Statement No. 100, Accounting Change and Error Corrections – an Amendment of GASB Statement No. 62.* GASB 100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. The implementation of the GASB pronouncement did not have any impact on beginning net position or fund balance.

*GASB Statement No. 101, Compensated Absences* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. For the City, GASB 101 increased the liability and the cumulative effects of compensated absence related expense on net position as shown on the table below.

	Governmental Activities
Net Position December 31, 2023	\$ 34,222,111
Adjustments:	
Compensated Absences - GASB Statement No. 101	(1,553,222)
Restated Net Position December 31, 2023	<u>\$ 32,668,889</u>

**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 certain transactions on a basis of cash receipts, disbursements, and encumbrances.

The Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are as follows:

- a. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 4: BUDGETARY BASIS OF ACCOUNTING (Continued)**

- b. Expenditures are recorded when paid in cash (budget basis) as opposed to when the related liabilities are incurred (GAAP basis);
- c. Encumbrances are treated as expenditures (budget basis) rather than as part of restricted, committed, or assigned fund balance (GAAP basis);
- d. Some funds are included in the General Fund (GAAP basis) but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statement for the General Fund.

Net Change in Fund Balance	
GAAP Basis	\$ 2,608,818
Increase (Decrease) Due to:	
Revenue Accruals	42,185
Expenditure Accruals	349,095
Funds with Separate Legally Adopted Budgets	(1,233)
Net Impact of Encumbrances	(1,069,338)
Budgetary Basis	<u>\$ 1,929,527</u>

**NOTE 5: CASH, CASH EQUIVALENTS, AND INVESTMENTS**

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

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

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



**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 5: CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

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. Interim monies may be deposited or invested 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 provide that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and local governments and municipalities;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio and STAR Plus program).

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.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 5: CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

Payments 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.

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

**A. Cash on Hand**

At December 31, 2024, the City had \$1,750 in undeposited cash on hand, which is included on the balance sheet of the City as part of "Equity in Pooled Cash and Cash Equivalents".

**B. Deposits**

At December 31, 2024, the carrying amount of the City's deposits was \$14,066,236 (which includes \$123,767 of cash and cash equivalents in segregated accounts and \$302,658 of cash with escrow agents). Based on criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, as of December 31, 2024, \$250,000 of the City's bank balance of \$14,149,284 was covered by federal depository insurance, \$13,899,284 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

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 policy is to place deposits with major local banks approved by City Council. Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), as well as qualified securities pledged by the institution holding the assets.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

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

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 5: CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

2. 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 requires 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. The City's financial institutions had enrolled in OPCS as of December 31, 2024.

**C. Investments**

The City has a formal investment policy. STAR Ohio is measured at net asset value per share, while all other investments are measured at fair value. The City has categorized 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 chart on the following page identifies the City's recurring fair value measurements as of December 31, 2024.

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). At December 31, 2024, fair value was \$215,881 above net cost.

**D. 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 five 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.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

**NOTE 5: CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

**E. Credit Risk**

The credit risks of the City's investments are in the following table. The credit ratings were provided from Moody's and Standard and Poor's. The City's investments in negotiable certificates of deposit were fully insured by federal depository insurance. 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 to maintain the highest rating provided by at least one nationally recognized standard rating service.

**F. Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by a third-party custodian designated by the Finance Director. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Finance Director or qualified trustee.

**G. Concentration of Credit Risk**

Safety of principal is the foremost objective of the City's investment program. Investments of the City shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed income generated from the remainder of the portfolio.

Cash and Investments at year-end were as follows:

	Measurement Value	Credit Rating (*)	Level Input	Investment Maturities (in Years)		
				<1	1-3	3-5
<u>Investment Type:</u>						
Star Ohio	\$ 15,375,817	AAAm	N/A	\$ 15,375,817	\$ -	\$ -
Certificate of Deposit	2,626,053	N/A	2	1,700,637	925,416	-
Money Market	2,031,881	AAAm	N/A	2,031,881	-	-
U.S. Government bond	11,765,796	Aaa/AA+	2	2,360,792	9,071,779	333,225
Total Investments	31,799,547			<u>\$ 21,469,127</u>	<u>\$ 9,997,195</u>	<u>\$ 333,225</u>
Carrying Amount of Deposits	14,066,236					
Petty Cash	1,750					
Total	<u>\$ 45,867,533</u>					

\* Credit Ratings were obtained from Moody's and Standard & Poor's, respectively, for all investments except STAR Ohio (credit rating obtained from Standard & Poor's).

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 6: RECEIVABLES**

Receivables at December 31, 2024, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, accrued interest on investments, and accounts (billing for rental and permits, etc.). No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant.

**A. Property Taxes**

Property taxes include amounts levied against all real and public utility tangible personal property located in the City. Property tax revenue received during 2024 for real and public property taxes represents collections of 2023 taxes. Property tax payments received during 2024 for tangible personal property (other than public utility property) are for 2024 taxes.

Real property taxes are levied after October 1, 2024 on the assessed value as of January 1, 2024, the lien date. Assessed values are established by the State law at 35 percent of appraised market values. 2024 real property taxes are collected in and intended to finance 2025 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. 2024 public utility property taxes which became a lien at December 31, 2023 are levied after October 1, 2024, and are collected in 2025 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2024 was \$10.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2024 property tax receipts were based are as follows:

Real Property	\$ 637,489,360
Public Utility Tangible Property	<u>13,641,640</u>
Total	<u>\$ 651,131,000</u>

Public utility tangible personal property taxes paid by multi-county taxpayers are due by September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

The County Fiscal Officer collects property taxes on behalf of all taxing districts within 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 and public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2024, and for which there is an enforceable legal claim.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

NOTE 6: **RECEIVABLES** (Continued)

A. **Property Taxes** (Continued)

In the General, Police Pension, Fire Pension, and General Bond Retirement Funds, the entire receivable has been offset by deferred inflows of resources since the current taxes were not levied to finance 2024 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 remains in deferred inflows of resources.

B. **Municipal Income Taxes**

An income tax of 1.5 percent is levied on substantially all income earned within the City. This rate was increased as of July 2020 from 1.0 percent. In addition, residents of the City are required to pay City income taxes on income earned outside the City; however, credit is allowed for income taxes paid to other municipalities up to 100 percent of the first 1.5 percent paid. The allocation of income tax revenue is determined by City Ordinance.

Employers within the City are required to withhold income tax on employee compensation and remit this tax to the City's collection agency at least quarterly. Major employers are required to remit withholdings to the City's collection agency at least monthly. Corporations and self-employed individual taxpayers are required to pay estimated taxes quarterly and file a declaration annually. The Regional Income Tax Agency administers and collects income taxes for the City. Payments are remitted bi-monthly, net of estimated collection fees of 3 percent.

C. **Special Assessments**

Special assessments include annually assessed service assessments and assessments for debt obligations. Service type special assessments are levied against all property owners which benefit from the provided service while special assessments for debt obligations are levied against specific property owners who primarily benefitted from the project. As of December 31, 2024, the City does not have any assessments for debt obligations. Special assessments for grass cutting are reported as charges for services.

Special assessments are payable by the timetable and in the manner stipulated in the assessing ordinance and are a lien from the date of the passage of the ordinance.

All special assessments are billed and collected by the County Fiscal Officer. The County Fiscal Officer periodically remits these collections to the City. Special assessments collected in one calendar year are levied and certified in the preceding calendar year. Since all assessment collections are remitted to the City outside of the available period, the entire amount has been deferred on the combined balance sheet.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

NOTE 6: **RECEIVABLES** (Continued)

**D. Other Local Taxes**

With certain exceptions, a tax of 5 percent is levied by the City on individuals, companies and organizations which collect an admission charge. Additionally, the City levies a transient guest tax on individuals staying at motels located in the City at a rate of 3 percent. These other local taxes are recorded in the General Fund.

**E. Intergovernmental Receivables**

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
<b><u>Governmental Activities</u></b>	
Local Government	\$ 318,110
Gasoline/Motor Vehicle License/Permissive Taxes	487,623
Homestead and Rollback Reimbursement	264,576
Grants	14,159
Total Governmental Activities	<u>\$ 1,084,468</u>

NOTE 7: **INTERFUND TRANSACTIONS**

As of December 31, 2024, interfund transfers were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 1,150,000
Road Improvement	169,543	711,650
Public Property Improvement	-	1,675,308
Nonmajor Governmental Funds	3,536,958	169,543
Total	<u>\$ 3,706,501</u>	<u>\$ 3,706,501</u>

Interfund transfers were needed to provide additional resources for current operations. The above interfund transfers were eliminated on the government-wide statement of net position because they were between governmental funds.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

**NOTE 8: FUND BALANCES**

Fund balance is classified as nonspendable, 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 the governmental funds. The constraints placed on fund balance for the City's major governmental fund and all other governmental funds are presented below:

Fund Balances	General	Road Improvements	Aquatic and Community Center	Public Property Improvement	Other Governmental Funds	Total
<i>Nonspendable</i>						
Prepaid Items	\$ 219,663	\$ -	\$ -	\$ -	\$ -	\$ 219,663
Materials and Supplies Inventory	60,782	-	-	-	45,180	105,962
<i>Total Nonspendable</i>	<u>280,445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,180</u>	<u>325,625</u>
<i>Restricted for</i>						
Police Pension	\$ -	\$ -	\$ -	\$ -	\$ 164,673	\$ 164,673
Fire Pension	-	-	-	-	165,960	165,960
Law Enforcement Trust - State	-	-	-	-	69,744	69,744
Law Enforcement Trust - Federal	-	-	-	-	135,738	135,738
Juvenile Diversion Program	-	-	-	-	11,166	11,166
Streets and Highways	-	-	-	-	1,668,242	1,668,242
Opioid Settlement	-	-	-	-	58,668	58,668
Road Improvements	-	6,388,049	-	-	-	6,388,049
Aquatic and Community Center	-	-	15,753	-	-	15,753
Cedar Road Water Main Ext.	-	-	-	-	13,497	13,497
Sidewalk Repairs	-	-	-	-	120,340	120,340
Public Property Improvement	-	-	-	8,930,638	-	8,930,638
G.O. Debt Retirement	-	-	-	-	3,643,910	3,643,910
Other Purposes	-	-	-	-	17,310	17,310
<i>Total Restricted</i>	<u>-</u>	<u>6,388,049</u>	<u>15,753</u>	<u>8,930,638</u>	<u>6,069,248</u>	<u>21,403,688</u>
<i>Committed to</i>						
Termination Benefits	765,556	-	-	-	-	765,556
Street Lighting	121,898	-	-	-	-	121,898
Underground Storage Tanks	11,000	-	-	-	-	11,000
Recreation Camp and Programs	-	-	-	-	149,409	149,409
Equipment Replacement	-	-	-	-	549,298	549,298
Sanitary Sewer Improvement	-	-	-	-	1,455,563	1,455,563
Mayfield Road Corridor	-	-	-	-	286,863	286,863
Fire Capital Improvement	-	-	-	-	1,713,515	1,713,515
Other Purposes	943	-	-	-	-	943
<i>Total Committed</i>	<u>899,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,154,648</u>	<u>5,054,045</u>
<i>Assigned to</i>						
Fiscal Year 2025 Appropriations	7,958,604	-	-	-	-	7,958,604
Security of Persons and Property	196,541	-	-	-	-	196,541
Public Health Services	719	-	-	-	-	719
Leisure Time Activities	95,663	-	-	-	-	95,663
Community Environment	37,445	-	-	-	-	37,445
Basic Utility Services	90,095	-	-	-	-	90,095
Transportation	61,201	-	-	-	-	61,201
General Government	419,561	-	-	-	-	419,561
Community Event	53,742	-	-	-	-	53,742
Fire Investigation	29,298	-	-	-	-	29,298
Deposits	185,003	-	-	-	-	185,003
Other	16,201	-	-	-	-	16,201
<i>Total Assigned</i>	<u>9,144,073</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,144,073</u>
<i>Unassigned</i>	<u>11,862,370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,862,370</u>
<b>Total Fund Balances</b>	<u><b>\$ 22,186,285</b></u>	<u><b>\$ 6,388,049</b></u>	<u><b>\$ 15,753</b></u>	<u><b>\$ 8,930,638</b></u>	<u><b>\$ 10,269,076</b></u>	<u><b>\$ 47,789,801</b></u>



**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

**NOTE 10: CAPITAL ASSETS**

A summary of changes in capital assets during 2024 follows:

	Balance 1/1/2024	Additions	Reductions	Balance 12/31/2024
<b><u>Governmental Activities</u></b>				
Capital Assets, not being depreciated:				
Land	\$ 1,270,880	\$ -	\$ -	\$ 1,270,880
Construction in Progress	35,167,039	2,378,604	(35,234,170)	2,311,473
Total Capital Assets Not Being Depreciated	<u>36,437,919</u>	<u>2,378,604</u>	<u>(35,234,170)</u>	<u>3,582,353</u>
Capital Assets, being depreciated/amortized:				
Land Improvements	1,840,547	-	-	1,840,547
Buildings	10,787,128	35,645,732	(41,775)	46,391,085
Machinery and Equipment	4,714,855	499,225	(298,686)	4,915,394
Furniture and Fixtures	943,446	-	-	943,446
Vehicles	6,411,422	255,368	(322,797)	6,343,993
Right to use Software - SBITA	177,806	-	-	177,806
Infrastructure				
Roads	49,878,218	-	-	49,878,218
Water Mains	1,446,077	-	-	1,446,077
Sanitary Sewers	10,364,903	-	-	10,364,903
Storm Sewers	2,649,946	-	-	2,649,946
Totals Capital Assets Being Depreciated/Amortized	<u>89,214,348</u>	<u>36,400,325</u>	<u>(663,258)</u>	<u>124,951,415</u>
Less Accumulated Depreciation/Amortization:				
Land Improvements	(1,317,305)	(34,424)	-	(1,351,729)
Buildings	(6,035,095)	(1,156,844)	41,775	(7,150,164)
Machinery and Equipment	(3,353,653)	(323,976)	277,419	(3,400,210)
Furniture and Fixtures	(849,807)	(12,581)	-	(862,388)
Vehicles	(4,353,106)	(456,753)	193,547	(4,616,312)
Right to use Software - SBITA	(50,802)	(50,802)	-	(101,604)
Infrastructure				
Roads	(39,881,653)	(1,568,361)	-	(41,450,014)
Water Mains	(762,737)	(28,922)	-	(791,659)
Sanitary Sewers	(5,307,360)	(207,298)	-	(5,514,658)
Storm Sewers	(1,645,524)	(55,530)	-	(1,701,054)
Total Accumulated Depreciation	<u>(63,557,042)</u>	<u>(3,895,491) *</u>	<u>512,741</u>	<u>(66,939,792)</u>
Total Capital Assets, being Depreciated/Amortized, Net	<u>25,657,306</u>	<u>32,504,834</u>	<u>(150,517)</u>	<u>58,011,623</u>
Governmental Activities Capital Assets, Net	<u>\$ 62,095,225</u>	<u>\$ 34,883,438</u>	<u>\$ (35,384,687)</u>	<u>\$ 61,593,976</u>

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

NOTE 10: **CAPITAL ASSETS** (Continued)

\*Depreciation/amortization expense was charge to governmental functions as follows:

	Total
Security of Persons and Property	\$ 570,316
Basic Utilities	333,950
Community Environment	5,399
Leisure Time Activities	956,499
Transportation	1,788,896
General Government	240,431
Total Deprecation Expense	<u>\$ 3,895,491</u>

NOTE 11: **COMPENSATED ABSENCES**

City employees generally earn vacation ranging from two to five weeks based on length of service. Vacation is fully vested when earned. Normally, all vacation time should be taken in the year available unless written approval for carryover of vacation is obtained. Upon termination of employment the employee receives all accumulated vacation time and the pro-rated portion earned for the current year. All employees, earn sick leave of 15 days per year; 4.615 hours for every 80 hours paid (excluding overtime). Employees who have at least 10 years of service receive, upon termination of employment, one half of the first 1,000 hours of accumulated sick leave and then one-third of anything over 1,000 hours.

NOTE 12: **DEFINED BENEFIT PENSION PLANS**

A. **Net Pension Liability**

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions 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 obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability 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.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

A. **Net Pension Liability** (Continued)

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 are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

B. **Plan Description – Ohio Public Employees Retirement System (OPERS)**

Plan Description - City employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. Effective January 1, 2022, the Combined Plan is no longer available for member selection. In October 2023, the legislature approved House Bill (HB) 33, which allows for the consideration of the Combined Plan with the Traditional Pension Plan with the timing of the consolidation at the discretion of OPERS. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

**NOTE 12: DEFINED BENEFIT PENSION PLANS (Continued)**

**B. Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)**

OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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

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

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

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

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

B. **Plan Description – Ohio Public Employees Retirement System (OPERS)** (Continued)

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

A death benefit of \$500 - \$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Tradition pension plan and the Combined Plan.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the members' contributions plus or minus the investment gains or losses resulting from the members' investment selections. Combined plan 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 purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), 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.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

B. **Plan Description – Ohio Public Employees Retirement System (OPERS)** (Continued)

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

	<u>State and Local Traditional Pension Plan</u>
<b>2023-2024 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee *	10.0 %
<b>2023-2024 Actual Contribution Rates</b>	
Employer:	
Pension	14.0 %
Post-Employment Health Care Benefits	0.0 %
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

\* Member contributions within the Combined Plan are not used to fund the defined benefit retirement allowance.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City's contractually required contributions was \$770,353 for fiscal year ending December 31, 2024. Of this amount, \$77,989 is reported as an intergovernmental payable.

C. **Plan Description – 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.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

C. **Plan Description – Ohio Police & Fire Pension Fund (OP&F)** (Continued)

The report that may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

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

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the members' base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

**NOTE 12: DEFINED BENEFIT PENSION PLANS (Continued)**

**C. Plan Description – Ohio Police & Fire Pension Fund (OP&F) (Continued)**

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

	<u>Police</u>	<u>Firefighters</u>
<b>2024 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
<b>2024 Actual Contribution Rates</b>		
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	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$1,903,549 for 2024. Of this amount, \$220,056 is reported as an intergovernmental payable.

**D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension**

The net pension liability for OPERS was measured as of December 31, 2023, 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, 2023 and was determined by rolling forward the total pension liability as of January 1, 2023, to December 31, 2023. 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:

	<u>OPERS Traditional Pension Plan</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset			
Prior Measurement Date	0.030755%	0.3034401%	
Proportion of the Net Pension Liability/Asset			
Current Measurement Date	0.029922%	0.2919082%	
Change in Proportionate Share	<u>-0.000833%</u>	<u>-0.0115319%</u>	
Proportionate Share of the Net Pension			
Liability	\$ 7,833,702	\$ 28,202,360	\$ 36,036,062
Pension Expense	\$ 666,499	\$ 2,545,742	\$ 3,212,241



**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

**NOTE 12: DEFINED BENEFIT PENSION PLANS (Continued)**

**D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)**

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional Pension Plan	OP&F	Total
<b>Deferred Outflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$ 1,581,178	\$ 3,195,916	\$ 4,777,094
Differences between expected and actual experience	128,036	905,377	1,033,413
Changes of assumptions	-	1,782,358	1,782,358
Changes in proportion and differences between City contributions and proportionate share of contributions	-	310,207	310,207
City contributions subsequent to the measurement date	770,353	1,903,549	2,673,902
Total Deferred Outflows of Resources	<u>\$ 2,479,567</u>	<u>\$ 8,097,407</u>	<u>\$ 10,576,974</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$ -	\$ 315,405	\$ 315,405
Changes of assumptions	-	428,286	428,286
Changes in proportion and differences between City contributions and proportionate share of contributions	155,458	1,578,436	1,733,894
Total Deferred Inflows of Resources	<u>\$ 155,458</u>	<u>\$ 2,322,127</u>	<u>\$ 2,477,585</u>

\$2,673,902 reported as deferred outflows of resources related to pension resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

**D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension** (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan	OP&F	Total
Year Ending December 31:			
2025	\$ 269,424	\$ 1,046,612	\$ 1,316,036
2026	500,468	1,235,533	1,736,001
2027	1,009,019	1,990,887	2,999,906
2028	(225,155)	(385,022)	(610,177)
2029	-	(15,810)	(15,810)
Thereafter	-	(469)	(469)
Total	<u>\$ 1,553,756</u>	<u>\$ 3,871,731</u>	<u>\$ 5,425,487</u>

**E. Actuarial Assumptions - OPERS**

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented on the next page:

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

**NOTE 12: DEFINED BENEFIT PENSION PLANS (Continued)**

**E. Actuarial Assumptions – OPERS (Continued)**

	<u>Traditional Pension Plan</u>	<u>Combined Plan</u>
Wage Inflation		
Current Measurement Date:	2.75 percent	2.75 percent
Prior Measurement Date:	2.75 percent	2.75 percent
Future Salary Increases, including inflation		
Current Measurement Date:	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
Prior Measurement Date:	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA		
Pre 1/7/2013 retirees:	3 percent, simple	3 percent, simple
Post 1/7/2013 retirees:		
Current Measurement Date:	2.3 percent simple through 2024, then 2.05 percent simple	2.3 percent simple through 2024, then 2.05 percent simple
Prior Measurement Date:	3 percent, simple through 2023, then 2.05 percent simple	3 percent, simple through 2023, then 2.05 percent simple
Investment Rate of Return		
Current Measurement Date:	6.9 percent	6.9 percent
Prior Measurement Date:	6.9 percent	6.9 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% 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.

OPERS manages investments in investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

**NOTE 12: DEFINED BENEFIT PENSION PLANS (Continued)**

**E. Actuarial Assumptions – OPERS (Continued)**

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 investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.2 percent for 2023.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of the geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, 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	24.00 %	2.85 %
Domestic Equities	21.00	4.27
Real Estate	13.00	44.46
Private Equity	15.00	7.52
International Equities	20.00	5.16
Risk Parity	2.00	4.38
Other investments	5.00	3.46
Total	<u>100.00 %</u>	

**Discount Rate** The discount rate used to measure the total pension liability was 6.9 percent, post-experience study results. 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 was applied to all periods of projected benefit payments to determine the total pension liability.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

**NOTE 12: DEFINED BENEFIT PENSION PLANS (Continued)**

**E. Actuarial Assumptions – OPERS (Continued)**

***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 6.9 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability	\$ 12,332,352	\$ 7,833,702	\$ 4,092,133

**F. ACTUARIAL ASSUMPTIONS – OP&F**

OP&F's total pension liability as of December 31, 2023 is based on the results of an actuarial valuation date of January 1, 2023, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2023, are presented below:

Valuation Date	January 1, 2023, with actuarial liabilities rolled forward to December 31, 2023
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.50 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

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

F. **ACTUARIAL ASSUMPTIONS – OP&F** (Continued)

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% for males and 98.7% 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% for males and 97.9% for females. All rates are projected using the MP-2021 Improvement Scale.

The most recent experience study was completed December 31, 2021.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return **</u>
Domestic Equity	18.60 %	4.10 %
International Equity	12.40	4.90
Core Fixed Income *	25.00	2.40
U.S. Inflation Linked Bonds *	15.00	2.10
High Yield Fixed Income	7.00	4.10
Private Real Estate	12.00	5.40
Private Markets	10.00	7.30
Midstream Energy Infrastructure	5.00	5.80
Private Credit	5.00	6.80
Real Assets	8.00	6.00
Gold	5.00	3.50
Commodities	2.00	3.50
Total	<u>125.00 %</u>	

Note: Assumptions are geometric

\* levered 2.5x

\*\* Geometric mean, net of expected inflation

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 12: DEFINED BENEFIT PENSION PLANS** (Continued)

**F. ACTUARIAL ASSUMPTIONS – OP&F** (Continued)

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 their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

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

***Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 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 (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$ 37,356,126	\$ 28,202,360	\$ 20,590,113

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 13: DEFINED BENEFIT OPEB PLANS**

**A. Net OPEB Liability/Asset**

The net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability/asset represents the City's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net 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 these estimates annually.

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

GASB 75 assumes that any liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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



**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 13: DEFINED BENEFIT OPEB PLANS** (Continued)

**B. Plan Description – Ohio Public Employees Retirement System (OPERS)**

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, the 115 Health Care Trust, which was established in 2014 to fund health care for the Traditional Pension, Combined, and Member-Directed plans. 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.

Retirees and eligible dependents enrolled in Medicare Parts A and B, and non-Medicare retirees beginning in 2022, are able to participate in the OPERS Connector in lieu of comprehensive health care coverage. The Connector, a vendor selected by OPERS, assist eligible retirees, spouses, and dependents in the evaluation, selection and purchase of a health care plan on the open market. Eligible retirees may receive a monthly allowance in their health reimbursement arrangement (HRA) account that can be used to reimburse eligible health care expenses.

OPERS members enrolled in the Traditional Pension Plan or Combined 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:

1. Medicare Retirees – Medicare-eligible with a minimum of 20 years of qualifying service credit.
2. Non-Medicare Retirees – Non-Medicare retirees qualify based on the following age-and-service criteria:
  - a. Group A – 30 years of qualifying service credit at any age;
  - b. Group B – 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;
  - c. Group C – 32 years of qualifying service credit and minimum age 55; or,
  - d. A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

**NOTE 13: DEFINED BENEFIT OPEB PLANS** (Continued)

**B. Plan Description – Ohio Public Employees Retirement System (OPERS)** (Continued)

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. Members with a retirement date 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:

Retirement Date	Group A		Group B		Group C	
	Age	Service	Age	Service	Age	Service
December 1, 2014 or Prior	Any	10	Any	10	Any	10
January 1, 2015 through December 31, 2021	60	20	52	31	55	32
	Any	30	60	20	60	20

Participants in the Member-Directed Plan have access to the Connector and have a separate health care funding mechanism. A portion of employer contributions for these participants is allocated to a retiree medical account (RMA). Upon separation or retirement, participants may use vested RMA funds for reimbursement of qualified medical expenses.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring 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.

Employer contribution rates are expressed as a covered payroll. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 13: DEFINED BENEFIT OPEB PLANS** (Continued)

**B. Plan Description – Ohio Public Employees Retirement System (OPERS)** (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The employer contribution as a percent of covered payroll deposited for the Combined Plan and Member-Directed Plan health care programs in 2024 was 2.0 percent and 4.0 percent, respectively.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$2,105 for 2024.

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) a cost-sharing, multiple-employer defined post-employment healthcare plan that provides various levels of health care to retired, disabled and beneficiaries, as well as their dependents. On January 1, 2019, OP&F changed the way it supports retiree health care. A stipend-based health care model has replaced the self-insured group health care plan that had been in place.

A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses. A summary of the full benefit provisions can be found in OP&F's annual comprehensive financial report.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage 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.

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 annual comprehensive 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](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

C. **Plan Description – Ohio Police & Fire Pension Fund (OP&F)** (Continued)

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.

OP&F maintains funds for health care in two separate accounts. There is 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. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2023, 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 and is limited by the provisions of Sections 115 and 401(h).

The City's contractually required contribution to OP&F was \$44,886 for 2024 is reported as an intergovernmental payable.

D. **OPEB Liabilities/Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The net OPEB asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, 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, 2023, and was determined by rolling forward the total OPEB liability as of January 1, 2023, to December 31, 2023. 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:

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

**NOTE 13: DEFINED BENEFIT OPEB PLANS (Continued)**

**D. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the Net OPEB Liability/Asset			
Prior Measurement Date	0.028898%	0.3034401%	
Proportion of the Net OPEB Liability/Asset			
Current Measurement Date	0.028142%	0.2919082%	
Change in Proportionate Share	<u>-0.000756%</u>	<u>-0.0115319%</u>	
Proportionate Share of the Net OPEB			
(Asset)	\$ (253,988)	\$ -	\$ (253,988)
Proportionate Share of the Net OPEB			
Liability	\$ -	\$ 2,131,312	\$ 2,131,312
OPEB Expense	\$ (35,485)	\$ 71,052	\$ 35,567

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ -	\$ 102,490	\$ 102,490
Changes of assumptions	65,389	733,406	798,795
Net difference between projected and actual earnings on pension plan investments	152,532	157,384	309,916
Changes in proportion and differences between City contributions and proportionate share of contributions	-	73,096	73,096
City contributions subsequent to the measurement date	<u>2,105</u>	<u>44,886</u>	<u>46,991</u>
Total Deferred Outflows of Resources	<u>\$ 220,026</u>	<u>\$ 1,111,262</u>	<u>\$ 1,331,288</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$ 36,149	\$ 391,672	\$ 427,821
Changes of assumptions	109,182	1,372,512	1,481,694
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>2,076</u>	<u>252,459</u>	<u>254,535</u>
Total Deferred Inflows of Resources	<u>\$ 147,407</u>	<u>\$ 2,016,643</u>	<u>\$ 2,164,050</u>

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

**NOTE 13: DEFINED BENEFIT OPEB PLANS** (Continued)

**D. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

\$46,991 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability and increase of the net OPEB liability or increase to the net OPEB asset in 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
2025	\$ (8,505)	\$ (45,087)	\$ (53,592)
2026	11,791	(123,572)	(111,781)
2027	118,735	(83,491)	35,244
2028	(51,507)	(207,463)	(258,970)
2029	-	(215,136)	(215,136)
Thereafter	-	(275,518)	(275,518)
Total	<u>\$ 70,514</u>	<u>\$ (950,267)</u>	<u>\$ (879,753)</u>

**E. Actuarial Assumptions - OPERS**

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 13: DEFINED BENEFIT OPEB PLANS (Continued)**

**E. Actuarial Assumptions – OPERS (Continued)**

Wage Inflation	
Current Measurement Date:	2.75 percent
Prior Measurement Date:	2.75 percent
Projected Salary Increases, including inflation	
Current Measurement Date:	2.75 to 10.75 percent, including wage inflation
Prior Measurement Date:	2.75 to 10.75 percent, including wage inflation
Single Discount Rate:	
Current Measurement Date:	5.70 percent
Prior Measurement Date:	5.22 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	
Current Measurement Date:	3.77 percent
Prior Measurement Date:	4.05 percent
Health Care Cost Trend Rate	
Current Measurement Date:	5.50 percent initial, 3.50 percent ultimate in 2038
Prior Measurement Date:	5.50 percent initial, 3.50 percent ultimate in 2036

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% 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 2023, 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 and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans 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 14.0 percent for 2023.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

**NOTE 13: DEFINED BENEFIT OPEB PLANS** (Continued)

**E. Actuarial Assumptions – OPERS** (Continued)

The allocation of investment assets with 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 real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The table below displays the Board-approved asset allocation policy for 2023 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	37.00 %	2.82 %
Domestic Equities	25.00	4.27
Real Estate Investment Trust	5.00	4.68
International Equities	25.00	5.16
Risk Parity	3.00	4.38
Other investments	5.00	2.43
Total	<u>100.00 %</u>	

**Discount Rate** A single discount rate of 5.70percent was used to measure the OPEB liability on the measurement date of December 31, 2023. A single discount rate of 5.22 percent was used to measure the OPEB asset on the measurement date of December 31, 2022. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.77 percent. 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 2070.



**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

**NOTE 13: DEFINED BENEFIT OPEB PLANS** (Continued)

**E. Actuarial Assumptions – OPERS** (Continued)

As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate*** The following table presents the City's proportionate share of the net OPEB asset calculated using the single discount rate of 5.70 percent, as well as what the City's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (4.70 percent) or one-percentage-point higher 6.70 than the current rate:

	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
City's proportionate share of the net OPEB liability (asset)	\$ 139,584	\$ (253,988)	\$ (580,007)

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability 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. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB liability 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 2024 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 that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB (asset)	\$ (264,535)	\$ (253,988)	\$ (242,021)

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 13: DEFINED BENEFIT OPEB PLANS (Continued)**

**F. Actuarial Assumptions – OP&F**

OP&F's total OPEB liability as of December 31, 2023, is based on the results of an actuarial valuation date of January 1, 2023, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2023, with actuarial liabilities rolled forward to December 31, 2023
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	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	4.07 percent
Prior measurement date	4.27 percent
Cost of Living Adjustments	2.2 percent simple

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

F. **Actuarial Assumptions – OP&F** Continued)

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% for males and 98.7% 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% for males and 97.9% for females. 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 the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2023, are summarized on the next page:

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

**NOTE 13: DEFINED BENEFIT OPEB PLANS (Continued)**

**F. Actuarial Assumptions – OP&F (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	18.60 %	4.10 %
Non-US Equity	12.40	4.90
Core Fixed Income *	25.00	2.40
U.S. Inflation Linked Bonds *	15.00	2.10
High Yield Fixed Income	7.00	4.10
Private Real Estate	12.00	5.40
Private Markets	10.00	7.30
Midstream Energy Infrastructure	5.00	5.80
Private Credit	5.00	6.80
Real Assets	8.00	6.00
Gold	5.00	3.50
Commodities	2.00	3.50
Total	<u>125.00 %</u>	

Note: Assumptions are geometric

\* levered 2.x

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 1.2 times due to the application of leverage in certain fixed income asset classes in core fixed income and asset classes.

**Discount Rate** The total OPEB liability was calculated using the discount rate of 4.07 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the long-term assumed rate of return on investments of 7.50 percent was applied to periods before December 31, 2037, and the Municipal Bond Index rate of 3.38 percent was applied to periods on and after December 31, 2037, resulting in a discount rate of 4.07 percent.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

**NOTE 13: DEFINED BENEFIT OPEB PLANS** (Continued)

**F. Actuarial Assumptions – OP&F** (Continued)

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate*** Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.07 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 (3.07 percent), or one percentage point higher (5.07 percent) than the current rate.

	1% Decrease (3.07%)	Current Discount Rate (4.07%)	1% Increase (5.07%)
City's proportionate share of the net OPEB liability	\$ 2,625,185	\$ 2,131,312	\$ 1,715,373

**NOTE 14: SHORT-TERM OBLIGATIONS**

The City's note activity, including the amount outstanding and the interest rate, is as follows:

	Principal Outstanding 12/31/2023	Additions	Deletions	Principal Outstanding 12/31/2024
<b><u>Governmental Activities</u></b>				
<b><u>Bond Anticipation Notes</u></b>				
Aquatic and Community Center Notes				
Anticipation Notes, Series 2023,				
\$9,000,000 5.00%	\$ 85,000	\$ -	\$ (85,000)	\$ -
<b><i>Total Bond Anticipation Notes</i></b>	<b><u>\$ 85,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (85,000)</u></b>	<b><u>\$ -</u></b>

In 2023, the City issued \$9,000,000 in Aquatic and Community Center Notes Series 2023. These notes are dated June 15, 2023, and will mature on June 13, 2024 and bear a 5.00 percent rate of interest. \$8,915,000 of the notes are being reported as long-term obligations as they are being bonded after the balance sheet date but prior to the issuance of the financial statements.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

**NOTE 15: LONG-TERM OBLIGATIONS**

Changes in the long-term obligations of the City for the year ended December 31, 2024, are as follows:

	Restated Principal Outstanding 12/31/2023	Additions	Deletions	Principal Outstanding 12/31/2024	Amounts Due in One Year
<b><u>Governmental Activities</u></b>					
<b><u>Bond Anticipation Notes</u></b>					
Aquatic and Community Center Anticipation Notes, Series 2023, \$9,000,000 5.00%	\$ 8,915,000	\$ -	\$ (8,915,000)	-	\$ -
Unamortized Bond Premium	67,050	-	(67,050)	-	-
<b>Total Bond Anticipation Notes</b>	<b>8,982,050</b>	<b>-</b>	<b>(8,982,050)</b>	<b>-</b>	<b>-</b>
<b><u>General Obligation Bonds</u></b>					
2021 \$7,205,000 G.O. Streets Bonds, 3.0-4.0%	6,300,000	-	(490,000)	5,810,000	515,000
Unamortized Bond Premium	812,992	-	(45,354)	767,638	-
2023 \$22,980,000 Aquatic and Community Center Bonds, 4.00-5.00%	22,980,000	-	(25,000)	22,955,000	520,000
Unamortized Bond Premium	1,297,606	-	(52,874)	1,244,732	-
2024 \$8,915,000 Aquatic and Community Center \$8,915,000 4.00-5.00%	-	8,915,000	-	8,915,000	195,000
Unamortized Bond Premium	-	287,773	(5,756)	282,017	-
<b>Total General Obligation Bonds</b>	<b>31,390,598</b>	<b>9,202,773</b>	<b>(618,984)</b>	<b>39,974,387</b>	<b>1,230,000</b>
<b><u>Direct Borrowings and Direct Placements of Debt</u></b>					
<b><u>Ohio Public Works Commission</u></b>					
2013 \$923,156 I-271/Mayfield Road Design, 0%	484,656	-	(46,158)	438,498	46,158
2007 \$805,000 I-271/Mayfield Road Construction, 0%	185,253	-	(37,050)	148,203	37,050
<b>Total Ohio Public Works Commission</b>	<b>669,909</b>	<b>-</b>	<b>(83,208)</b>	<b>586,701</b>	<b>83,208</b>
<b><u>Other Long-term Liabilities</u></b>					
<b>Net Pension Liability</b>					
OPERS	9,085,040	-	(1,251,338)	7,833,702	-
OP&F	28,823,864	-	(621,504)	28,202,360	-
<b>Total Net Pension Liability</b>	<b>37,908,904</b>	<b>-</b>	<b>(1,872,842)</b>	<b>36,036,062</b>	<b>-</b>
<b>Net OPEB Liability</b>					
OPERS	182,207	-	(182,207)	-	-
OP&F	2,160,406	-	(29,094)	2,131,312	-
<b>Total OPEB Liability</b>	<b>2,342,613</b>	<b>-</b>	<b>(211,301)</b>	<b>2,131,312</b>	<b>-</b>
Subscription Payable	118,521	-	(58,497)	60,024	60,024
Compensated Absences*	4,561,886	610,295	-	5,172,181	1,656,576
<b>Total Other Long-term Liabilities</b>	<b>44,931,924</b>	<b>610,295</b>	<b>(2,142,640)</b>	<b>43,399,579</b>	<b>1,716,600</b>
<b>Total Governmental Long-Term Liabilities</b>	<b>\$ 85,974,481</b>	<b>\$ 9,813,068</b>	<b>\$ (11,826,882)</b>	<b>\$ 83,960,667</b>	<b>\$ 3,029,808</b>

\*- The change in compensated absence above is a net change for the year

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 15: LONG-TERM OBLIGATIONS (Continued)**

The Ohio Public Works Commission (OPWC) loan - Mayfield Road Improvements' debt obligations will be paid from the Road Improvement Capital Project Fund by revenues transferred from the General Fund. The OPWC loan - Mayfield Road Sanitary Sewers' debt obligations will be paid from the Sanitary Sewer Improvement Capital Projects Fund. These loans provided by OPWC are interest free.

The City's total direct borrowings from OPWC contain a provision that in an event of default the amount of such default shall bear interest thereafter at the rate of 8 percent per annum until the date of payment, and outstanding amounts become immediately due. Also, OPWC may direct the county treasurer to pay the outstanding amount from portion of the local government fund that would otherwise be appropriated to the City.

In 2021, the City issued General Obligation Street Improvement Bonds, Series 2021 in the amount of \$7,205,000. This note was dated December 1, 2021 and will mature on December 1, 2041 and bears a 3.00 to 4.00 percent rate of interest and will be paid from the General Bond Retirement Fund.

In 2023, the City issued General Obligation Bonds, Series 2023 in the amount of \$22,980,000. This note was dated July 19, 2023 and will mature on December 1, 2048 and bears a 4.00 to 5.00 percent rate of interest and will be paid from the Public Property Improvement Fund.

In 2023, the City issued \$9,000,000 in Aquatic and Community Center Notes Series 2023. These notes were dated June 15, 2023, and matured on June 13, 2024 and bear a 5.00 percent rate of interest. \$85,000 of the notes were being reported as short-term obligations in 2023 as they were bonded after the balance sheet date but prior to the issuance of the financial statements.

In 2024, the City issued \$8,915,000 in Aquatic and Community Center Bonds Series 2024. This bond is dated June 6, 2024, and will mature on December 1, 2029 and bears a 4.00-5.00 percent rate of interest.

Compensated absences will be paid from the Accrued Compensation Reserve Fund. The City will pay workers' compensation claims from the Self-Insurance Fund.

See Note 12 for further information regarding Net Pension Liability. Also see Note 13 for further information regarding Net OPEB Liability/Asset.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

**NOTE 15: LONG-TERM OBLIGATIONS (Continued)**

**Principal and Interest Requirements**

A summary of the City's future long-term debt requirements as of December 31, 2024 follows:

Years	General Obligation Bonds		OPWC
	Principal	Interest	Principal
2025	\$ 1,230,000	1,664,913	\$ 83,208
2026	1,280,000	1,608,562	83,208
2027	1,335,000	1,549,912	83,208
2028	1,410,000	1,488,662	83,211
2029	870,000	1,423,962	46,158
2030-2034	7,215,000	6,157,510	207,708
2035-2039	6,905,000	4,599,010	-
2040-2044	9,070,000	2,791,610	-
2045-2049	8,365,000	918,665	-
	<u>\$ 37,680,000</u>	<u>\$ 22,202,806</u>	<u>\$ 586,701</u>

The Ohio Revised Code provides that net general obligation debt of the City, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the City. The Ohio Revised Code further provides that total voted and unvoted net debt of the City less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2024, were an overall debt margin of \$68,368,755 and an unvoted debt margin of \$35,812,205.

**NOTE 16: SUBSCRIPTION PAYABLE**

In previous years, City of Mayfield Heights entered into a 60 months subscription-based information technology agreement for financial and payroll software. In 2023, an initial subscription payable liability was recorded in the amount of \$177,806. As of December 31, 2024, the value of the liability is \$60,024. The City is required to make annual fixed payments of \$50,802. The equipment's estimated useful life was 60 months as of the contract commencement.

The following is a schedule of the subscription payments as of December 31, 2024.

Year	Principal	Interest	Total Payments
2025	60,024	1,567	61,591
Total Future Payments	<u>\$ 60,024</u>	<u>\$ 1,567</u>	<u>\$ 61,591</u>

As of December 31, 2024, the asset value is \$60,024 and the accumulated amortization is \$101,604.



**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 17: NORTHERN OHIO RISK MANAGEMENT ASSOCIATION**

The Northern Ohio Risk Management Association is a shared risk pool comprised of the Cities of Bedford Heights, Eastlake, Highland Heights, Hudson, Maple Heights, Mayfield Heights, Richmond Heights, Solon, South Euclid, University Heights, and the Village of Chagrin Falls for the purpose of enabling its members to obtain property and liability insurance, including vehicle, and provide for a formalized, jointly administered self-insurance fund.

The members formed a not-for-profit corporation known as NORMA, Inc. to administer the pool. NORMA is governed by a Board of Trustees that consists of the mayor from each of the participating members. Each entity must remain a member for at least three years from its initial entry date. After the initial three years, each City may extend its term by an additional three years.

Each member provides operating resources to NORMA based on actuarially determined rates. In the event of losses, the first \$2,500 of any valid claim will be paid by the member. The next payment, generally a maximum of \$97,500 per occurrence, will come from the self-insurance pool with any excess paid from the stop loss coverage carried by the pool after a deductible of \$7,000 is met. Any loss over these amounts would be the obligation of the individual member. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments up to a maximum of the regular annual payment. In 2024, the City paid \$144,045 in premiums from the General Fund, which represents 7.3 percent of total premiums. Financial information can be obtained by contacting the fiscal agent, the Finance Director at the City of Highland Heights, 5827 Highland Road, Highland Heights, Ohio 44143.

**NOTE 18: RISK MANAGEMENT**

NORMA provides a pool of self-insurance for liability and property damage, vehicles, boiler and machinery, theft, bonding of city employees, and public officials' errors and omissions. The City's share of NORMA's claims and expenses are accounted among the General Fund departments and other funds in proportion to the protection provided for the assets in those general fund departments and other funds. The agreement of formation of NORMA provides that NORMA will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of the limits described in the agreement.

Settled claims have not exceeded coverage in any of the past three years. Also, there have been no significant reductions in the limits of liability.

All employees of the City are covered by a blanket bond, while certain individuals in policy-making roles are covered by separate, higher limit bond coverage.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 18: RISK MANAGEMENT (Continued)**

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.

The City provides medical and prescription, dental, and vision benefits for all full-time employees. Payments are made from the General and SCMR Funds. Starting in 2008, all employees must contribute a portion of the monthly premiums for medical and prescription coverage. Beginning in 2019, the HSA option was discontinued.

All covered employees are enrolled in the HRA plan. For 2024, the employee portion was \$143.66 and \$339.88 for single and family coverage, respectively. In addition, the City fully funded the deductible for the HRA – \$2,700 for a single contract, and \$5,400 for a family contract.

Medical and prescription, dental, and vision benefits are provided through Medical Mutual, Cigna Dental, and EyeMed Vision, respectively. Payments are made from the General Fund and SCMR Fund on a monthly basis. The expenses are allocated by the number of employees in each department multiplied by the fixed premium rate for each employee. The monthly premium for medical and prescription benefits is \$864.96 for single coverage and \$2,162.41 for family coverage. The monthly premium for dental benefits is \$25.89 for single coverage and \$77.34 for family coverage. The monthly coverage for vision benefits is \$3.78 for single coverage and \$9.64 for family coverage.

From 2010 through 2013, the City participated in the Retrospective Rating Plan with the Ohio Bureau of Workers' Compensation (BWC). The plan involved the payment of a minimum premium for administrative services and stop loss coverage plus the actual claim costs for employees injured. The plan is administered by Comp Management Inc. Payments are made directly to the BWC for actual claims processed. The City's Self-Insurance internal service fund pays for all claims, claim reserves and administrative costs of the program, while the City's General Fund pays the annual premium to BWC. Starting in 2014, the City utilized the group rating plan. There was no claims liability at December 31, 2024.

**NOTE 19: CONTINGENT LIABILITIES**

The City is party to various legal proceedings. City management is of the opinion that ultimate settlement of the majority of such claims not covered by insurance will not result in a material adverse effect on the City's financial position.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 20: JOINTLY GOVERNED ORGANIZATIONS**

**Eastern Suburban Regional Council of Governments**

The Eastern Suburban Regional Council of Governments (ESRCOG) was formed in 1972 to foster cooperation between member municipalities through sharing of facilities for mutual benefit. The governing body of ESRCOG is a council comprised of one representative from each of the five participating municipalities. The Council operates in accordance with a written agreement establishing ESRCOG pursuant to Ohio Revised Code Chapter 167.

The Council established one subsidiary organization, the Suburban Police Anti-Crime Network (SPAN), which provides for the mutual interchange and sharing of police personnel and police equipment to be utilized by all five (5) participating member municipalities. In 2023, all participating municipalities contributed a total of \$212,800.

The Council adopts a budget for ESRCOG annually. Each member municipality's degree of control is limited to its representation on the Council. In 2024, the City contributed \$42,560 which represents 20.0 percent of the total contributions.

**Mayfield Union Cemetery**

The Mayfield Union Cemetery is a jointly governed organization among three local communities (the Village of Mayfield, the City of Highland Heights, and the City of Mayfield Heights). The jointly governed organization was formed based on the boundaries in relation to the Cemetery. Each of the communities contributes a nominal fee for the maintenance of the Cemetery. The Village of Mayfield assumes the daily accounting and reporting of the Cemetery finances. The Cemetery Board consists of three Board members, with one council member appointed from each of the three communities. Financial information can be obtained by contacting the Director of Finance at the Village of Mayfield, 6622 Wilson Mills Road, Mayfield Village, Ohio 44143.

**Suburban Water Regional Council of Governments**

The City is a member of the Suburban Water Regional Council of Governments (SWRCOG). The organization is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. SWRCOG 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.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 20: JOINTLY GOVERNED ORGANIZATIONS (Continued)**

There are no dues or fees assessed against the members of the council. SWRCOG consists of 70 communities. SWRCOG's Board is comprised of 18 trustees elected from nine regional groups. The Board oversees and manages the operation of SWRCOG. The degree of control exercised by each community is limited to its representation in SWRCOG and on the Board. The City did not make any payments to SWRCOG during 2024. 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.

**Community Partnership on Aging Council of Governments**

The Community Partnership on Aging (Partnership) is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. The Partnership was formed between the cities of Highland Heights, Lyndhurst, Mayfield Heights, Mayfield Village, Richmond Heights, and South Euclid, for the purpose of coordinating among the cities all matters related to assistance and programs for the aged. Partnership revenues consist of contributions from the member cities and Federal grants.

The governing board of the partnership is a Council of Governments composed of the mayors of Highland Heights, Lyndhurst, Mayfield Heights, Mayfield Village, Richmond Heights and South Euclid, with the advice of a nine-member commission. Continued existence of the Partnership is dependent on the City; however, the City has no explicit and measurable equity interest in the Partnership. The Partnership is not accumulating financial resources or experiencing fiscal stress which would cause additional financial benefit to, or burden on, the City. In 2024, the City contributed \$266,518. To obtain a copy of the Consortium's financial statements, write to the Community Partnership on Aging, 1370 Victory Drive, South Euclid, Ohio 44121.

**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 energy. NOPEC is currently comprised of more than 240 members communities in 20 counties who have been authorized by ballot to purchase energy on behalf of their citizens. The intent of NOPEC is to provide energy at the lowest possible rates while at the same time ensuring stability in prices by entering into long-term contracts with suppliers to provide energy 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 of Directors oversees and manages the operation of the aggregation program.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 21: INSURANCE PURCHASING POOL**

The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board of Directors. Financial information can be obtained by contacting NOPEC, 31360 Solon Rd, Suite 33, Solon, Ohio 44139.

**Ohio Government Benefit Cooperative**

The City participates in the Ohio Government Benefit Cooperative (OGBC), a claims servicing and group purchasing pool comprised of nine cities. The OGBC is created and organized pursuant to and as authorized by Section 9.833 of the Ohio Revised Code. The Board of Directors is the governing body of the consortium. Each City appoints one individual to be its representative on the Board of Directors.

The City of Willoughby serves as the fiscal agent for OGBC. OGBC is an unincorporated, non-profit association of its members which was created for the purpose of enabling members of the Plan to maximize benefits and/or reduce costs of medical, prescription drug, vision, dental, life and/or other group insurance coverage for their employees, and their eligible dependents and designated beneficiaries of such employees.

Participants pay an initial \$500 membership fee to OGBC. OGBC offers two options to participants. Participants may enroll in the joint insurance purchasing program for medical, prescription drug, vision dental and/or life insurance. A second option is available for self-insured participants that provides for the purchase of stop loss insurance coverage through OGBC's third party administrator. Medical Mutual is the Administrator of the OGBC. During 2024 the City elected to participate in the joint insurance program for medical, prescription drug, and vision coverage. Financial information can be obtained by contacting Cher Hoffman, 1 Public Square, Willoughby, Ohio 44094

**NOTE 22: REVENUE SHARING AGREEMENT**

Since 1996, the City has been sharing income tax revenue with the Mayfield City School District. Several commercial properties were developed and received property tax abatements from the City through the creation of a Community Reinvestment Area (CRA) and an Enterprise Zone.

During 2024, the City did not disburse any money to the School District as a result of the revenue sharing agreements.

**City of Mayfield Heights, Ohio**  
**Notes to the Basic Financial Statements (continued)**  
**For the Year Ended December 31, 2024**

---

**NOTE 23: OTHER SIGNIFICANT COMMITMENTS**

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are components of fund balance for subsequent year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. As of December 31, 2024, the City's commitments for encumbrances in the governmental funds were as follows:

	<u>Encumbrances Outstanding</u>
Major Fund:	
General	\$ 918,442
Road Improvement	615,968
Public Property Improvement	36,783
Nonmajor Funds:	
Special Revenue Funds	552,126
Capital Projects Funds	<u>2,071,379</u>
Total	<u>\$ 4,194,698</u>

**NOTE 24: TAX ABATEMENT**

The City of Mayfield Heights established a Community Reinvestment Area pursuant to Ohio Revised Code Chapter 3735.65 to 3735.70 in 1993 in order to attract and encourage economic development in a section of the city zoned mainly for corporate office construction.

Improvements within the CRA designated area are granted abatement up to 100% on additional property taxes resulting from the increase in assessed valuation for a period up to 15 years. Currently, there is one agreements in place within the CRA, which is 15 years in length. Expiration of this agreement is tax collection year 2039.

The City of Mayfield Heights, pursuant to Ohio Revised Code Chapter 5709.61 to 5709.66, designated an Enterprise Zone in the city in 1993. There are currently no active agreements in effect in the zone.

The City of Mayfield Heights established a Job Retention and Creation Grant Program in 2013 with the goal to provide incentives to businesses to retain, create, and expand employment opportunities in the city. Depending on the amount of new annual payroll created and the income tax generated, a business is eligible to receive a grant from the city for a period ranging from two to five years.

The grant awarded from non-tax revenues can range from 20% to 50% of income tax revenue collected over a twelve-month grant period based on an annual payroll ranging from \$3 million to \$31 million.

Currently, there are four active job retention and creation grants. Two of them have payments starting in 2025 and others begin payments in 2026.

## ***REQUIRED SUPPLEMENTARY INFORMATION***

**City of Mayfield Heights, Ohio**  
**Required Supplementary Information**  
**Schedule of the City's Proportionate Share of the Net Pension Liability**  
**Ohio Public Employees Retirement System**  
**Last Ten Years**

<b>Traditional Plan</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
City's Proportion of the Net Pension Liability	0.029922%	0.030755%	0.032430%	0.033201%
City's Proportionate Share of the Net Pension Liability	\$ 7,833,702	\$ 9,085,040	\$ 2,821,541	\$ 4,916,345
City's Covered Payroll	\$ 4,925,257	\$ 4,767,443	\$ 4,704,843	\$ 4,676,164
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	159.05%	190.56%	59.97%	105.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.01%	75.74%	92.62%	86.88%

Amounts presented as of the City's measurement date which is the prior year end.

See accompanying notes to the required supplementary information



---

<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
0.035846%	0.036100%	0.036002%	0.036822%	0.036866%	0.038215%
\$ 7,085,205	\$ 9,887,058	\$ 5,648,016	\$ 8,361,650	\$ 6,385,657	\$ 4,609,156
\$ 5,003,036	\$ 4,914,307	\$ 4,767,346	\$ 4,799,058	\$ 4,588,283	\$ 4,700,683
141.62%	201.19%	118.47%	174.24%	139.17%	98.05%
82.17%	74.70%	84.66%	77.25%	81.08%	86.45%

**City of Mayfield Heights, Ohio**  
**Required Supplementary Information**  
**Schedule of the City's Proportionate Share of the Net Pension Liability**  
**Ohio Police and Fire Pension Fund**  
**Last Ten Years**

---

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
City's Proportion of the Net Pension Liability	0.291908%	0.303440%	0.318812%	0.309524%
City's Proportionate Share of the Net Pension Liability	\$ 28,202,360	\$ 28,823,864	\$ 19,917,555	\$ 21,100,525
City's Covered Payroll	\$ 8,383,005	\$ 8,301,103	\$ 8,080,666	\$ 7,584,134
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	336.42%	347.23%	246.48%	278.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.63%	62.90%	75.03%	70.65%

Amounts presented as of the City's measurement date which is the prior year end.

See accompanying notes to the required supplementary information

---

<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
0.316968%	0.319521%	0.316384%	0.318758%	0.308409%	0.298320%
\$ 21,352,654	\$ 26,081,356	\$ 19,417,898	\$ 20,189,833	\$ 19,840,167	\$ 16,097,608
\$ 7,521,591	\$ 7,278,706	\$ 6,321,693	\$ 6,913,693	\$ 6,298,847	\$ 6,043,844
283.88%	358.32%	307.16%	292.03%	314.98%	266.35%
69.89%	63.07%	70.91%	68.36%	66.77%	71.71%

**City of Mayfield Heights, Ohio**  
**Required Supplementary Information**  
**Schedule of City Contributions - Pension**  
**Ohio Public Employees Retirement System**  
**Last Ten Years**

---

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually Required Contributions	\$ 770,353	\$ 689,536	\$ 667,442	\$ 658,678
Contributions in Relation to the Contractually Required Contribution	<u>(770,353)</u>	<u>(689,536)</u>	<u>(667,442)</u>	<u>(658,678)</u>
Contribution Deficiency / (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 5,502,521	\$ 4,925,257	\$ 4,767,443	\$ 4,704,843
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

---

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 654,663	\$ 700,425	\$ 688,003	\$ 619,755	\$ 575,887	\$ 550,594
<u>(654,663)</u>	<u>(700,425)</u>	<u>(688,003)</u>	<u>(619,755)</u>	<u>(575,887)</u>	<u>(550,594)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,676,164	\$ 5,003,036	\$ 4,914,307	\$ 4,767,346	\$ 4,799,058	\$ 4,588,283
14.00%	14.00%	14.00%	13.00%	12.00%	12.00%

**City of Mayfield Heights, Ohio**  
**Required Supplementary Information**  
**Schedule of City Contributions - Pension**  
**Ohio Police and Fire Pension Fund**  
**Last Ten Years**

---

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually Required Contributions	\$ 1,903,549	\$ 1,771,683	\$ 1,754,306	\$ 1,709,031
Contributions in Relation to the Contractually Required Contribution	<u>(1,903,549)</u>	<u>(1,771,683)</u>	<u>(1,754,306)</u>	<u>(1,709,031)</u>
Contribution Deficiency / (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 8,977,160	\$ 8,383,005	\$ 8,301,103	\$ 8,080,666
Contributions as a Percentage of Covered Payroll	21.20%	21.13%	21.13%	21.15%

See accompanying notes to the required supplementary information

---

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,604,403	\$ 1,592,485	\$ 1,538,180	\$ 1,329,699	\$ 1,457,121	\$ 1,325,511
<u>(1,604,403)</u>	<u>(1,592,485)</u>	<u>(1,538,180)</u>	<u>(1,329,699)</u>	<u>(1,457,121)</u>	<u>(1,325,511)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,584,134	\$ 7,521,591	\$ 7,278,706	\$ 6,321,693	\$ 6,913,693	\$ 6,298,847
21.15%	21.17%	21.13%	21.03%	21.08%	21.04%

**City of Mayfield Heights, Ohio**  
**Required Supplementary Information**  
**Schedule of the City's Proportionate Share of the Net OPEB Liability**  
**Ohio Public Employees Retirement System**  
**Last Eight Years (1)**

---

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
City's Proportion of the Net OPEB Liability/Asset	0.028142%	0.028898%	0.030415%	0.031009%
City's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (253,988)	\$ 182,207	\$ (952,644)	\$ (552,450)
City's Covered Payroll	\$ 4,968,143	\$ 4,809,629	\$ 4,741,179	\$ 4,689,657
City's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-5.11%	3.79%	-20.09%	-11.78%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	107.76%	94.79%	128.23%	115.57%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

Amounts presented as of the City's measurement date, which is the prior calendar year end.

See accompanying notes to the required supplementary information



---

2020	2019	2018	2017
0.033455%	0.033681%	0.033630%	0.034520%
\$ 4,621,005	\$ 4,391,207	\$ 3,651,970	\$ 3,486,637
\$ 5,013,857	\$ 4,914,307	\$ 4,763,764	\$ 4,770,436
92.16%	89.36%	76.66%	73.09%
47.80%	46.33%	54.14%	54.04%

**City of Mayfield Heights, Ohio**  
**Required Supplementary Information**  
**Schedule of the City's Proportionate Share of the Net OPEB Liability**  
**Ohio Police and Fire Pension Fund**  
**Last Eight Years (1)**

---

	2024	2023	2022	2021
City's Proportion of the Net OPEB Liability	0.2919082%	0.3034401%	0.3188124%	0.3095239%
City's Proportionate Share of the Net OPEB Liability	\$ 2,131,312	\$ 2,160,406	\$ 3,494,458	\$ 3,279,457
City's Covered Payroll	\$ 8,383,005	\$ 8,301,103	\$ 8,080,666	\$ 7,584,134
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	25.42%	26.03%	43.24%	43.24%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	51.89%	52.59%	46.86%	45.42%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

Amounts presented as of the City's measurement date, which is the prior calendar year end.

See accompanying notes to the required supplementary information

---

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
0.3169680%	0.3195210%	0.3163840%	0.3187600%
\$ 3,130,924	\$ 2,909,729	\$ 17,925,858	\$ 15,130,820
\$ 7,521,591	\$ 7,278,706	\$ 6,321,693	\$ 6,913,693
41.63%	39.98%	283.56%	218.85%
47.08%	46.57%	14.13%	15.96%

**City of Mayfield Heights, Ohio**  
**Required Supplementary Information**  
**Schedule of City Contributions - OPEB**  
**Ohio Public Employees Retirement System**  
**Last Ten Years (1)**

---

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually Required Contribution	\$ 2,105	\$ 1,658	\$ 1,430	\$ 1,228
Contributions in Relation to the Contractually Required Contribution	<u>(2,105)</u>	<u>(1,658)</u>	<u>(1,430)</u>	<u>(1,228)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 5,556,264	\$ 4,968,143	\$ 4,809,629	\$ 4,741,179
Contributions as a Percentage of Covered Payroll	0.04%	0.03%	0.03%	0.03%

See accompanying notes to the required supplementary information

---

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 431	\$ 54	\$ 146	\$ 47,738	\$ 95,573	\$ 91,844
<u>(431)</u>	<u>(54)</u>	<u>(146)</u>	<u>(47,738)</u>	<u>(95,573)</u>	<u>(91,844)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,689,657	\$ 5,013,857	\$ 4,914,307	\$ 4,763,764	\$ 4,770,436	\$ 4,603,171
0.01%	0.00%	0.00%	1.00%	2.00%	2.00%

**City of Mayfield Heights, Ohio**  
**Required Supplementary Information**  
**Schedule of City Contributions - OPEB**  
**Ohio Police and Fire Pension Fund**  
**Last Ten Years**

---

	2024	2023	2022	2021
Contractually Required Contribution	\$ 44,886	\$ 41,915	\$ 41,505	\$ 40,403
Contributions in Relation to the Contractually Required Contribution	<u>(44,886)</u>	<u>(41,915)</u>	<u>(41,505)</u>	<u>(40,403)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 8,977,160	\$ 8,383,005	\$ 8,301,103	\$ 8,080,666
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%

See accompanying notes to the required supplementary information

---

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 37,921	\$ 37,608	\$ 36,393	\$ 31,608	\$ 32,882	\$ 31,422
<u>(37,921)</u>	<u>(37,608)</u>	<u>(36,393)</u>	<u>(31,608)</u>	<u>(32,882)</u>	<u>(31,422)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,584,134	\$ 7,521,591	\$ 7,278,706	\$ 6,321,693	\$ 6,913,693	\$ 6,298,847
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

**City of Mayfield Heights, Ohio**  
**Notes to the Required Supplementary Information**  
**For the Year Ended December 31, 2024**

---

**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

***Net Pension Liability***

*Changes in benefit terms:* There were no changes in benefit terms from the amounts reported for 2014-2024.

*Changes in assumptions:* There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%. For 2020, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 3.00% simple through 2018 to 1.40% simple through 2020, then 2.15% simple. For 2021, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 1.40% simple through 2020 to 0.50% simple through 2021, then 2.15% simple. For 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75% (b) the cost-of-living adjustments for post-1/7/2013 retirees were increased from 0.50% simple through 2021 to 3.00% simple through 2022, then 2.05% simple (c) the expected investment return was reduced from 7.20% to 6.90%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2023. For 2024, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were decreased from 3.00% simple through 2023 then 2.05% simple, to 2.30% simple through 2024 then 2.05% simple.

***Net OPEB Liability***

*Changes in benefit terms:* There were no changes in benefit terms from the amounts reported for 2018-2024.



**City of Mayfield Heights, Ohio**  
**Notes to the Required Supplementary Information**  
**For the Year Ended December 31, 2024**

---

*Changes in assumptions:* For 2018, the single discount rate changed from 4.23% to 3.85%. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00% (b) In January 2019, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time (c) the single discount rate changed from 3.85% to 3.96%. For 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.96% to 3.16%. For 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.16% to 6.00% (b) the municipal bond rate changed from 2.75% to 2.00% (c) the health care cost trend rate changed from 10.50% initial and 3.50% ultimate in 2030 to 8.50% initial and 3.50% ultimate in 2035. For 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75%. (b) the municipal bond rate changed from 2.00% to 1.84% (c) the health care cost trend rate changed from 8.50% initial and 3.50% ultimate in 2035 to 5.50% initial and 3.50% ultimate in 2034. For 2023, the following changes in assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22% (b) the municipal bond rate changed from 1.84% to 4.05% (c) the health care cost trend rate changed from 5.50% initial and 3.50% ultimate in 2034 to 5.50% initial and 3.50% ultimate in 2036. For 2024, the following changes in assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 5.22% to 5.70% (b) the municipal bond rate changed from 4.05% to 3.77% (c) the health care cost trend rate changed from 5.50% initial and 3.50% ultimate in 2036 to 5.50% initial and 3.50% ultimate in 2038.

**OHIO POLICE AND FIRE (OP&F) PENSION FUND**

***Net Pension Liability***

*Changes in benefit terms:* There were no changes in benefit terms from the amounts reported for 2014-2024.

*Changes in assumptions:* There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the investment rate of return was reduced from 8.25 percent to 8.00 percent (b) the projected salary increases was reduced from 4.25% to 3.75% (c) the payroll increases was reduced from 3.75% to 3.25% (d) the inflation assumptions was reduced from 3.25% to 2.75% (e) the cost of living adjustments was reduced from 2.60% to 2.20% (f) rates of withdrawal, disability and service retirement were updated to reflect recent experience (g) mortality rates were updated to the RP-2014 Total Employee and Health Annuitant Mortality Table, adjusted for mortality improvement back to the

**City of Mayfield Heights, Ohio**  
**Notes to the Required Supplementary Information**  
**For the Year Ended December 31, 2024**

---

observant period base year of 2006 and then established the base year as 2016 (h) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2016. For 2019-2021, there have been no OP&F pension plan amendments adopted or changes in assumptions between the measurement date and the report date that would have impacted the actuarial valuation of the pension plan as of the measurement date. For 2022, the investment rate of return was reduced from 8.00 percent to 7.50 percent. For 2023, 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% for males and 98.7% for females. Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates 68 adjusted by 108.9% for males and 131% for females. Mortality for active members is based on the Pub-2010 Below Medium Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale. For 2024, the Municipal Bond Index Rate decreased from 3.65 percent to 3.38 percent.

***Net OPEB Liability***

*Changes in benefit terms:* There were no changes in benefit terms from the amounts reported for 2018 and 2020-2024. For 2019, see below regarding changes to stipend-based model.

*Changes in assumptions:* For 2018, the single discount rate changed from 3.79 percent to 3.24 percent. For 2019, the changes of assumptions were: (a) beginning January 1, 2019 OP&F changed its retiree health care model and the current self-insured health care plan is no longer offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). 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. As a result of changing from the current health care model to the stipend-based health care model, management expects that it will be able to provide stipends to eligible participants for the next 15 years (b) beginning in 2020 the Board approved a change to the Deferred Retirement Option Plan. The minimum interest rate accruing will be 2.5% (c) the single discount rate changed from 3.24 percent to 4.66 percent. For 2020, the single discount rate changed from 4.66 to 3.56. For 2021, the single discount rate changed from 3.56 to 2.96. For 2022, the single discount rate changed from 2.96 to 2.84. For 2023, the changes of assumptions were: (a) the single discount rate changed from 2.84 percent to 4.27 percent (b) the depletion year of OPEB assets is projected in year 2036 (c) 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% for males and 98.7% for females. Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. 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% for males and 131% for

**City of Mayfield Heights, Ohio**  
**Notes to the Required Supplementary Information**  
**For the Year Ended December 31, 2024**

---

females. 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. For 2024, the changes of assumptions were: (a) the single discount rate changed from 4.27 to 4.07 (b) the depletion year of OPEB assets is projected in year 2038.

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

City of Mayfield Heights  
Cuyahoga County  
6154 Mayfield Road  
Mayfield Heights, Ohio 44124

To the Members of 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Mayfield Heights, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2024, 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 28, 2025, wherein we noted the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*.

**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) to determine the 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.

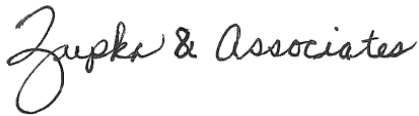
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### **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.

A handwritten signature in cursive script that reads "Zupka & Associates".

Zupka & Associates  
Certified Public Accountants

June 28, 2025

**CITY OF MAYFIELD HEIGHTS  
CUYHOGA COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

---

The prior audit report, as of December 31, 2023, included no findings or instances of noncompliance. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF MAYFIELD 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 10/21/2025**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)