

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the year ended December 31, 2013**



**CITY OF MIDDLETOWN, OHIO**

**CITY OF MIDDLETOWN, OHIO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the year ended December 31, 2013**

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## **INTRODUCTORY SECTION**

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CITY OF  
**MIDDLETOWN**

June 27, 2014

To the Honorable Mayor, Members of City Council and Citizens of the City of Middletown:

State law requires that every general purpose local government publish a complete set of audited financial statements within six months of the close of each fiscal year. We are pleased to present this Comprehensive Annual Financial Report (CAFR) for Middletown, Ohio. This report, for the year ended December 31, 2013, contains the financial statements and other financial and statistical data that provide a complete and full disclosure of all material financial aspects of the City.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The responsibility for the accuracy of all data presented its completeness and fairness of presentation rests with the management staff of the City of Middletown.

The CAFR is organized into sections: the Table of Contents, the Introductory Section, the Financial Section and the Statistical Section. The Introductory Section contains a table of contents, letter of transmittal, organization chart, list of elected officials and a Certificate of Achievement for Excellence in Financial Reporting for the 2013 CAFR. The Financial Section includes the Independent Auditors' Report, Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the City's financial position and operating results, required supplemental information, the Combining Statements for non- major funds and other schedules that provide detailed information relative to the Basic Financial Statements. The Statistical Section provides selected financial, economic and demographic information which may be used to indicate trends for comparative fiscal periods.

The City of Middletown is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, the Single Audit Act Amendments of 1996 and the U. S. Office of Management and Budget's Circular A-133, Audits of State and Local Governments. Information related to this single audit, including a schedule of federal financial assistance, the independent auditors' reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in a separately issued single audit report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Middletown's MD&A can be found immediately following the independent auditors' report.

## **MIDDLETOWN PROFILE**

### **Population**

Middletown is a vibrant, dynamic community of approximately 49,000 people, positioned between the major metropolitan areas of Cincinnati and Dayton in southwestern Ohio.

### **Council-Manager Form of Government**

The City of Middletown is a home-rule municipal corporation created by the laws of the State of Ohio. The City operates under its own charter which provides for a Council-Manager form of government.

The City Council is responsible for all policy matters including enactment of ordinances and resolutions to conduct City business. The City Council adopts the annual appropriation authorizing the expenditure of all City funds.

The Mayor and Council members are elected and serve four year terms. The Mayor is directly elected and the Vice-mayor is selected by City Council from among its members. City Council appoints the City Manager who is responsible for recommending all other City staff members for City Council approval. The City Manager is also responsible for implementing all City Council policies and for the day-to-day administration of the City government.

### **City Services**

The City of Middletown provides traditional municipal services, including police and fire protection; street maintenance; building inspections; licenses and permits; vital statistics; and a municipal court. The City also operates a thirty-six hole golf course. The City's water and sewer utilities serve the City and several townships adjacent to Middletown. The City also provides refuse services through a contract with Rumpke.

### **Budgetary Process and Controls**

Detailed provisions for the City's budget, tax levies, and appropriations are set forth in the Ohio Revised Code and the City Charter. The City Manager, with the assistance of the Finance Director, is required to submit to Council a tax budget of estimated revenues and expenditures for all funds, except agency funds, for the succeeding fiscal year by the first council meeting in July. The budget is required to be adopted by the legislative body by July 15 and to be submitted to the County Budget Commission by July 20 of each year. City Council is required by Charter to adopt a permanent appropriation measure for the ensuing fiscal year no later than January 1st. In December, 2012, City Council adopted the 2013 fiscal year permanent appropriation measure.

The City maintains budgetary control on a non-GAAP budgetary basis by fund/division along with personal category and the other category (the state minimum legal level of control). Management further monitors budgetary performance by establishing lower levels of budgetary control within each fund by

department at major object levels, which include personal services, contractual services, commodities, other expenditures, capital outlay, debt service and operating transfers.

Budgetary control is maintained by an encumbrance of purchase commitment amounts prior to the release of purchase orders to vendors. Requisitions for the expenditure of monies are submitted to the Finance Director for certification of funds and preparation of a purchase order after approval of the appropriate Department Director. The purchase order is reviewed for the availability of funds and the estimate authorizes additional appropriations. Unencumbered appropriations lapse at the end of each year.

The City's Treasury Division monitors year-to-date expenditures plus encumbrances versus the original appropriations plus any additional appropriations made to date. This permits the Finance Director and other City officials to ascertain the status of each department's appropriations at any time during the year. A description of the various funds and the basis of accounting are included in Note 1 to the basic financial statements.

### **Economic Outlook and Relevant Financial Policies**

One of the most important duties we have is the management of our resources. The annual budget is the first major step of managing those resources. During good economic times, staff researches and implements programs that will most benefit the citizens of Middletown. During economic duress, staff and council, and I diligently research our methods and programs to make the most of our resources and make choices that will most benefit the citizens.

In 2009, income tax revenue (excluding the Public Safety Levy income tax), our major source of revenue in the General Fund, came in at a ten year record low. This record low came in response to the global economy downturn. We, like most government agencies, responded with cuts in our expenditures while still delivering services that are important to the citizens. Unfortunately, the global economy also affected the State and their response was to cut revenue to local entities throughout the state (approximately \$2 million per year to the City of Middletown) beginning in 2011. In response to the economy and a downturn in housing, property valuations were lowered and property tax revenue also decreased significantly. These major cuts in revenue sent us back to the drawing board again. We have learned to become creative in some of our approaches, some programs are administered differently, and unfortunately some functions were cut. Again, we tried not to affect programs that would most benefit our citizens. While our local economy is beginning to stabilize, we have lost our ability to absorb revenue reductions.

For the past several years, we have implemented many cost saving measures, which include:

- Cut all discretionary travel & training expenditures
- Reduced contributions to local programs such as Middfest, Litter Control (Keep Middletown Beautiful), and Convention and Visitors Bureau
- Eliminated entire divisions (Parking Services, Social Health Center, Recreation, Refuse Collection, City Centre Mall)
- Enhanced delinquent income tax collection efforts
- Consolidated and reorganized departments to meet changing needs
- Increased fees (ambulance services, false alarms fees, park impact fees, etc.)
- Cut services and programs (leaf pick up, brush drop off, Christmas tree pickup, spring clean-up, day care, home health aides)
- Outsourcing EMS billing, utility payment lockboxes, and water bill printing to reduce costs and improve efficiencies
- Increased employee health insurance cost sharing
- Refinanced bonds with lowered interest rates

- Consolidated Police and Fire Dispatch
- Cut General Fund subsidies to other funds
- Reduced mowing of street right-of-ways
- Reduced fleet of vehicles

While our revenues have decreased over the past decade, our spending in certain areas has increased. Public Safety has increased close to 30% since 2000 while our spending in all other General Fund activities has decreased 29%. Income tax, driven primarily by income and wages, has only increased 8.8% since year 2000 and that is due mostly to the addition of the .25% Public Safety Levy income tax. Over the past couple of years, the fund balance has been used to make up the difference of expenditures exceeding the revenues. This was planned in hopes that the economy would recover and revenue sources would “catch up” to the expenditures. The General Fund balance was at a 25% balance and deficit spending would take the balance to 15%. This plan kept the City from laying off employees or cutting programs. Unfortunately, revenue sources still do not exceed the expenditures and the financial plan estimates that \$2.25 million reduction is needed in the General Fund over the next couple of years to maintain our target balance of 15%-25% (total of yearly expenditures).

The \$2.25 million projected budget cuts include a reduction of personnel along with a reduction in local programs. The total General Fund expenditures for 2014 have decreased 2.3% from the 2013 budget with further cuts planned in 2015.

Over the past couple of years, we have been partnering with the private sector as well as other governmental entities to further stretch our resources. Examples of this include:

- ✓ The Middletown Board of Education is leasing the fourth floor of the City building
- ✓ Consortiums for purchases such as vehicles, equipment, road salt, and other commodities
- ✓ Mutual aid for police and fire
- ✓ Joint training for fire, EMS, and other specialized areas
- ✓ Partnership with the City of Hamilton for building inspection services
- ✓ Public/private partnership for the construction of the Greentree Health Science Academy
- ✓ Joint Economic Development Districts
- ✓ Butler County Regional Transit Authority running daily Transit operations with expanded routes
- ✓ Countywide 800 MHz radio initiative
- ✓ Partnerships with schools and colleges
- ✓ Joint membership with Butler County Emergency Operations Center

Although our immediate economic situation is challenging, we are seeing investments occur in Middletown which gives us good news for the long term of our economy. There were approximately 320 new jobs in 2013 and we are estimating 120 new jobs in 2014. Approximately \$741 million has been invested in projects in the past five years. Staff is continuously working on other solutions to alleviate the financial conditions and to ensure that our management of resources is the best for community.

The unemployment rate has lowered from 2012 to 2013 indicating progress; however, we are still behind the state and national levels.

<b>UNEMPLOYMENT RATE (%)</b>			
	<u>Middletown</u>	<u>Ohio</u>	<u>U. S.</u>
<b>2012</b>	8.6%	6.7%	7.9%
<b>2013</b>	7.8%	7.2%	6.7%

## **Property Taxes/Local Income Taxes**

The two local revenues that support most of the City's non-business type operations are the property tax and the local income tax.

The City's property tax rate is 6.90 mils or \$6.90 per \$1,000 of taxable valuation. Real property is assessed at 35% of estimated true value. The assessed value of public utility personal property ranges from 25% to 88% for electric transmission and distribution property. General business tangible personal property tax has been phased out. The Senior Citizens Levy, with a one mil tax rate, is new for 2013. This levy will expire in five years. The majority of property tax revenues are used by the City's General Fund.

Assessed values and cash receipts for the past five years are as follows:

<u>Levy</u> <u>Year</u>	<u>Collection</u> <u>Year</u>	<u>Assessed</u> <u>Value</u>	<u>Property Tax</u> <u>Revenues</u> <u>(cash basis)</u>
2008	2009	\$884,684,180	\$ 4,662,367
2009	2010	\$846,008,420	\$ 4,576,408
2010	2011	\$844,276,100	\$ 4,921,754
2011	2012	\$713,306,190	\$ 4,859,511
2012	2013	\$709,019,160	\$ 4,284,190

The City levies a 1.75% local earnings tax on all persons employed in the City of Middletown. The .75% local earning tax includes a .25% Public Safety Levy which is used for public safety activities. All businesses operating in the City also pay a 1.75% on their earnings attributed to their Middletown facility.

Local income tax receipts for the past five years are:

<u>Local Income Tax Receipts</u> <u>(Cash Basis)</u>	
2009	\$18,720,213
2010	\$19,875,722
2011	\$20,295,858
2012	\$19,659,982
2013	\$19,949,274

## **FINANCIAL INFORMATION**

### **Accounting Controls**

The City's budgetary accounting system was designed to provide reasonable, but not absolute, assurances that the City's assets are protected against loss and unauthorized use or disposition; and reliable financial reports for preparing financial statements and providing accountability for assets are maintained.

The concept of reasonable assurance states that internal controls should be evaluated using the following criteria:

1. The expense associated with providing the internal controls should not exceed the benefits likely to be derived from their implementation; and
2. The evaluation of the offsetting costs and benefits involves estimates and judgment by the members of the Finance Department.

All internal control evaluations occur within this framework. It is the belief of the administrative and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

### **Cash Management**

Cash management is an integral component of the City's overall financial plan. The City attempts to earn a market rate of return consistent with providing the liquidity needed to pay obligations on a timely basis. The use of short-term investments allows the City to earn interest on all funds.

The City's investments comply with Section 135.14 of the Ohio Revised Code and the maximum maturity is limited to five years. Interest earnings are allocated to funds based on the requirements of the Ohio Constitutions, Codified City Ordinance 165.01, the City Charter and ordinances. As required by law, all deposits are covered by eligible collateral, while investment securities (treasuries and agency/instrumentality issues) are specifically permitted by the Ohio Revised Code and the City's investment policy.

Authorized investments are described in detail in Note 3 of the footnotes to the basic financial statements included with the financial section of this comprehensive annual financial report.

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the varying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, Municipal Corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority.

The primary objectives of the City's investment program, in order of priority, are as follows:

1. Safety – The safety of principal balances is the City's foremost objective and all investments are undertaken in a manner to insure the preservation of capital.
2. Liquidity – All investments should be sufficiently liquid to meet all operating requirements that can be reasonably anticipated. Since all possible cash demands cannot be anticipated, the investment portfolio should consist of securities with active resale markets.
3. Yield – Return on investment is of least importance compared to the safety and liquidity objectives described above. Investments are limited to low risk securities with the expectation of earning market value.

## **OTHER INFORMATION**

### **Independent Audit**

The State of Ohio requires an annual audit by either the Auditor of State or by an independent public accounting firm. Clark, Schaefer, Hackett & Co. performed the City's 2013 audit. The Independent Auditors' Report on the City's basic financial statements is included in the financial section of this Comprehensive Annual Financial Report.

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Middletown for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2012.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the content of which conforms to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for a certificate.

### **Acknowledgements**

The 2013 Comprehensive Annual Financial Report of the City of Middletown is the result of the combined efforts of the City's Finance Department, Hurst, Kelly & Company, and Clark, Schaefer, Hackett & Co., which was the City's auditor.

The support of the Middletown City Council was essential in the successful preparation and issuance of this report.

Respectfully submitted,

DEPARTMENT OF FINANCE

A handwritten signature in dark ink, appearing to read "Michelle Greis", is written in a cursive style.

Michelle Greis  
Finance Director



Government Finance Officers Association

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

Presented to

**City of Middletown  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2012**



Executive Director/CEO

# **CITY OF MIDDLETOWN, OHIO**

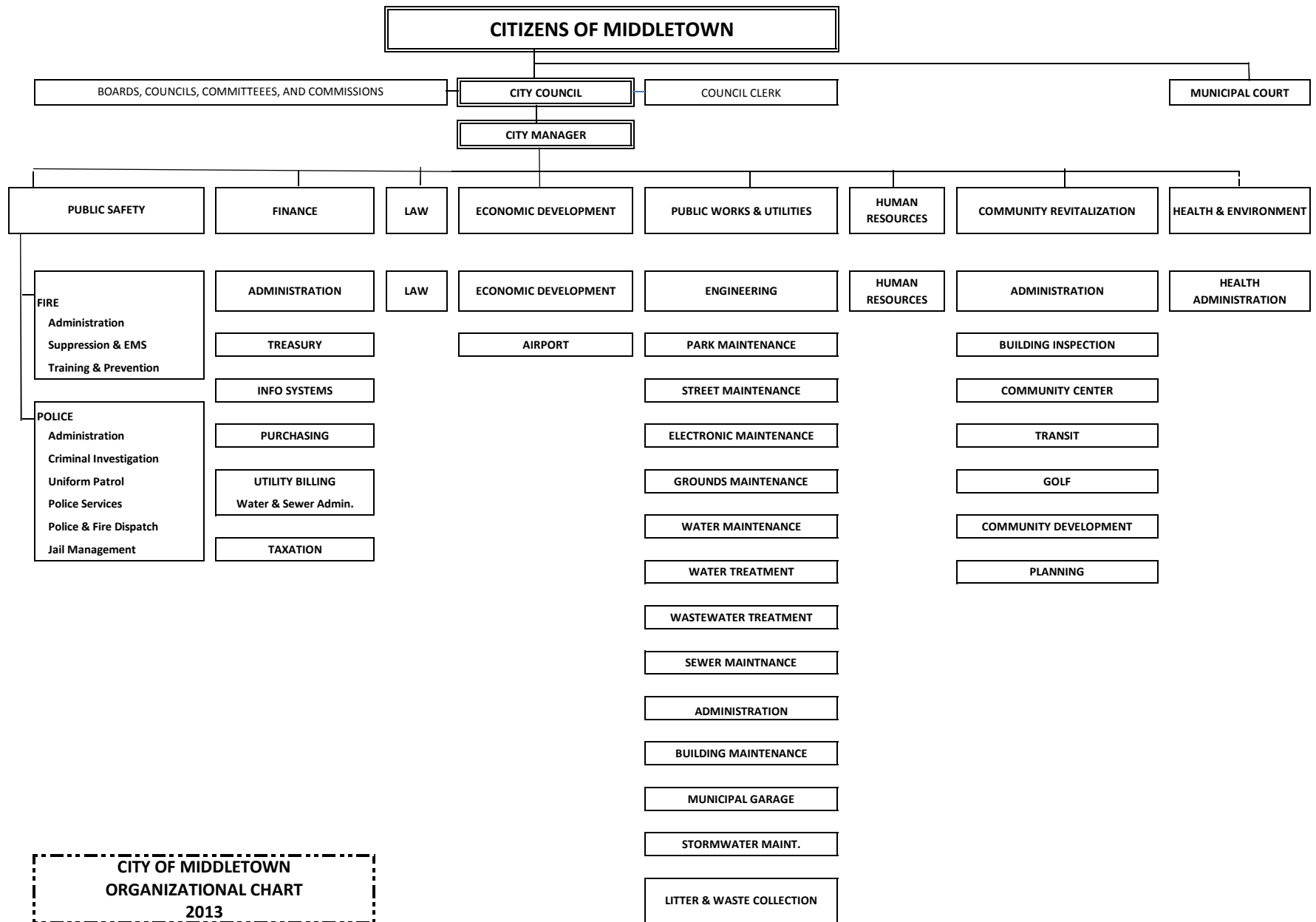
## **Principal Officials January 1, 2014**

### **Legislative**

**Mayor.....Lawrence P. Mulligan, Jr.**  
**Council Member..... Anita Scott Jones**  
**Council Member.....Dora D. Bronston**  
**Vice-Mayor .....Joseph Mulligan**  
**Council Member.....Daniel J. Picard**

### **Executive/Administrative**

**City Manager..... Judith Gilleland**  
**Chief of Police.....David VanArsdale**  
**Community Revitalization Director ..... Douglas D. Adkins**  
**Director of Court Services..... Steven P. Longworth**  
**Economic Development Director ..... Denise S. Hamet**  
**Finance Director .....Michelle E. Greis**  
**Fire Chief ..... Steven M. Botts**  
**Health Commissioner ..... Jacquelyn D. Phillips**  
**Law Director..... Leslie S. Landen**  
**Planning Director..... Martin D. Kohler**  
**Public Works & Utilities Director .....Scott D. Tadych**



## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

To City Council  
City of Middletown, Ohio:

### Report on the Financial Statements

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

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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## ***Opinions***

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

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 Information***

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

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2014 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 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 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.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
June 27, 2014

**CITY OF MIDDLETOWN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

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This discussion and analysis provides key information from management highlighting the overall financial performance of the City of Middletown for the year ended December 31, 2013. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the transmittal letter on page i, and the City's financial statements, which begin on page 20.

## **I. USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT**

This annual report consists of a series of financial statements.

### The Basic Financial Statements

- Financial Statements for the City as Whole. The Statement of Net Position and the Statement of Activities (pages 20 and 21) provide information about the activities of the City as a whole and present a longer-term view of the City's finances.
- Individual Fund Financial Statements. Fund financial statements also reflect the City's operations in more detail than the government-wide financial statements by providing information about the City's major funds. For governmental funds, these statements tell how these services were financed in the short-term as well as what remains for future spending. These statements begin on page 22.
- Fiduciary Financial Statements. The fiduciary statements (page 36) provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the government.
- Notes to the Basic Financial Statements. The Notes provide helpful information explaining the City's significant accounting procedures and providing greater detail regarding financial statement components (pages 37 to 69).

### Required Supplementary Information

- Schedules of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis. Schedules (pages 70 to 74) are presented for the General Fund and the major special revenue funds that compare actual results to the original and final budgets for those funds.

### New Reporting Measures

Deferred outflows of resources and deferred inflows of resources are new to the report beginning in 2013 due to the GASB Statement 65. The following definitions will help distinguish what the new reporting elements are and the relationship to others:

- Assets are resources with present service capacity that the government controls.
- Liabilities are present obligations to sacrifice resources with little or no discretion to avoid.
- Deferred outflows of resources is a consumption of net position by the government that is applicable to a future reporting period. It has a natural debit balance and, therefore, increases net position similar to assets.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

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- Deferred inflows of resources is an acquisition of net position by the government that is applicable to a future reporting period. It has a natural credit balance and, therefore, decreases net position similar to liabilities.
- Net position is the residual of all elements presented in a financial position statement. The required reporting format is: *Assets + deferred outflows - liabilities - deferred inflows = net position*.

#### **A. Reporting the City as a Whole**

##### Government-wide statements

The analysis of the City as a whole begins on page 7. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities and deferred outflows/inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the City's *net position* and changes in this position. The City's net position – the difference between assets and liabilities and deferred outflows/inflows - are one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net position are only one indicator of its *financial health*. One should consider other, such as changes in the City's property tax base and the City's overall employment base, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities are activities that are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. City service departments reported in governmental activities include the Police and Fire Divisions, the Municipal Court, the Public Works Department, the Planning Department, general government support departments and the City Health Department.
- Business-type activities are activities that are financed by fees or charges for services. The City of Middletown provides water, sewer, storm water, and refuse services to its customers and charges fees to cover the costs of these operations. Other city business-type activities which are financed with fees are the Hook Field/Middletown Regional Airport, the Middletown transit system, and Weatherwax golf course.

#### **B. Reporting the City's Most Significant Funds**

##### Fund financial statements

The City accounts for its activities using many individual funds. The most significant funds are reported in separate columns in the fund financial statements that begin on page 22. These statements provide detailed information about the individual major funds – unlike the government-wide financial statements, which report on the City as a whole. Some funds are required to be established by State Law. However, the City Council establishes many other funds to help control and manage money for particular purposes,

**CITY OF MIDDLETOWN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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like water, storm water, sewer, and solid waste activities. City Council may also establish separate funds to show that it is meeting legal responsibilities for using certain taxes, grants, or other money, such as grants and contributions received for community and economic development activities. The City's two kinds of funds –*governmental and proprietary* - use different accounting methods.

- **Governmental funds** - Most of the City's basic services are reported in governmental funds. The fund statements present how cash flows into and out of those funds, and show the balances remaining at year-end that are available for future spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. *Information in governmental fund statements helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.* The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. The government-wide financials, as previously described, present the government funds on the whole using the full accrual accounting basis. The differences between governmental activities as reported in the government-wide financial statements and as reported in the fund statements are presented in a reconciliation attached to the fund financial statements.
- **Proprietary funds** – There are two types of proprietary funds, enterprise funds and internal service funds. Proprietary funds are reported using the full accrual accounting basis. When the City charges customers for the services it provides with the intention that the charges will fully cover the cost of the services, these activities are reported in enterprise funds. Enterprise funds are generally reported in the same way that all activities are reported in the government-wide Statement of Net Position and Statement of Activities. In fact, the City's enterprise funds are the same funds as we report in the combined business-type activities column in the government-wide statements. The individual fund statements for enterprise funds provide more detail and additional information, such as cash flows. Internal service funds are used to report activities within the government that are centralized for efficiency in separate funds in order to provide supplies and services to the other City programs and activities. The City has two separate funds: the Municipal Garage Fund and the Employee Benefits Fund. These internal service funds are combined and shown in a separate column in the proprietary funds statements. In the government-wide financials, their activities are consolidated into the governmental and business-type activities.

### **C. The City as Fiscal Agent**

#### Reporting the City's Fiduciary Responsibilities

The City is responsible in a fiduciary capacity for other assets that can only be used for designated beneficiaries. The financial statements for these funds are reported beginning on page 36. During 2013, the City had three agency funds. The Payroll Clearing fund accounts for the employee payroll withholdings due to other agencies and private businesses. The Municipal Court fund accounts for the activities of the Municipal Court collections which are due to other agencies and to certain individuals. The Joint Economic Development District I records and accounts for the collection and disbursement of income tax revenue with Liberty Township and the City of Mason. The City acts as the collection agent for these separate activities. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations.

**CITY OF MIDDLETOWN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

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**II. THE CITY AS A WHOLE**

**A. Net position at year-end**

The following table presents a condensed summary of the City's overall financial position at December 31, 2013 and 2012 (in thousands). In 2013, GASB 65 was adopted.

**Table 1**  
**Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b><u>2013</u></b>	<b><u>2012 Restated</u></b>	<b><u>2013</u></b>	<b><u>2012 Restated</u></b>	<b><u>2013</u></b>	<b><u>2012 Restated</u></b>
Current and other assets	\$ 49,252	54,834	18,352	19,040	67,604	73,874
Capital assets	<u>86,135</u>	<u>88,252</u>	<u>68,781</u>	<u>68,596</u>	<u>154,916</u>	<u>156,848</u>
Total assets	135,387	143,086	87,133	87,636	222,520	230,722
Deferred outflows of resources	390	352	78	100	468	452
Non current liabilities	36,627	35,975	13,107	12,476	49,734	48,451
Other liabilities	<u>3,885</u>	<u>6,452</u>	<u>1,956</u>	<u>4,194</u>	<u>5,841</u>	<u>10,646</u>
Total liabilities	40,512	42,427	15,063	16,670	55,575	59,097
Deferred inflows of resources	4,667	5,148			4,667	5,148
Net position						
Net investment in capital assets	57,244	57,426	56,230	54,141	113,474	111,567
Restricted	22,026	25,540	-	-	22,026	25,540
Unrestricted	<u>11,328</u>	<u>12,897</u>	<u>15,918</u>	<u>16,925</u>	<u>27,246</u>	<u>29,822</u>
Total net position	90,598	95,863	72,148	71,066	162,746	166,929
Beginning net position	95,863	97,800	71,066	67,869	166,929	165,669
Net increase (decrease)	<u>(5,265)</u>	<u>(1,937)</u>	<u>1,082</u>	<u>3,197</u>	<u>(4,183)</u>	<u>1,260</u>
Ending net position	\$ <u>90,598</u>	<u>95,863</u>	<u>72,148</u>	<u>71,066</u>	<u>162,746</u>	<u>166,929</u>

Governmental activities net position decreased by \$5,265 in 2013, \$1,937 in 2012, and \$4,764 in 2011. The economy played a major role for these decreases in net position. The State of Ohio announced its reduction of intergovernmental revenues, including the elimination of Estate Taxes, to local governments during the second quarter of 2011 to help alleviate the State's budget difficulties which continued in 2013. During this economic shortfall, the City used cash balances for operating expenses. During 2012 and 2013, the City took measures to cut expenditures with decreased services and layoffs of staff in anticipation of these shortfalls. Total liabilities decreased by \$1,915 in 2013 from 2012 as accounts payable and accrued wages and benefits decreased with the corresponding reduction of expenditures and decreased services and layoffs. Deferred inflows of resources decreased by \$481 in 2013.

Business type activities total net position grew by \$1,082 in 2013 compared to an increase of \$3,197 in 2012 and \$2,615 in 2011. Other liabilities decreased in 2013 by \$2,238 while non-current liabilities increased by \$631. The bond for financing the landfill site (Solid Waste Fund) was paid off in 2013.

**CITY OF MIDDLETOWN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

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**B. Governmental and Business-type Activities during 2013**

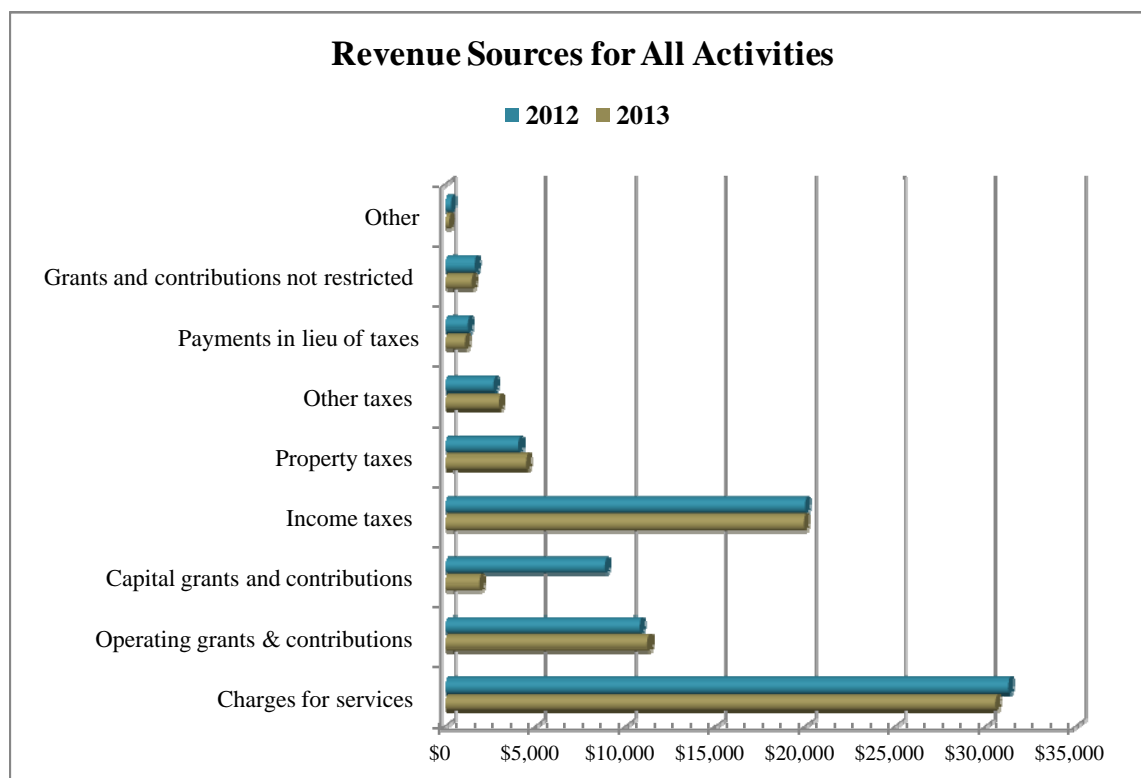
The following Table 2 (in thousands) presents a condensed summary of the City's activities during 2013 and 2012 and the resulting changes in net position.

**Table 2**  
**Statement of Activities**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2013	2012	2013	2012	2013	2012
Revenues						
<u>Program revenues:</u>						
Charges for services	\$ 9,285	9,010	21,861	22,161	31,146	31,171
Operating grants & contributions	9,843	9,386	1,404	1,437	11,247	10,823
Capital grants and contributions	<u>1,753</u>	<u>8,524</u>	<u>163</u>	<u>355</u>	<u>1,916</u>	<u>8,879</u>
Total program revenues	20,881	26,920	23,428	23,953	44,309	50,873
<u>General revenues:</u>						
Income taxes	19,811	19,828	138	190	19,949	20,018
Property taxes	4,468	4,081	0	0	4,468	4,081
Other taxes	2,972	2,657	0	0	2,972	2,657
Payments in lieu of taxes	1,079	1,245	0	0	1,079	1,245
Grants and contributions not restricted	1,466	1,649	0	0	1,466	1,649
Investment earnings	41	(79)	18	123	59	44
Other	<u>46</u>	<u>234</u>	<u>136</u>	<u>69</u>	<u>182</u>	<u>303</u>
Total general revenues	<u>29,883</u>	<u>29,615</u>	<u>292</u>	<u>382</u>	<u>30,175</u>	<u>29,997</u>
Total revenues	50,764	56,535	23,720	24,335	74,484	80,870
Expenses						
Public safety	24,164	24,639	0	0	24,164	24,639
Public health	367	983	0	0	367	983
Leisure activities	1,069	1,210	0	0	1,069	1,210
Community environment	16,561	14,555	0	0	16,561	14,555
Highways and streets	7,662	9,558	0	0	7,662	9,558
General government	5,142	6,230	0	0	5,142	6,230
Interest on long-term debt	1,229	1,361	0	0	1,229	1,361
Water	0	0	7,184	6,555	7,184	6,555
Sewer	0	0	7,688	7,196	7,688	7,196
Transit	0	0	1,559	1,538	1,559	1,538
Golf Course	0	0	1,540	1,487	1,540	1,487
Solid Waste	0	0	2,827	2,686	2,827	2,686
Storm Water	0	0	1,303	1,152	1,303	1,152
Airport	<u>0</u>	<u>0</u>	<u>372</u>	<u>460</u>	<u>372</u>	<u>460</u>
Total expenses	<u>56,194</u>	<u>58,536</u>	<u>22,473</u>	<u>21,074</u>	<u>78,667</u>	<u>79,610</u>
Increase/(decrease) in net position before transfers	(5,430)	(2,001)	1,247	3,261	(4,183)	1,260
Transfers	165	64	(165)	(64)	0	0
Increase/(decrease) in net position	(5,265)	(1,937)	1,082	3,197	(4,183)	1,260
Beginning net position, restated	<u>95,863</u>	<u>97,800</u>	<u>71,066</u>	<u>67,869</u>	<u>166,929</u>	<u>165,669</u>
Ending net position	\$ <u>90,598</u>	<u>95,863</u>	<u>72,148</u>	<u>71,066</u>	<u>162,746</u>	<u>166,929</u>

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Capital grants and contributions for governmental activities accounted for \$8.5 million in 2012 and \$1.8 million in 2013. Capital grants fluctuate each year according to projects and programs. In 2012, \$4.2 million of streets was donated by developers in the east end area.

Operating grants increased \$457 for governmental activities as additional public safety grants were received in 2013 compared to 2012.

Unrestricted grants and contributions decreased \$183 in 2013 compared to a decrease of \$1,356 in 2012. These decreases are related to further reductions in funding from the state: the commercial activities tax, local government fund distributions, estate tax receipts and property homestead and rollback amounts.

Property taxes have been declining steadily from \$4.9 million in 2008 to \$4.5 million in 2013. Although 2013 shows an increase of \$387 for property taxes, approximately \$615 is for the Senior Services Fund which was implemented in 2013 with passage of the Senior Citizens Levy.

Income tax receipts for 2013 were flat compared to 2012 receipts. The recession has had a significant impact on income tax revenue. In 2009, tax receipts were at all-time low over a ten year period.

Payments in lieu of taxes have decreased \$166 in 2013. This is due to increased delinquencies in the Warren County districts. The tax increment payments are used to pay debt for improvements in designated areas.

**CITY OF MIDDLETOWN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
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Expenses decreased approximately 4.0% in 2013 and 1.9% in 2012. Public health expenses decreased \$616, general government decreased \$1,088, and highways and streets decreased \$1,896. The decrease in public health expenses is due to cuts in grant programs. Overall cost cutting and the positive performance of the internal service funds were major factors for the reduction of general government expense. The decrease in highways and streets is due to decreased capital grants. The only increase in expenses was for community environment activities. The Moving Ohio Forward Grant demolition program was the largest contributing factor for this increase.

Total revenues for business type activities decreased \$616 in 2013 compared in an increase of \$882 in 2012. The largest share of this decrease is due to less program revenues for a total of \$525. The largest contributor for this decrease is due to decreased water and sewer usage, thus decreased utility revenue (charges for services) of \$300.

In 2013, expenses in business type activities increased by \$1,399 due to ongoing water and sewer projects and overall system maintenance.

### **1) Governmental activities during 2013**

Table 3 presents the total cost of each of the government's primary services and the net cost after deducting the revenues generated by these services. The City recouped about 37% for the cost of services with program revenues in 2013. In 2012, 46% was recouped. Capital grants for highways and streets decreased by \$6,771 in 2013.

**Table 3  
Governmental Activities**

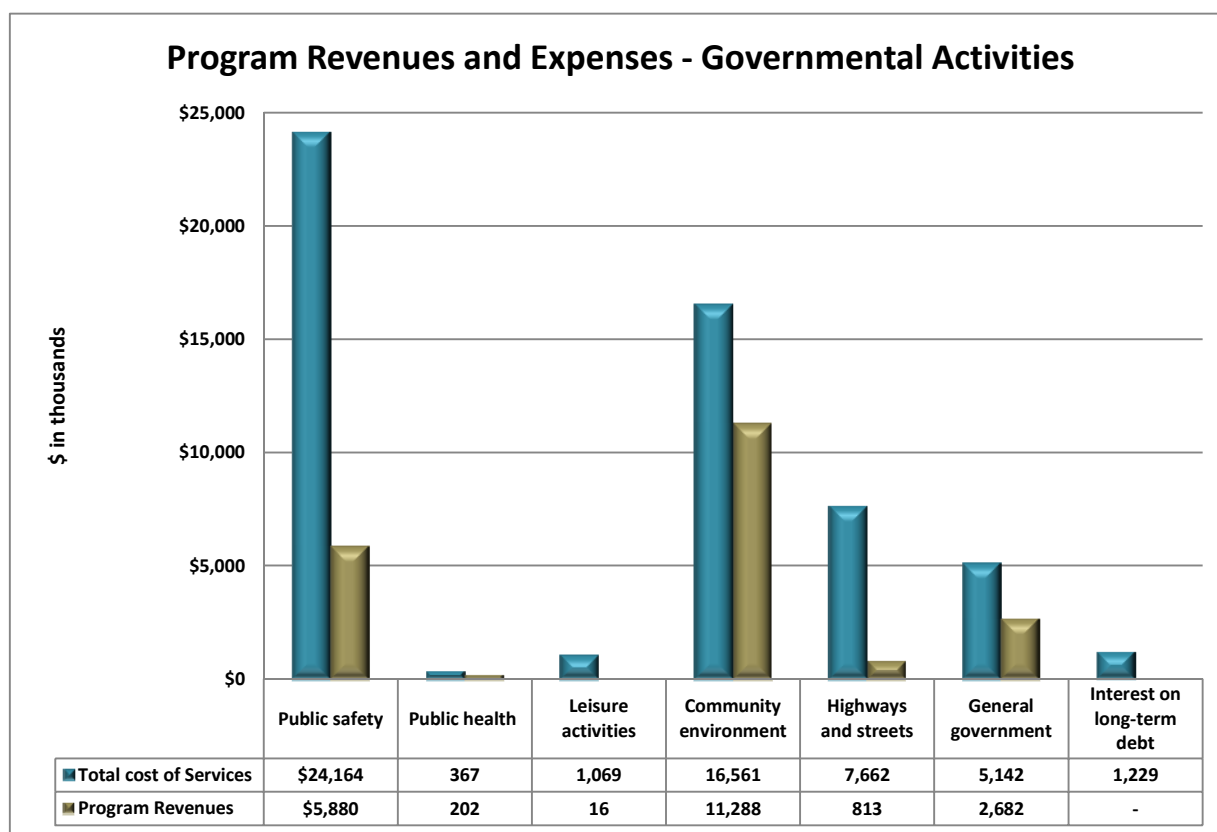
	<u><b>Total cost of Services</b></u>	<u><b>Program Revenues</b></u>	<u><b>Revenues as a % of Total Costs</b></u>	<u><b>Net Cost of Services</b></u>
Public safety	\$ 24,164	\$ 5,880	24%	\$ 18,284
Public health	367	202	55%	165
Leisure activities	1,069	16	1%	1,053
Community environment	16,561	11,288	68%	5,273
Highways and streets	7,662	813	11%	6,849
General government	5,142	2,682	52%	2,460
Interest on long-term debt	1,229	-	0%	1,229
Total	<u>\$ 56,194</u>	<u>\$ 20,881</u>	<u>37%</u>	<u>\$ 35,313</u>

Public safety, the City's most expensive program, covered about 24% of its costs with program revenues which included grants to fund six firefighters and four patrol officers. This is slightly above the 22% for 2012. Local income tax receipts and other general revenues were used to fund the remaining costs of this service.

Public health funding covered 55% of their activities in 2013 and 42% of their activities in 2012. In 2012, most grant programs were cut out due to the reduction in personnel.

Community Environment, which relies heavily upon federal and state grants, covered 68% of its activities in 2013 and 79% of its costs with program revenues in 2012. Community environment includes the Housing Assistance, Community Development, Neighborhood Stabilization Program, and Home Funds.

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Revenues as a percentage of costs for leisure activities dropped from 16% in 2009 to 0% in 2010 and then up to 5% in 2011 and back to less than 1% in 2012 and 2013. This activity fluctuates due to grants for the bike path that has been underway since 2009.

Highways and streets activities for 2013 was funded with program revenues totaling 11% in 2013. Highways and streets expense decreased in 2013 as roadway maintenance decreased. In 2012, grants and developer contributions (\$4.2 million) supplied 72% of the program revenues which included streets for the Sawyer Mill, and Renaissance 2 subdivisions.

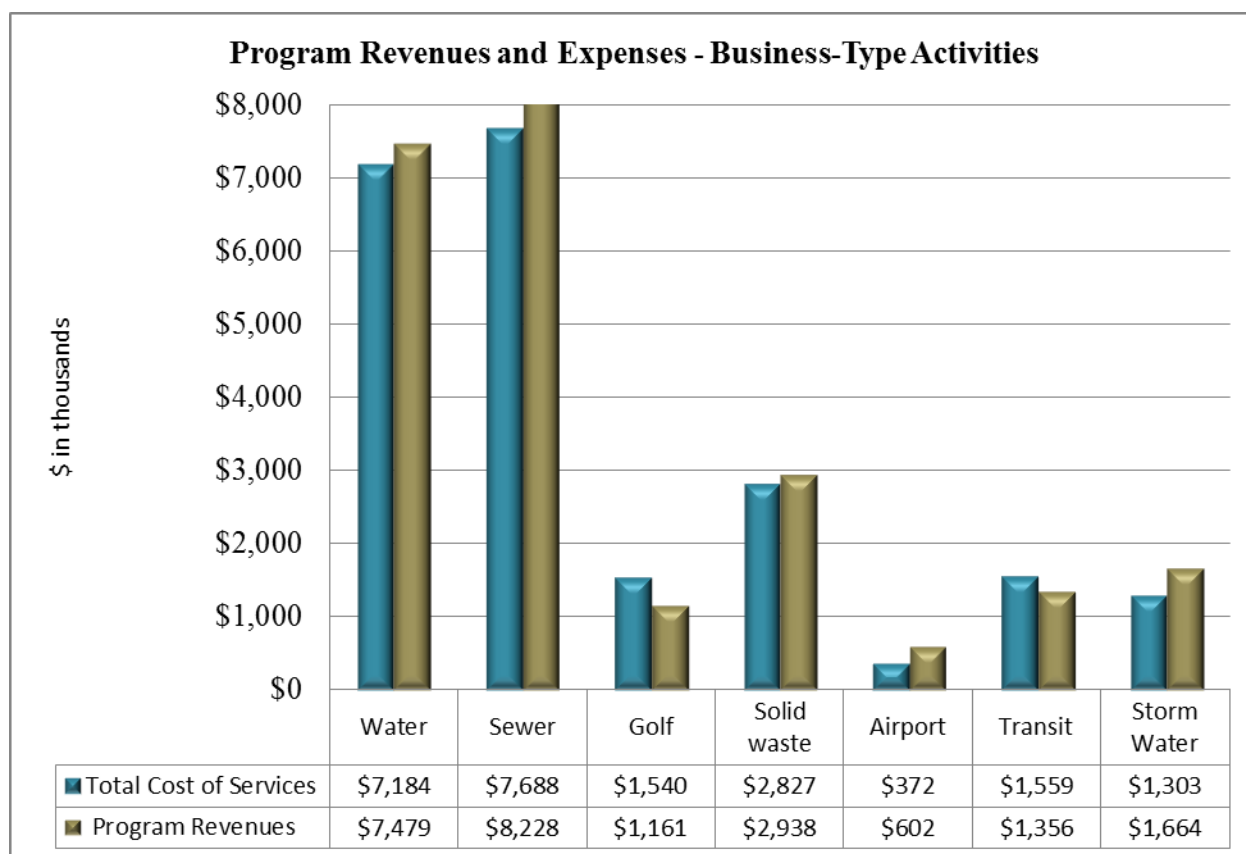
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**2) Business-type activities during 2013**

The following table (in thousands) summarizes the business-type activities during 2013:

**Table 4  
Business-type Activities**

	<u>Total Cost of Services</u>	<u>Program Revenues</u>	<u>Revenues as % of Total Costs</u>	<u>Net Revenue from Operations</u>
Water	\$7,184	\$7,479	104%	\$295
Sewer	\$7,688	\$8,228	107%	\$540
Golf	\$1,540	\$1,161	75%	(\$379)
Solid waste	\$2,827	\$2,938	104%	\$111
Airport	\$372	\$602	162%	\$230
Transit	\$1,559	\$1,356	87%	(\$203)
Storm Water	\$1,303	\$1,664	128%	\$361
Total	<u>\$22,473</u>	<u>\$23,428</u>	<u>104%</u>	<u>\$955</u>



The City attempts to break even on its business-type activities. All activities except Golf and Transit had operating surpluses in 2013. This was also true for 2012. The surpluses are used to accumulate earnings for future capital investments and debt payments. The Golf Fund covers the cost of the daily operations

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but due to the debt service for past renovations, the revenues do not meet the total cost of services. The transit and airport funds rely upon grants and taxes to supplement their services.

### III. THE CITY'S INDIVIDUAL FUNDS

#### A. Governmental funds

The financial statements for the City's governmental funds, using the modified accrual basis of accounting, are presented beginning on page 22. The City has fifty-one governmental funds, four of which are considered major funds. Assets of those four funds comprise approximately 67.4% of the total governmental funds' assets of \$47,638. The following table (in thousands) summarizes the activities of these four major funds.

**Table 5  
Financial Highlights  
Major Governmental Funds**

	<u>General Fund</u>	<u>Housing Assistance</u>	<u>Special Assessment Debt Service</u>	<u>Capital Improvements</u>
Total assets \$	18,390	9,575	2,898	1,042
Total liabilities	2,014	68	-	192
Deferred inflow of resources	6,571	8,177	2,708	783
Fund balance	9,805	1,329	190	67
Unassigned fund balance \$	5,909	-	-	-
Revenues \$	26,038	8,742	348	1,509
Expenditures	26,338	9,230	367	2,422
Other financing sources/uses	(919)	-	-	-
Net change in fund balance \$	(1,219)	(488)	(19)	(913)

**General Fund.** The fund balance at the end of 2013 was \$9,805 and 2012 was \$11,024. The fund balance has been decreasing since 2010. The unassigned fund balance is used to help cover planned expenditures during economic downturns. The General Fund's negative net change in fund balance of \$1,219 is primarily due to the one-time allocation of funds towards the City's nuisance abatement program.

**Housing Assistance Fund.** This fund records the activities of the City's Section 8 Program and is funded entirely by a federal grant from the Department of Housing and Urban Development. This program was reduced in 2013 and is planned to be reduced by 20% in 2014.

**Special Assessment Debt Service Fund.** The Special Assessment Debt Service fund receives special assessment payments from Middletown property owners and passes the payments along to the owner of the City's special assessment bonds.

**Capital Improvement Fund.** This fund typically relies heavily upon grants for capital improvement projects, however in 2013, this fund used income taxes to pave local streets. In 2013, the Capital

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Improvements Fund received grants from state agencies for street improvements and the bike path. The ending fund balance is restricted for continuing and future improvement projects.

**B. Proprietary funds**

**1) Enterprise funds**

The following table (in thousands) provides financial highlights of the City's major enterprise funds. This information does not include the consolidation of internal service fund activity.

**Table 6**  
**Financial Highlights**  
**Enterprise Funds**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Golf Fund</u>	<u>Solid Waste Fund</u>
Total assets	\$ 29,307	38,867	4,881	865
Total deferred outflows of resources	67	-	10	-
Total liabilities	<u>3,993</u>	<u>8,093</u>	<u>3,211</u>	<u>218</u>
Total net position	<u>25,381</u>	<u>30,774</u>	<u>1,680</u>	<u>647</u>
Unrestricted net position	<u>5,574</u>	<u>7,196</u>	<u>(1,994)</u>	<u>222</u>
Operating revenues	7,421	8,228	1,242	2,949
Operating expenses	(7,302)	(7,369)	(1,496)	(2,818)
Net non-operating revenues (expenses)	(8)	(319)	(44)	(9)
Net contributions and transfers	<u>(33)</u>	<u>(33)</u>	<u>-</u>	<u>-</u>
Net change in net position	\$ <u>78</u>	<u>507</u>	<u>(298)</u>	<u>122</u>

**Water Fund.** Water Fund rates are set to cover the fund's operating cost and to accumulate cash resources for future capital expenditures. The change in net position is \$78 for 2013 while the change in 2012 was \$1,746. The largest factor for this decrease is due to less operating grants for wellfield area projects. In 2012, the operating grants were \$615 and in 2013, the operating grants total \$95.

**Sewer Fund.** The Sewer Fund ended 2012 with a positive change in net position of \$1,092 and \$507 in 2013. The lower net change in net position for 2013 was caused by decreased operating revenues (decreased by \$29) and increased operating expenses (increased by \$516) due to additional sewer maintenance performed in 2013. The balance in the fund is to be used for large capital projects and infrastructure improvements.

**Golf Fund.** The City Golf Fund lost \$298 in 2013 and \$318 in 2012. This fund owes the City's General Fund \$2,009 at the end of 2013 for a working capital loan.

**CITY OF MIDDLETOWN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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**Solid Waste Fund.** The Solid Waste Fund charges to Middletown customers are set to cover the cost of the refuse contract with a private hauler and the annual debt service of \$250 for a landfill closure bond. These bonds were retired in 2013.

**2) Internal service funds**

Net position in the City's two internal service funds, are shown collectively on page 31.

The City's Employee Benefits Fund ended the year with a net position of \$672 compared to a deficit of (\$295) in 2012 (page 159). The rising cost of health insurance puts a burden on the City's budget; however, the City has increased efforts to reduce costs with the help of an employee/management sponsored health care committee. Increased employees' share of future budgets will allow for planned annual cost increases. This fund maintains a required reserve for payments of claims for the time period of sixty to ninety days.

The Municipal Garage Fund ended the year with net position of \$7,184 in 2013, compared to \$6,955 in 2012. Funds are being set aside for future vehicle purchases according to a multi-year plan developed by the Municipal Garage fleet manager. The Municipal Garage Fund cash balance at the end of 2013 was \$3,831 which is 45.9% over the 2012 balance (page 158).

**IV. BUDGETED ACTIVITY AND ACTUAL RESULTS**

The schedules comparing the City's original and final General Fund budget to actual includes both revenue and expenditures begin on page 70. The General Fund's original appropriation of \$27,419 was amended to \$27,494 with supplemental appropriations. The General Fund's actual expenditures on a budget basis were \$25,946.

Original 2013 appropriations were increased during the year by \$5,951 for all funds. The majority of these supplemental appropriations were for expenditures as follows:

- Transfer loan to other funds (\$835)
- Transfer to Nuisance Abatement Fund for demolitions (\$820)
- Establishment of new funds (\$1,836)
- Development agreements (\$722)
- Purchase of property (\$100)
- Demolition and remediation projects (\$919)
- Equipment purchases (\$397)

**V. CAPITAL ASSET AND DEBT ADMINISTRATION**

**A. Capital assets**

Capital assets are divided into two categories – depreciable and non-depreciable. Land and construction-in-progress are the only non-depreciable assets recorded for the City of Middletown. Construction-in-progress will be categorized with depreciable assets once the improvement project is completed with the exception of land. Depreciable assets include machinery, equipment, buildings, infrastructure or any

**CITY OF MIDDLETOWN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

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other item that can be depreciated or value reduced over a period of time. Depreciation takes into account that assets will eventually become obsolete, worn out and/or of little value over a period of time.

**Table 7**  
**Capital Assets at Year-End**  
**(Net of Depreciation)**

		<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Land	\$	13,175	7,247	20,422
Land improvements		396	392	788
Buildings		13,323	14,229	27,552
Equipment		6,556	3,913	10,469
Infrastructure		50,039	38,402	88,441
Construction in Progress		2,646	4,598	7,244
Total	\$	<u>86,135</u>	<u>68,781</u>	<u>154,916</u>

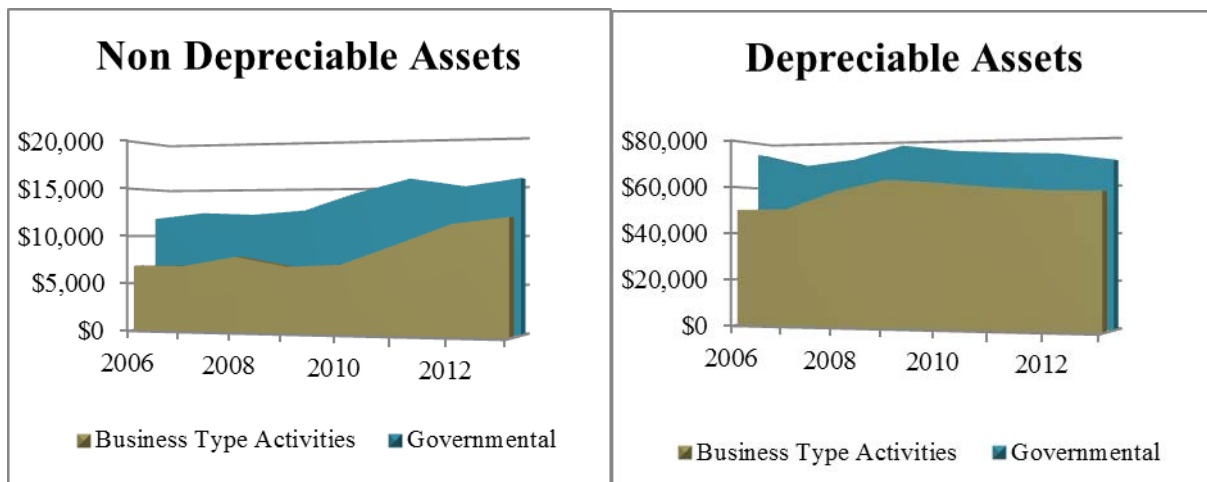
The City had approximately \$154,916 in capital assets at year end of 2013. Years 2012 and 2011 had approximately \$156,849 and \$157,816.

- 1) Governmental activities non-depreciable assets:
  - a. Land – Total of capital assets at year end was \$13,175, an increase of \$20 over 2012 due to the purchase of a lot downtown. This purchase will increase parking availability for students who attend Cincinnati State Technical and Community College.
  - b. Construction in progress – total for 2013 is \$2,646. The majority of this is reported in the Capital Improvement Fund (\$2,415) for various street projects. The largest projects for this fund is the Oxford State Road design and the Towne Boulevard right-of-way acquisitions. The East End Fund has \$231 designated for change orders for the Greentree Health Science Academy.
- 2) Governmental activities for depreciable assets:
  - a. Buildings - In 2013, the Municipal Court renovation and security upgrades (formerly construction in progress) was completed for the sum of \$782 and elevator upgrades was completed for the City Building totaling \$91.
  - b. Equipment – the Municipal Garage purchased the majority of the equipment in 2013 including thirty pieces of equipment and vehicles totaling \$1,802. The largest purchases included two fire trucks (\$769) and a street sweeper (\$213).
  - c. Infrastructure – an additional \$2,478 was added for streets and related projects. The largest contributors are paving (\$1,190) of various streets, (\$814) for Lefferson Road widening and construction, and Main Street improvements (\$347).
- 3) Business-type activities non-depreciable assets:
  - a. Land – no change.
  - b. Construction in progress – \$4,598 is reported for 2013 compared to \$3,945 for 2012.

**CITY OF MIDDLETOWN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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- Water Fund has \$1,906 for six ongoing projects – (\$1,444) two abatement and remediation projects near the wellfield, (\$5) abandonment and installation of two wells, and water improvement projects on (\$425) Yankee Road and (\$32) Oxford State Road.
  - Storm Water Fund has \$1,465 for Yankee Road and Towne Boulevard storm water improvement projects.
  - Sewer Fund has \$1,181 for the Wastewater Treatment Plant equipment and the north interceptor rehabilitation project.
  - Airport Fund has \$46 for runway repairs.
- 4) Business type activities depreciable assets:
- a. Buildings – a pole barn for storage at the Water Treatment Plant for a cost of \$16 was added.
  - b. Equipment – \$638 was added for the following:
    - \$572 in the Golf Fund for lease of 125 golf carts (\$548), purchase of mower (\$6), and irrigation system repairs (\$18).
    - \$25 in the Sewer Fund for a security gate at the Wastewater Treatment Plant Facility.
    - \$41 in the Water Fund for the purchase of water meters.
  - c. Infrastructure – total of \$2,527 was added in 2013. These additions are:
    - \$1,079 in the Water Fund including improvements on Thorn Hill and Locust Lane (\$666), Lefferson Road (\$382), fire hydrants (\$17), and various other places in conjunction with the 2013 paving program (\$14).
    - \$1,008 in the Storm Water Fund for storm water related improvements on Lefferson Road (\$331), Thorne Hill and Locust Lane (\$286), Hook Drive storm force main (\$223), Main Street (\$19), and at various locations in conjunction with the 2013 paving program (\$149).
    - \$428 in the Sewer Fund for improvements on Oxford State Road (\$108) and Lefferson Road (\$320)
    - \$12 in the Solid Waste Fund for construction of an impound lot on the former landfill site.



**CITY OF MIDDLETOWN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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Capital asset activity for the year is presented in Note 7 on pages 51 and 52.

**B. Debt**

A general obligation bond was issued for \$5,845,000 to refund a previously issued bond with a par value of \$2,525,000 and advance refund a previously issued bond with an outstanding par value of \$3,300,000.

Long term obligations are presented on pages 55 through 59 in Note 10.

**VI. ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Combined with the State cuts that started in 2011, the property tax valuation decreases seen in 2012 and 2013, and the property tax delinquencies, the City has been forced to make more budget reductions in 2014. Personnel cuts were unavoidable for the 2014 budget. Personnel costs are the largest expense category in the General Fund which is the City's largest fund. A total of 20 positions were cut from the 2014 budget.

We, like many local governments, have been busy dealing with an array of issues including, but not limited to, a struggling national, state and local economy, balancing budgets, and meeting both financial and operational responsibilities. We are working through our financial challenges and making adjustments to operate within our guidelines. One important guideline is to keep the General Fund reserve levels above 15%. This budget supports these priorities as well as the Action Plan and the core services our citizens expect. We believe that this budget contains a well-rounded emulsion of city services for our residents and businesses.

We have a budget with an established reserve fund and prioritize our expenditures with contingency plans for the operating budgets. Staff, Council members, and financial consultants review our financial reports regularly. The Financial Plan establishes multi-year budgets that consider the affordability of our programs and projects before they are part of the annual budget. Staff is continually searching for new ways to do business in a cost effective manner.

In late 2013 we sought proposals for the sale of the golf course and its assets. City staff and Council reviewed the proposals and decided to move forward with the sale. We signed a lease agreement with the new owner in April 2014 for him to operate the course until the sale is final. We anticipate the sale price will pay off the outstanding debt on the course.

The City was downgraded from an Aa2 to an Aa3 by Moody's in the summer of 2013. Bond ratings are used by investors to determine risk and credit worthiness of potential investments. We estimate that the downgrade will cause the City to pay 5 basis points in additional interest on a bond issue.

Significant statistics for the 2014 budget include:

- 0% cost of living adjustment for non-organized.
- 0% cost of living adjustment for union groups up for renewal.
- Remaining unions as approved by council in collective bargaining agreements.
- Tax Increment Financing Funds will generate \$500,000 in debt payments relieving the General Fund for these payments.
- Income tax revenue is projected to increase 1.5% in 2014.

**CITY OF MIDDLETOWN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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- Four patrol officers supported by grants thru December 2014.
- Six firefighters supported by grants thru September 2014.
- Reduction of 5 non-public safety employees
- Reduction of 15 firefighters in the last quarter of 2014
- Three vacant positions in police will not be filled in 2014.

**VII. REQUESTS FOR ADDITIONAL INFORMATION**

This financial report is issued to provide Middletown's residents, Middletown businesses, investors and creditors with a general overview of the City's finances. The report shows where the money, which the City receives, goes. Please contact the City Finance Department at One Donham Plaza, Middletown, Ohio 45042 for additional information.



Michelle Greis  
Finance Director

**CITY OF MIDDLETOWN, OHIO  
STATEMENT OF NET POSITION  
DECEMBER 31, 2013**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and equity in pooled cash, deposits and investments	\$ 20,860,991	\$ 15,277,861	\$ 36,138,852
Receivables (net of allowance for uncollectibles):			
Income taxes	4,913,000	-	4,913,000
Property taxes	4,780,959	-	4,780,959
Payments in lieu of taxes	460,207	-	460,207
Estate taxes	97,800	-	97,800
Accounts	702,432	1,985,524	2,687,956
Interest	131,112	-	131,112
Loans	2,354,317	315,098	2,669,415
Intergovernmental	10,935,766	131,478	11,067,244
Special assessments	3,234,306	89,456	3,323,762
Inventory of supplies	736,291	597,163	1,333,454
Internal balances	44,683	(44,683)	-
Capital assets, net			
Non-depreciable	15,821,141	11,844,782	27,665,923
Depreciable	<u>70,314,298</u>	<u>56,936,628</u>	<u>127,250,926</u>
<b>Total assets</b>	<b><u>135,387,303</u></b>	<b><u>87,133,307</u></b>	<b><u>222,520,610</u></b>
<b>Deferred outflows of resources</b>			
Deferred charge on refunding	<u>389,861</u>	<u>77,506</u>	<u>467,367</u>
<b>Total deferred outflows of resources</b>	<b><u>389,861</u></b>	<b><u>77,506</u></b>	<b><u>467,367</u></b>
<b>Liabilities</b>			
Accounts payable and other current liabilities	1,735,102	674,981	2,410,083
Accrued wages and benefits	1,060,177	142,443	1,202,620
Other accrued liabilities	819,750	80,817	900,567
Accrued interest payable	94,891	32,701	127,592
Due to other governments	125,288	1,384	126,672
Due to other individuals	50,341	708,628	758,969
Unearned revenue	-	315,098	315,098
Non current liabilities:			
Due within one year	3,661,792	1,881,599	5,543,391
Due in more than one year	<u>32,965,104</u>	<u>11,225,548</u>	<u>44,190,652</u>
<b>Total liabilities</b>	<b><u>40,512,445</u></b>	<b><u>15,063,199</u></b>	<b><u>55,575,644</u></b>
<b>Deferred inflows of resources</b>			
Revenues levied for the next year	<u>4,666,350</u>	<u>-</u>	<u>4,666,350</u>
<b>Total deferred inflows of resources</b>	<b><u>4,666,350</u></b>	<b><u>-</u></b>	<b><u>4,666,350</u></b>
<b>Net Position</b>			
Net investment in capital assets	57,244,304	56,230,126	113,474,430
Restricted for capital projects	414,263	-	414,263
Restricted for debt service	3,787,838	-	3,787,838
Restricted for housing assistance	9,506,453	-	9,506,453
Restricted for community development	4,056,594	-	4,056,594
Restricted for public safety	1,903,196	-	1,903,196
Restricted for roads	2,170,090	-	2,170,090
Restricted for other purposes	187,824	-	187,824
Unrestricted	<u>11,327,807</u>	<u>15,917,488</u>	<u>27,245,295</u>
<b>Total net position</b>	<b><u>\$ 90,598,369</u></b>	<b><u>\$ 72,147,614</u></b>	<b><u>\$ 162,745,983</u></b>

See accompanying notes to the basic financial statements.

**CITY OF MIDDLETOWN, OHIO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Public safety	\$ 24,163,631	\$ 5,178,799	\$ 701,399	\$ -	\$ (18,283,433)		\$ (18,283,433)
Public health and welfare	367,473	191,885	9,720	-	(165,868)		(165,868)
Leisure time activities	1,069,298	15,745	-	-	(1,053,553)		(1,053,553)
Community environment	16,561,348	880,028	9,132,132	1,275,959	(5,273,229)		(5,273,229)
Highways and streets	7,661,962	336,843	-	476,441	(6,848,678)		(6,848,678)
General government	5,141,674	2,681,990	-	-	(2,459,684)		(2,459,684)
Interest on long-term debt	<u>1,229,281</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,229,281)</u>		<u>(1,229,281)</u>
Total governmental activities	<u>\$ 56,194,667</u>	<u>\$ 9,285,290</u>	<u>\$ 9,843,251</u>	<u>\$ 1,752,400</u>	<u>\$ (35,313,726)</u>		<u>\$ (35,313,726)</u>
Business-type activities:							
Water	\$ 7,183,499	\$ 7,383,888	\$ 95,416	\$ -	\$ -	\$ 295,805	\$ 295,805
Sewer	7,688,249	8,227,903	-	-	-	539,654	539,654
Golf Course	1,540,171	1,161,441	-	-	-	(378,730)	(378,730)
Solid Waste	2,826,766	2,938,246	-	-	-	111,480	111,480
Airport	371,899	320,216	281,690	-	-	230,007	230,007
Transit	1,559,462	166,411	1,026,628	162,932	-	(203,491)	(203,491)
Storm Water	<u>1,303,457</u>	<u>1,663,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>360,411</u>	<u>360,411</u>
Total business-type activities	<u>22,473,503</u>	<u>21,861,973</u>	<u>1,403,734</u>	<u>162,932</u>	<u>-</u>	<u>955,136</u>	<u>955,136</u>
Total	<u>\$ 78,668,170</u>	<u>\$ 31,147,263</u>	<u>\$ 11,246,985</u>	<u>\$ 1,915,332</u>	<u>\$ (35,313,726)</u>	<u>\$ 955,136</u>	<u>\$ (34,358,590)</u>
General revenues:							
Taxes:							
Income taxes					\$ 19,811,273	\$ 138,000	\$ 19,949,273
Property taxes					4,467,975	-	4,467,975
Other taxes					2,971,718	-	2,971,718
Payments in lieu of taxes					1,079,049	-	1,079,049
Grants and contributions not restricted to specific programs					1,465,921	-	1,465,921
Investment earnings					41,444	18,437	59,881
Miscellaneous					46,230	135,679	181,909
Transfers					<u>165,434</u>	<u>(165,434)</u>	<u>-</u>
Total general revenues and transfers					<u>30,049,044</u>	<u>126,682</u>	<u>30,175,726</u>
Change in net position					(5,264,682)	1,081,818	(4,182,864)
Net position beginning of year, restated					<u>95,863,051</u>	<u>71,065,796</u>	<u>166,928,847</u>
Net position end of year					<u>\$ 90,598,369</u>	<u>\$ 72,147,614</u>	<u>\$ 162,745,983</u>

See accompanying notes to the basic financial statements.

**CITY OF MIDDLETOWN, OHIO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2013**

	<b>General</b>	<b>Housing Assistance</b>
<b>Assets:</b>		
Cash and equity in pooled cash, deposits and investments	\$ 6,340,448	\$ 1,016,685
Receivables (net of allowance for uncollectibles):		
Income taxes	4,913,000	-
Property taxes	2,929,119	-
Estate taxes	97,800	-
Accounts	419,018	-
Loans	-	250,000
Interest	-	131,112
Payments in lieu of taxes	-	-
Special assessments	-	-
Due from other funds	2,977,194	-
Due from other governments	695,991	8,177,072
Inventory of supplies	17,618	-
<b>Total assets</b>	<b>\$ 18,390,188</b>	<b>\$ 9,574,869</b>
<b>Liabilities:</b>		
Accounts payable	\$ 358,702	\$ 18,075
Accrued wages and benefits	949,365	-
Other accrued liabilities	635,158	-
Due to other funds	70,633	-
Due to other governments	-	-
Due to individuals	-	50,341
<b>Total liabilities</b>	<b>2,013,858</b>	<b>68,416</b>
<b>Deferred inflows of resources:</b>		
Revenues levied for the next year and unavailable revenue	6,570,874	8,177,072
<b>Total deferred inflows of resources</b>	<b>6,570,874</b>	<b>8,177,072</b>
<b>Fund balances:</b>		
Nonspendable	2,994,812	-
Restricted	96,306	1,329,381
Committed	419,055	-
Assigned	386,135	-
Unassigned	5,909,148	-
<b>Total fund balances</b>	<b>9,805,456</b>	<b>1,329,381</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 18,390,188</b>	<b>\$ 9,574,869</b>

The notes to the financial statements are an integral part of this statement.

Special Assessment Debt Service		Capital Improvements	Non Major Governmental Funds	Total Governmental Funds
\$	190,274	\$ 259,255	\$ 7,969,625	\$ 15,776,287
	-	-	-	4,913,000
	-	629,939	1,221,901	4,780,959
	-	-	-	97,800
	-	-	200,468	619,486
	-	-	2,104,317	2,354,317
	-	-	-	131,112
	-	-	460,207	460,207
	2,707,768	-	526,538	3,234,306
	-	-	-	2,977,194
	-	152,994	1,909,709	10,935,766
	-	-	456,410	474,028
<b>\$</b>	<b>2,898,042</b>	<b>\$ 1,042,188</b>	<b>\$ 14,849,175</b>	<b>\$ 46,754,462</b>
\$	-	\$ 84,151	\$ 305,473	\$ 766,401
	-	-	96,340	1,045,705
	-	108,250	76,342	819,750
	-	-	1,017,432	1,088,065
	-	-	125,288	125,288
	-	-	-	50,341
	-	<b>192,401</b>	<b>1,620,875</b>	<b>3,895,550</b>
	2,707,768	782,933	3,915,308	22,153,955
	<b>2,707,768</b>	<b>782,933</b>	<b>3,915,308</b>	<b>22,153,955</b>
	-	-	335,520	3,330,332
	190,274	66,854	6,737,345	8,420,160
	-	-	3,160,588	3,579,643
	-	-	-	386,135
	-	-	(920,461)	4,988,687
	<b>190,274</b>	<b>66,854</b>	<b>9,312,992</b>	<b>20,704,957</b>
<b>\$</b>	<b>2,898,042</b>	<b>\$ 1,042,188</b>	<b>\$ 14,849,175</b>	<b>\$ 46,754,462</b>

**CITY OF MIDDLETOWN, OHIO  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2013**

<b>Total governmental fund balances</b>	\$ 20,704,957
<i>Amounts reported for governmental activities in the statement of net position are different due to the following:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	86,135,439
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows in the funds:	
Income taxes receivable	3,067,500
Intergovernmental and other receivables	14,420,105
Internal service funds are used to charge the costs of certain activities to individual funds. The assets (excluding net capital assets included above) and liabilities of the internal service funds are included in governmental activities in the statement of net position.	2,556,266
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
General obligation bonds	(24,010,268)
Special assessment bonds	(1,962,043)
Loans	(967,000)
Long-term notes	(2,056,916)
Compensated absences	(5,331,753)
Pension obligation payable	(1,968,119)
Accrued interest on long-term debt	(94,891)
Premium on bonds	(284,769)
Deferred outflows of resources:	
Deferred charge on refunding	389,861
<b>Net position of governmental activities</b>	<u><u>\$ 90,598,369</u></u>



**CITY OF MIDDLETOWN, OHIO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR YEAR ENDED DECEMBER 31, 2013**

	<b>General</b>	<b>Housing Assistance</b>
Revenues:		
Property taxes	\$ 2,545,171	\$ -
Municipal income taxes	14,518,265	-
Other taxes	-	-
Intergovernmental revenues	2,444,888	8,749,240
Charges for services	4,477,198	-
Fees, licenses, and permits	316,920	-
Fines and forfeits	183,112	-
Special assessments	-	-
Investment income	46,072	(7,572)
Miscellaneous	1,506,526	2
<b>Total revenues</b>	<b>26,038,152</b>	<b>8,741,670</b>
Expenditures:		
Current		
Public safety	18,972,696	-
Public health and welfare	-	-
Leisure time activities	904,631	-
Community environment	1,725,653	9,230,134
Highways and streets	-	-
General government	3,388,378	-
Miscellaneous	1,346,741	-
Debt service		
Principal retirement	-	-
Interest and fiscal charges	-	-
<b>Total expenditures</b>	<b>26,338,099</b>	<b>9,230,134</b>
Excess of revenues over (under) expenditures	(299,947)	(488,464)
Other financing sources (uses):		
Transfers-in	-	-
Transfers-out	(919,000)	-
Proceeds from loans	-	-
Proceeds from issuance of long-term notes	-	-
Proceeds of bonds	-	-
Premium on bonds	-	-
Payment to refunded bond escrow agent	-	-
<b>Total other financing sources (uses)</b>	<b>(919,000)</b>	<b>-</b>
Net change in fund balances	(1,218,947)	(488,464)
Fund balance, beginning of year	11,024,403	1,817,845
<b>Fund balance, end of year</b>	<b>\$ 9,805,456</b>	<b>\$ 1,329,381</b>

The notes to the financial statements are an integral part of this statement.

Special Assessment Debt Service		Capital Improvements	Non Major Governmental Funds	Total Governmental Funds
\$	-	\$ 625,873	\$ 1,110,083	\$ 4,281,127
	-	485,000	4,613,560	19,616,825
	-	-	1,079,049	1,079,049
	-	398,407	5,165,734	16,758,269
	-	696	179,220	4,657,114
	-	-	-	316,920
	-	-	1,724,148	1,907,260
	348,190	-	203,990	552,180
	-	(628)	3,572	41,444
	-	-	1,030,567	2,537,095
	<b>348,190</b>	<b>1,509,348</b>	<b>15,109,923</b>	<b>51,747,283</b>
	-	7,900	5,260,744	24,241,340
	-	-	346,734	346,734
	-	12,612	-	917,243
	-	-	5,627,167	16,582,954
	-	2,392,757	3,007,505	5,400,262
	-	-	123,095	3,511,473
	-	8,892	936,048	2,291,681
	259,700	-	4,915,843	5,175,543
	107,854	-	1,194,473	1,302,327
	<b>367,554</b>	<b>2,422,161</b>	<b>21,411,609</b>	<b>59,769,557</b>
	(19,364)	(912,813)	(6,301,686)	(8,022,274)
	-	-	1,084,434	1,084,434
	-	-	-	(919,000)
	-	-	1,000,000	1,000,000
	-	-	2,056,916	2,056,916
	-	-	5,845,000	5,845,000
	-	-	198,973	198,973
	-	-	(3,300,000)	(3,300,000)
	-	-	<b>6,885,323</b>	<b>5,966,323</b>
	(19,364)	(912,813)	583,637	(2,055,951)
	209,638	979,667	8,729,355	22,760,908
<b>\$</b>	<b>190,274</b>	<b>\$ 66,854</b>	<b>\$ 9,312,992</b>	<b>\$ 20,704,957</b>

**CITY OF MIDDLETOWN, 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, 2013**

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<b>Net change in fund balances - total governmental funds</b>	<b>\$ (2,055,951)</b>
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*Amounts reported for governmental activities in the statement of activities are different due to the following:*

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 expenses. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	6,419,480
Depreciation expense	(8,536,226)

Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows in the funds:

Income taxes	194,448
Intergovernmental and other revenues	(1,177,180)

Governmental Funds report premiums as other financing sources, whereas these amounts are deferred and amortized in the statement of activities:

Bond premiums on issuance	(198,973)
Amortization of bond premiums	26,240

Deferred outflows of resources:

Deferred charge on refunding	97,675
Amortization of deferred charge on refunding	(60,313)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds:

Issuance of bonds	(5,845,000)
Issuance of long-term notes	(2,056,916)
Bond principal retirement	8,442,543
Issuance of loans	(1,000,000)
Loan principal retirement	33,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

9,444

Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

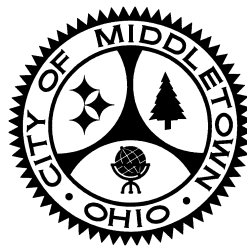
Compensated absences	(148,370)
Unfunded pension liability	97,741

Internal service funds are used to charge the costs of certain activities to individual funds. The net revenue (expenses) of the internal service funds is reported with governmental activities.

493,676

<b>Change in net position of governmental activities</b>	<b><u>\$ (5,264,682)</u></b>
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**CITY OF MIDDLETOWN, OHIO  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2013**

**Business Type Activities - Enterprise Funds**

	<b>Water</b>	<b>Sewer</b>	<b>Golf Course</b>
<b>Assets</b>			
Current assets:			
Equity in pooled cash and investments	\$ 5,638,443	\$ 6,472,838	\$ 4,973
Receivables			
Accounts	761,232	891,373	-
Loans	315,098	-	-
Due from other funds	-	-	-
Intergovernmental	-	-	-
Special Assessments	-	89,456	-
Inventory of supplies	341,274	188,173	67,716
<b>Total current assets</b>	<b>7,056,047</b>	<b>7,641,840</b>	<b>72,689</b>
Noncurrent assets:			
Capital assets:			
Construction in progress	1,906,138	1,180,886	-
Land	1,302,664	152,500	3,611,550
Land improvements	5,875	26,581	2,483,945
Infrastructure assets	28,258,155	44,866,304	-
Buildings	13,056,550	12,328,429	710,031
Equipment	6,093,563	10,151,058	907,214
Less: Accumulated depreciation	(28,371,785)	(37,480,962)	(2,904,171)
Total capital assets (net of accumulated depreciation)	22,251,160	31,224,796	4,808,569
<b>Total noncurrent assets</b>	<b>22,251,160</b>	<b>31,224,796</b>	<b>4,808,569</b>
<b>Total assets</b>	<b>29,307,207</b>	<b>38,866,636</b>	<b>4,881,258</b>
Deferred outflows of resources:			
Deferred charge on refunding	67,382	-	10,124
<b>Total deferred outflows of resources</b>	<b>67,382</b>	<b>-</b>	<b>10,124</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	161,515	132,918	12,695
Accrued wages and benefits	52,525	58,495	6,490
Other accrued liabilities	23,993	25,115	12,599
Accrued interest payable	3,152	21,429	3,542
Due to other funds	10,190	5,310	2,009,461
Due to other governments	1,384	-	-
Due to individuals	708,628	-	-
General obligation bonds payable	163,296	335,000	193,280
Lease obligation payable	434,669	434,669	89,873
Unearned revenue	315,098	-	-
Compensated absences (short term portion)	63,690	74,776	-
<b>Total current liabilities</b>	<b>1,938,140</b>	<b>1,087,712</b>	<b>2,327,940</b>
Long-term liabilities:			
General obligation bonds payable	898,127	5,755,000	495,026
Premium on debt	16,277	123,809	5,055
Lease obligation	998,406	998,406	360,955
Compensated absences	142,115	127,635	22,335
<b>Total long-term liabilities</b>	<b>2,054,925</b>	<b>7,004,850</b>	<b>883,371</b>
<b>Total liabilities</b>	<b>3,993,065</b>	<b>8,092,562</b>	<b>3,211,311</b>
Net position			
Net investment in capital assets	19,807,767	23,577,912	3,674,504
Unrestricted	5,573,757	7,196,162	(1,994,433)
<b>Total net position</b>	<b>\$ 25,381,524</b>	<b>\$ 30,774,074</b>	<b>\$ 1,680,071</b>

The notes to the financial statements are an integral part of this statement.

Business Type Activities - Enterprise Funds			Governmental Activities -	
Solid Waste Disposal	Non Major Enterprise Funds	Totals	Internal Service Funds	
\$ 286,206	\$ 2,875,401	\$ 15,277,861	\$ 5,084,704	
154,153	178,766	1,985,524	82,946	
-	-	315,098	-	
-	-	-	168,679	
-	131,478	131,478	-	
-	-	89,456	-	
-	-	597,163	262,263	
<b>440,359</b>	<b>3,185,645</b>	<b>18,396,580</b>	<b>5,598,592</b>	
-	1,510,526	4,597,550	-	
382,600	1,797,918	7,247,232	195,750	
8,500	325,598	2,850,499	-	
12,300	4,555,086	77,691,845	-	
74,652	3,265,569	29,435,231	521,872	
-	3,627,767	20,779,602	11,326,474	
(52,976)	(5,010,655)	(73,820,549)	(8,758,186)	
425,076	10,071,809	68,781,410	3,285,910	
<b>425,076</b>	<b>10,071,809</b>	<b>68,781,410</b>	<b>3,285,910</b>	
<b>865,435</b>	<b>13,257,454</b>	<b>87,177,990</b>	<b>8,884,502</b>	
-	-	77,506	-	
-	-	<b>77,506</b>	-	
217,959	149,894	674,981	968,701	
-	24,933	142,443	14,472	
537	18,573	80,817	-	
-	4,578	32,701	-	
-	32,847	2,057,808	-	
-	-	1,384	-	
-	-	708,628	-	
-	70,000	761,576	-	
-	-	959,211	-	
-	-	315,098	-	
-	22,346	160,812	-	
<b>218,496</b>	<b>323,171</b>	<b>5,895,459</b>	<b>983,173</b>	
-	1,230,000	8,378,153	-	
-	26,942	172,083	-	
-	-	2,357,767	-	
-	25,460	317,545	46,028	
-	<b>1,282,402</b>	<b>11,225,548</b>	<b>46,028</b>	
<b>218,496</b>	<b>1,605,573</b>	<b>17,121,007</b>	<b>1,029,201</b>	
425,076	8,744,867	56,230,126	3,285,910	
221,863	2,907,014	13,904,363	4,569,391	
<b>\$ 646,939</b>	<b>\$ 11,651,881</b>	<b>\$ 70,134,489</b>	<b>\$ 7,855,301</b>	

Adjustment to reflect consolidation of internal service fund activities

2,013,125

Total net position from above

70,134,489

Net position of business-type activities

\$ 72,147,614

**CITY OF MIDDLETOWN, OHIO  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES OF NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

<b>Business Type Activities - Enterprise Funds</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Golf Course</b>
Operating revenues:			
Charges for services	\$ 7,383,888	\$ 8,227,903	\$ 1,161,441
Other operating revenue	37,021	-	80,567
<b>Total operating revenues</b>	<b>7,420,909</b>	<b>8,227,903</b>	<b>1,242,008</b>
Operating expenses:			
Personal services	2,171,120	2,302,551	661,411
Contractual services	2,723,608	2,275,671	184,077
Commodities	650,738	366,668	411,489
Depreciation	1,310,902	1,660,564	239,158
Other operating expenses	445,423	763,187	-
<b>Total operating expenses</b>	<b>7,301,791</b>	<b>7,368,641</b>	<b>1,496,135</b>
Operating income (loss)	119,118	859,262	(254,127)
Non-operating revenues (expenses):			
Interest revenue	17,637	266	-
Interest expense and fiscal charges	(120,861)	(319,608)	(44,036)
Operating grants	95,416	-	-
Income taxes	-	-	-
<b>Total non-operating revenues (expenses)</b>	<b>(7,808)</b>	<b>(319,342)</b>	<b>(44,036)</b>
Income (loss) before contributions and transfers	111,310	539,920	(298,163)
Capital contributions	-	-	-
Transfers-out	(32,717)	(32,717)	-
<b>Change in net position</b>	<b>78,593</b>	<b>507,203</b>	<b>(298,163)</b>
Total net position, beginning of year, restated	25,302,931	30,266,871	1,978,234
<b>Total net position, end of year</b>	<b>\$ 25,381,524</b>	<b>\$ 30,774,074</b>	<b>\$ 1,680,071</b>

The notes to the financial statements are an integral part of this statement.

<b>Business Type Activities - Enterprise Funds</b>			<b>Governmental Activities -</b>	
<b>Solid Waste Disposal</b>	<b>Non Major Enterprise Funds</b>	<b>Totals</b>	<b>Internal Service Funds</b>	
\$ 2,938,246	\$ 2,150,495	\$ 21,861,973	\$ 8,550,243	
10,821	7,270	135,679	58,177	
<b>2,949,067</b>	<b>2,157,765</b>	<b>21,997,652</b>	<b>8,608,420</b>	
537	1,019,538	6,155,157	421,359	
2,814,640	1,252,634	9,250,630	4,792,317	
-	44,684	1,473,579	1,159,564	
2,357	435,756	3,648,737	974,476	
-	427,280	1,635,890	65,091	
<b>2,817,534</b>	<b>3,179,892</b>	<b>22,163,993</b>	<b>7,412,807</b>	
131,533	(1,022,127)	(166,341)	1,195,613	
-	534	18,437	153	
(9,232)	(54,926)	(548,663)	-	
-	1,308,318	1,403,734	-	
-	138,000	138,000	-	
<b>(9,232)</b>	<b>1,391,926</b>	<b>1,011,508</b>	<b>153</b>	
122,301	369,799	845,167	1,195,766	
-	162,932	162,932	-	
-	(100,000)	(165,434)	-	
<b>122,301</b>	<b>432,731</b>	<b>842,665</b>	<b>1,195,766</b>	
524,638	11,219,150	69,291,824	6,659,535	
<b>\$ 646,939</b>	<b>\$ 11,651,881</b>	<b>\$ 70,134,489</b>	<b>\$ 7,855,301</b>	

Adjustment to reflect consolidation of Internal Service

Fund Activities	\$ 239,153
Changes in net position of enterprise funds	842,665
Changes in net position of business-type activities	\$ 1,081,818

**CITY OF MIDDLETOWN, OHIO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR YEAR ENDED DECEMBER 31, 2013**

	<b>Business Type Activities - Enterprise Funds</b>						<b>Governmental Activities -</b>
	<b>Water</b>	<b>Sewer</b>	<b>Golf Course</b>	<b>Solid Waste Disposal</b>	<b>Non Major Enterprise Funds</b>	<b>Totals</b>	<b>Internal Service Funds</b>
<b>Cash flows from operating activities:</b>							
Cash received from customers	\$ 7,479,084	\$ 8,075,579	\$ 1,161,498	\$ 2,982,832	\$ 2,096,904	\$ 21,795,897	\$ -
Cash payments to suppliers for goods and services	(3,851,647)	(3,374,909)	(589,625)	(2,821,319)	(1,090,707)	(11,728,207)	(5,610,058)
Cash payments to employees for services	(1,791,738)	(1,944,607)	(659,588)	-	(923,011)	(5,318,944)	(356,368)
Miscellaneous revenues	286	14,041	80,567	10,821	1,498	107,213	13,159
Cash received from interfund services provided	-	-	-	-	-	-	8,663,667
Cash payments for interfund services used	(486,682)	(425,535)	(14,975)	-	(701,655)	(1,628,847)	(64,105)
<b>Net cash provided (used) by operating activities</b>	<b>1,349,303</b>	<b>2,344,569</b>	<b>(22,123)</b>	<b>172,334</b>	<b>(616,971)</b>	<b>3,227,112</b>	<b>2,646,295</b>
<b>Cash flows from non-capital financing activities:</b>							
Operating grants	496,575	-	-	-	1,243,517	1,740,092	-
Advances from other funds	-	-	371,411	-	-	371,411	-
Transfers-out to other funds	(32,717)	(32,717)	-	-	(100,000)	(165,434)	-
Income taxes received	-	-	-	-	138,000	138,000	-
<b>Net cash provided (used) by non-capital financing activities</b>	<b>463,858</b>	<b>(32,717)</b>	<b>371,411</b>	<b>-</b>	<b>1,281,517</b>	<b>2,084,069</b>	<b>-</b>
<b>Cash flows from capital and related financing activities:</b>							
Purchase of capital assets	(810,113)	(1,292,762)	(94,310)	(12,300)	(1,146,171)	(3,355,656)	(1,437,413)
Interest expense and fiscal charges	(111,737)	(329,317)	(41,353)	(8,340)	(57,037)	(547,784)	-
Repayment of debt principal	(383,230)	(325,000)	(188,004)	(250,923)	(70,000)	(1,217,157)	-
Repayment of capital lease obligation	(418,988)	(418,988)	(27,190)	-	-	(865,166)	-
Capital contributions	-	-	-	-	162,932	162,932	-
<b>Net cash used by capital and related financing activities</b>	<b>(1,724,068)</b>	<b>(2,366,067)</b>	<b>(350,857)</b>	<b>(271,563)</b>	<b>(1,110,276)</b>	<b>(5,822,831)</b>	<b>(1,437,413)</b>
<b>Cash flows from investing activities:</b>							
Interest income	17,637	266	-	-	534	18,437	153
<b>Net cash provided by investing activities</b>	<b>17,637</b>	<b>266</b>	<b>-</b>	<b>-</b>	<b>534</b>	<b>18,437</b>	<b>153</b>
Net change in cash and cash equivalents	106,730	(53,949)	(1,569)	(99,229)	(445,196)	(493,213)	1,209,035
Cash and pooled investments, beginning of year	5,531,713	6,526,787	6,542	385,435	3,320,597	15,771,074	3,875,669
<b>Cash and pooled investments, end of year</b>	<b>\$ 5,638,443</b>	<b>\$ 6,472,838</b>	<b>\$ 4,973</b>	<b>\$ 286,206</b>	<b>\$ 2,875,401</b>	<b>\$ 15,277,861</b>	<b>\$ 5,084,704</b>
<b>Schedule of noncash capital and related financing activities:</b>							
Assets acquired through capital lease	\$ -	\$ -	\$ 478,018	\$ -	\$ -	\$ -	\$ -

continued

**CITY OF MIDDLETOWN, OHIO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR YEAR ENDED DECEMBER 31, 2013**

<b>Business Type Activities - Enterprise Funds</b>							<b>Governmental Activities -</b>
	<b>Water</b>	<b>Sewer</b>	<b>Golf Course</b>	<b>Solid Waste Disposal</b>	<b>Non Major Enterprise Funds</b>	<b>Totals</b>	<b>Internal Service Funds</b>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 119,118	\$ 859,262	\$ (254,127)	\$ 131,533	\$ (1,022,127)	\$ (166,341)	\$ 1,195,613
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	1,310,902	1,660,564	239,158	2,357	435,756	3,648,737	974,476
Changes in assets and liabilities:							
Decrease (increase) in accounts receivable (net)	(9,366)	(152,324)	-	44,586	(59,363)	(176,467)	(45,018)
Decrease (increase) in special assessment receivable (net)	-	22,869	-	-	-	22,869	-
Decrease (increase) in inventory of supplies	(76,151)	(32,425)	9,223	-	-	(99,353)	33,280
Decrease (increase) in due from other funds	-	-	-	-	-	-	113,424
Increase (decrease) in accounts payable	(39,611)	(13,857)	(3,832)	(6,679)	74,996	11,017	373,414
Increase (decrease) in accrued wages and benefits	(18,890)	(7,895)	(5,778)	-	(11,571)	(44,134)	(551)
Increase (decrease) in other accrued liabilities	23,993	25,115	8,079	537	12,782	70,506	-
Increase (decrease) in due to other funds	(10,095)	(22,357)	-	-	(25,980)	(58,432)	-
Increase (decrease) in compensated absences payable	(1,585)	5,617	(14,846)	-	(21,464)	(32,278)	1,657
Increase (decrease) in due to other governments	368	-	-	-	-	368	-
Increase (decrease) in due to individuals	50,620	-	-	-	-	50,620	-
<b>Total adjustments</b>	<b>1,230,185</b>	<b>1,485,307</b>	<b>232,004</b>	<b>40,801</b>	<b>405,156</b>	<b>3,393,453</b>	<b>\$ 1,450,682</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 1,349,303</b>	<b>\$ 2,344,569</b>	<b>\$ (22,123)</b>	<b>\$ 172,334</b>	<b>\$ (616,971)</b>	<b>\$ 3,227,112</b>	<b>\$ 2,646,295</b>

CITY OF MIDDLETOWN, OHIO  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
DECEMBER 31, 2013

	Total Agency Funds
<hr/>	
Assets:	
Cash and equity in pooled cash, deposits and investments	\$ 111,567
Cash with fiscal and escrow agent	271,502
<b>Total assets</b>	<b>\$ 383,069</b>
Liabilities:	
Due to other governments	\$ 275,818
Due to individuals	35,779
Unapportioned monies	71,472
<b>Total liabilities</b>	<b>\$ 383,069</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Middletown, Ohio, was incorporated as a City in 1837 under the laws of the State of Ohio. The City operates under a Council-Manager form of government and provides the following services as authorized by its Charter: Public Safety (police and fire), Economic Development and Planning, Public Works and Utilities (maintenance and construction of public improvements, water and sewer service, and waste disposal), Community Revitalization (public transit system and golf course), Public Health Services, Municipal Court Services, and General Government Services. The financial statements of the City of Middletown, Ohio, 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 significant accounting policies used in the preparation of these financial statements are summarized below.

**A. REPORTING ENTITY**

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government (The City of Middletown as legally defined). Potential component units were considered for inclusion in the financial reporting entity. Component units are separate organizations for which the elected officials of the primary government would be financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either: a) the ability to impose will be by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. A component unit which is fiscally dependent upon the primary government even when the primary government does not have a voting majority of the component unit's board is also to be included in the statements of the primary government.

**Blended Component Unit**

This component unit is a legally separate entity from the City, but is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the City and blended into the appropriate funds.

**Discretely Presented Component Units**

Discretely presented component units are entities that are legally separate from the City, but for which the City is financially accountable, or whose relationships with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

The City of Middletown does not have any component units to be included in its financial report.

**Related Organization**

The City is associated with the Middletown Public Library, which is a related organization. The library is presented in Note 17 to the basic financial statements.

**Included within the reporting entity:**

Among activities and services provided by the City are a police force, a fire-fighting force, a municipal court system, a sewage treatment plant, a water treatment plant, an airport, a street

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maintenance force, a park system, and a staff to provide the necessary support to these service providers. Each of these activities and services is under the direct control of the City Council, which appropriates for and finances its operation and is not legally separable. Each is, therefore, included as part of the reporting entity.

**B. BASIS OF PRESENTATION**

***Government-wide Financial Statements***

The statement of net position and the statement of activities display information about the City as a whole. The statements distinguish between those activities that are governmental in nature, which are normally supported by taxes and intergovernmental revenues; and business-type activities, which rely to a significant extent upon fees and charges for support. Interfund and internal service fund activities are generally eliminated to avoid the "doubling-up" effect on revenues and expenses.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of expenses with program revenues identifies the extent to which each governmental function or business-type segment is self-financing or relies upon general revenues of the City.

The caption, "Net investment in capital assets," consists of capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Net position is reported as restricted when constraints placed upon its use are either: 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. The net position restricted for other purposes results from special revenue funds and the restriction on their use. When both restricted and non-restricted resources are available for use, it is the City's policy to use non-restricted resources first, and then restricted resources, as they are needed.

***Fund Financial Statements***

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds rather than reporting funds

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by type. Each major fund is presented in a separate column. All other funds are aggregated and reported as non-major governmental or non-major enterprise funds. Internal Service funds are combined into one column. The effect of inter-fund activity has been eliminated from the government-wide financial statements.

The City uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

**Governmental funds** are those through which most governmental functions typically are financed. The acquisition, use, and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the City's major governmental funds:

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

***Housing Assistance Fund*** - To account for monies received from the Department of Housing and Urban Development for the City's Section 8 Housing Program.

***Special Assessment Debt Service Fund*** - To accumulate special assessment revenues collected by the County and remitted to the City for the payment of special assessment bonds.

***Capital Improvement Fund*** - To accumulate construction costs for the City's self-funded capital projects.

**Proprietary funds** are used to account for the City's ongoing activities that are similar to those found in the private sector where the intent of the governing body is that the cost of providing goods and services to the general public be financed or recovered primarily through user charges. The following are the City's major enterprise funds:

***Water Fund*** - Accounts for the provision of water treatment and distribution to the residents and commercial users of the City.

***Sewer Fund*** - Accounts for the City's provision of sanitary sewer services to the residents and commercial users of the City.

***Golf Course*** - Accounts for the operation of the City's public golf course.

***Solid Waste Disposal Fund*** - Accounts for the City's refuse pickup charges and the cost of the City's refuse hauling contract. The annual principal and interest payments on the bond issue in connection with the closing of the City landfill are also made by this fund.

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**Internal Service funds** account for employee health benefits costs and for vehicle purchases and maintenance costs to other departments of the City on a cost-reimbursement basis.

**Fiduciary Funds.** The City's only fiduciary funds are agency funds which are custodial and account for assets held on behalf of others.

**C. BASIS OF ACCOUNTING**

**Governmental funds.** The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and deferred inflows of resources are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in current financial resources.

All governmental fund types are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The available period for the City is thirty-one days after year-end. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

The City reports deferred inflows on its governmental funds' balance sheet and government wide statement of net position. Deferred inflows are items that were previously reported as deferred revenues and certain items that were previously recorded as liabilities. Deferred inflows arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Certain intergovernmental receivables, uncollected assessments, miscellaneous receivables, property taxes and income taxes not meeting the availability criteria have been deferred and will be realized in a subsequent period in the governmental funds.

Since governmental funds' financial statements use a different measurement focus and basis of accounting than the government-wide statements, governmental funds' financial statements include reconciliations to the government-wide statements.

**Proprietary Funds.** All proprietary funds - enterprise funds and internal service funds - are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows and all liabilities associated with the operation of these funds are included on the balance sheet.

Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total assets. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering services in connection with a proprietary fund's principal ongoing

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operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The accrual basis of accounting is utilized by the proprietary fund types. Under this method, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred.

***Fiduciary Funds.*** The City's only fiduciary funds are agency funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds are accounted for using the accrual basis of accounting.

**D. CASH, DEPOSITS, AND INVESTMENTS**

Cash resources of individual funds, except for petty cash and specific accounts used to administer various activities are combined to form a pool of cash, deposits, and investments which is managed by the City Treasurer. Deposits and investments in the pool consist of certificates of deposit, investments in the State of Ohio STAROhio Investment Pool, U. S. Treasury securities, and money market funds containing only U. S. Treasury and agency securities. Investments in U.S. Treasury securities, and money market funds are reported at fair value, which is based on quoted market prices. Interest earned on pooled cash, deposits, and investments is distributed to the City's General Fund except as stipulated by ordinance or statute.

STAROhio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2013.

For purposes of the statements of cash flows, the City of Middletown considers the Proprietary Fund types equity in pooled cash, deposits, and investments to be highly liquid because those funds are able to withdraw (expend) cash at any time without prior notice or penalty.

**E. CASH WITH FISCAL AND ESCROW AGENT**

Money held on behalf of the City by a fiscal or escrow agent represents either money earmarked for the payment of debt, payroll withholdings, or retained by agents administering loan programs.

**F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables and short-term interfund loans are classified as "due from other funds" or "due to other funds" on the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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**G. INVENTORY OF SUPPLIES**

Inventory is recorded at cost (first-in, first-out). Inventory in the Governmental Funds consists of expendable items and is recorded on a consumption basis. "Consumption basis" means that the expenditure is recorded when the inventory is consumed.

**H. CAPITAL ASSETS**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type columns in the government-wide financial statements. Also included in capital assets are infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, drainage systems and similar items) constructed or acquired on or after January 1, 1980.

The City defines capital assets as those with an individual cost of more than \$5,000 and an estimated useful life in excess of one year. All capital assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair value on the date received. Interest on constructed capital assets is capitalized for business-type activities.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

Depreciation is determined by allocating the cost of capital assets over the estimated useful lives of the assets on a straight-line basis. The estimated lives are as follows:

Equipment	3 to 20 Years
Land Improvements	20 Years
Infrastructure Assets	45 Years
Buildings	45 Years
Streets and Highways	20 Years

**I. CAPITALIZATION OF INTEREST**

The City's policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the construction project and the interest earned from the temporary investment of the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2013, interest costs incurred on construction projects were not material.

**J. FUND BALANCES**

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

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***Nonspendable.*** The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The nonspendable fund balances include prepaid items, materials and supplies inventory, interfund loans and long-term receivables.

***Restricted.*** The restricted fund balance classification includes amounts that have constraints placed on the use of resources that are either externally imposed by creditors such as through debt covenants, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation (city resolutions).

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

***Committed.*** The committed fund balance classification includes amounts that can be used only for specific purposes imposed by formal action (resolution) of City Council. Those committed amounts cannot be used for any other purposes unless Council amend and approve another resolution. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned.*** The assigned fund balance classification is 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, assigned amounts represent intended uses established by Council or a City Official delegated that authority by resolution or by State Statute. State statute authorizes the fiscal officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

The City applies restricted resources first when expenditures are incurred for the purpose for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balances, committed amounts are reduced first,

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followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used.

**K. INTERFUND TRANSACTIONS**

During the normal course of operations, the City has numerous transactions between funds. These transactions include charges for services provided by an Internal Service Fund to other funds, interfund reimbursements, and interfund transfers.

During the year, the City records local income tax receipts and the subsequent distribution of these receipts to the appropriate City funds in the City Income Tax Fund. The income tax distributions are made by the Income Tax Fund based upon the City's appropriation resolutions and are recorded as transfers. On the year-end financial statements, all transfers of income tax revenues are classified as municipal income revenue of the appropriate funds and, therefore, do not appear in this report as transfers. Funds receiving municipal income tax revenue are the General Fund, the Auto & Gas Tax Fund, the Municipal Court Fund, the Health Fund, the Police Pension Fund, the Fire Pension Fund, the General Obligation Debt Service Fund, the Transit Fund, the Municipal Airport Fund, the Conservancy Fund, the Capital Improvement Fund and the Computer Replacement Fund.

The Internal Service Fund records charges for services to all City funds, departments and other governmental units as operating revenue. Both Governmental and Enterprise Funds record these payments to the Internal Service Fund, also a proprietary fund, as operating expenditures/expenses.

Transactions that constitute reimbursements of a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures or expenses, as appropriate, in the reimbursing fund and as reductions of the expenditure/expense in the fund that is reimbursed.

Transfers represent transfers of resources from a fund receiving revenue to a fund through which those resources will be expended. They are recorded as other financing sources (uses) in Governmental Funds and as transfers-in (out) in Proprietary Funds. A summary of transfers by fund type follows:

INTERFUND TRANSFERS		
	Transfers In	Transfers Out
Governmental Funds:		
General Fund		\$919,000
Non Major Governmental Funds	1,084,434	
Enterprise Funds:		
Water Fund		32,717
Sewer Fund		32,717
Non Major Enterprise Funds		100,000
<b>TOTAL</b>	<b>\$1,084,434</b>	<b>\$1,084,434</b>

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The City's non-major governmental funds received:

- \$165,434 in 2013 for anticipated computer replacements,
- \$100,000 for purchase of land for storm water purposes, and
- \$820,000 to assist in demolitions for the Ohio Moving Forward program.

**L. INTERGOVERNMENTAL REVENUES**

In Governmental Funds, Federal grants awarded on non-reimbursement basis, and Federal entitlements are recorded as intergovernmental receivables and revenues when entitlement occurs. Federal grants awarded on a reimbursement basis are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

**M. COMPENSATED ABSENCES**

The City's sick leave liability was calculated using the vesting method.

*Accumulated Unpaid Vacation*

City employees earn vacation leave at varying rates based upon length of service. Upon separation from the City, the employee (or their estate) is paid for his accumulated unused vacation leave balance. The City accrues unused portions of vacation pay in the period earned.

*Accumulated Unpaid Sick Leave*

All City employees (except tour firefighters), earn sick leave at the rate of ten hours per calendar month of service. Tour firefighters earn sick leave at the rate of thirteen and one-half hours per calendar month of service. Sick leave usage is recorded for all employees at the time it is used. Upon retirement from the City, non-public safety employees with twenty-five years of service or greater are paid for one-half their accumulated unused sick leave up to a maximum of 464 hours. Employees who are eligible to retire, but do not have twenty-five years of service, are paid for one-third of their sick leave up to a maximum of 264 hours. All other employees who leave City employment receive payment for one-third of the accumulated sick leave over 280 hours up to a maximum of 264 hours.

Firefighters are paid for their accumulated sick leave upon retirement according to the IAFF labor contract with the City. The contract specifies a maximum accumulated sick leave retirement payment of 1,456 hours.

Police personnel, with the exception of police civilian employees, are paid for their accumulated sick leave upon retirement according to the FOP labor contract with the City. The contract specifies a maximum accumulated sick leave retirement of 532 hours. Police civilian employees are paid a maximum of 432 hours.

At December 31, 2013, the total liability of the City for compensated absences was \$5,856,138.

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**N. ESTIMATES**

The preparation of the financial statements in conformity with GAAP 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.

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING**

An annual appropriation budget is prepared on the cash basis for all funds of the City except Agency Funds. The following are the procedures used by the City for establishing the budgetary data reported in the basic financial statements. The procedures are listed in the order in which they occur during each fiscal year as required by the State of Ohio. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

**BUDGETARY PROCEDURES**

**Budget**

A tax budget of estimated revenues and expenditures for all funds other than Agency Funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

**Estimated Resources**

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized tax rates and reviews revenue estimates. The Budget Commission certifies its action 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. 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. On or about January 1, the certificate is amended to include any unencumbered balances from the preceding year. The revised budget then serves as the basis for the appropriation measure. The Certificate of Estimated Resources may be further amended during the year if a new source of revenue is identified or actual revenue exceeds current estimates. The amounts reported on the budgetary statement reflect the amounts in the final Amended Certificate of Estimated Resources issued for 2013.

**Appropriations**

An appropriation measure to control expenditures is enacted before January 1 of each year for the period from January 1 to December 31. The appropriation resolution may be adjusted and/or supplemented during the year by action of City Council as new information becomes available, but fund appropriations may not exceed estimated resources. Supplemental appropriation measures enacted during 2013 increased the original 2013 Appropriation Resolution by \$5,951,616 for all budgeted funds. The majority of these supplemental appropriations are due to the following factors:

- \$597,000 for demolition of the Orman Building located at 500 Verity Parkway;
- \$835,000 for loans to the Golf Fund, Home Fund, and Main Street special assessment fund;
- \$820,000 for the City's match of the Moving Ohio Forward grant;

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- \$1,035,718 for the new Section 108 Loan Fund consisting of a \$1 million loan to assist with the development of Cincinnati State Technical & Community College and \$35,718 for the debt service established with repayment of this loan;
- \$141,638 for the purpose of providing engineering services related to the remediation of the former Aeronca site;
- \$84,462 for environmental work on the STM Wrenn project that is funded by a Clean Ohio grant;
- \$800,000 to receive and disburse funds from the new Senior Citizens Levy to the Middletown Area Senior Center;
- \$200,000 to remodel the City building which is necessary for the leasing of the 4<sup>th</sup> floor to the Middletown School System;
- \$100,000 to reimburse the General Fund for purchase of property for storm water and long term control measures;
- \$300,000 for the stabilization, repairs, and transfer of downtown property;
- \$55,000 for telecommunication agreement;
- \$50,000 for nuisance enforcement;
- \$119,973 for payment to the Middletown City Schools for their portion of income taxes related to Enterprise Zone agreements; and
- \$397,050 for purchase of vehicles and a fire truck.

*Budgeted Level of Expenditures*

In Ohio, the legal level of control is the level at which the local government's legislative authority passes the appropriation measure with the minimum of appropriation measures classified separately for each office, department, division, and within each, the amount appropriated for personal services. City Council, Middletown's legislative authority, approved the 2013 budget which is classified by fund, department, division and/or program, and by major category of personnel and other. City Council may alter amounts allocated to various funds during the year as the need arises by adopting modifications to the appropriation measure. Amounts shown in the budgetary financial statements represent the final amounts appropriated for 2013, including all supplemental appropriations and modifications.

*Encumbrances*

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control.

*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 fiscal year and need not be re-appropriated. However, the budgetary schedules for funds that had outstanding encumbrances at December 31, 2012, reflect an "Appropriation for prior year encumbrances."

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**NOTE 3 - CASH AND EQUITY IN POOLED CASH, DEPOSITS AND INVESTMENTS,  
CASH WITH FISCAL AND ESCROW AGENT**

The City follows the practice of pooling cash and investments with the City Treasurer except for the cash of certain accounts maintained by the Municipal Court Fund, Housing Assistance Fund, and the Community Development Escrow Fund.

Cash deposits and investments of the City as of December 31, 2013, are comprised of the following:

<b>Deposits</b>	
Petty Cash	\$7,575
Demand deposit accounts	<u>6,015,895</u>
Subtotal deposits	\$6,023,470
 <b>Investments</b>	
Money Market Funds	\$6,169,927
U.S. Government	\$21,937,943
STAR Ohio	<u>\$2,390,581</u>
Subtotal investments	<u>\$30,498,451</u>
 <b>Total</b>	 <u>\$36,521,921</u>

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements," and amended by GASB Statement No. 40, "Deposit and Investment Risk Disclosures"

**Deposits**

*Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's custodial credit risk policy requires that deposits be collateralized as required by ORC Chapter 135. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year-end, 17.4% (\$1,120,584) of the City's bank balance of \$6,428,732 was covered by Federal Deposit Insurance Corporation (FDIC) and the remaining was covered by pooled collateral.

The City's investments at December 31, 2013 are summarized as follows:

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	<u>Fair Value</u>	<u>Average Maturity Years</u>
US Treasury Bills	\$3,449,474	0.24
US Treasury Notes	\$18,488,469	1.07
Star Ohio	\$2,390,581	n/a
US Money Market Funds	<u>\$6,169,927</u>	n/a
	<u>\$30,498,451</u>	

*Credit Risk*

It is the City's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top two ratings by nationally recognized statistical rating organizations. The City's investments in the U.S. Money Market Funds were rated AAA by Standard & Poor's. Investments in STAR Ohio were rated AAAM by Standard & Poor's.

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City is required to disclose the amount of investments with any one issuer that represent five percent or more of total investments. Investments issued by the U.S. government, and investments in external investment pools are excluded from this requirement.

*Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a failure of a counter party, 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. The City's investment securities are registered in the name of the City per City policy.

*Interest Rate Risk*

In accordance with the investment policy, the City manages its exposure to declines in fair value by limiting the maximum maturity of investments in its portfolio to five years.

**NOTE 4 – COMPLIANCE AND ACCOUNTABILITY**

The City is responsible for compliance with various sections of the Ohio Revised Code. Contrary to the requirements of Section 5705.36, the City's actual resources were less than estimated resources and appropriations were not adequately reduced resulting in deficit budgetary fund balances in the following funds:

**Governmental Funds**

- 2010 Lefferson Road Sewer Special Assessment Fund  
The \$5,000 deficit will be eliminated when assessments are paid in 2014. The variance for this fund was due to outstanding encumbrance at year end.

The General Fund provides advances and transfers to cover deficit balances, however, this is done when cash is needed rather than when accruals occur. At December 31, 2013 (using the current financial resource measurement focus), the following funds had deficit fund balances:

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- Conservancy Fund (\$77,611)
- Home Program Fund (\$23,735)
- Nuisance Abatement Fund (\$145,821)
- Community Development Fund (\$27,712)
- 2010 Lefferson Road Sewer Fund (\$125,000)
- 2011 Sidewalk, Curb and Gutter Fund (\$116,495)
- Main Street Special Assessment Fund (\$404,087)

During 2013, estimated receipts exceeded actual receipts and the deficiency reduced available resources below the level of current appropriation causing cash deficit balances to occur in the following funds:

**Governmental Funds**

- *Nuisance Abatement Fund* – (\$103,201)
- *Main Street Special Assessment Fund* – (\$165,709)
- *Capital Improvement Fund* – (\$1,177,192)

The City estimates that previously anticipated receipts that were not collected in 2013 in the above mentioned funds will be collected in the near-term and that the cash deficiencies will be eliminated upon receipt of such amounts.

**NOTE 5 - PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the City. Real property taxes, other than public utility taxes, are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at thirty-five per cent of appraised market value. All property is revalued every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established.

The assessed value upon which the 2013 taxes were collected was \$709,019,160. The full tax rate for all City operations for the fiscal year ended December 31, 2013, was \$6.90 per \$1,000 of assessed valuation.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility property taxes are payable annually or semi-annually with the same dates as described under real property previously.

The County Treasurer collects property tax on behalf of all taxing districts within Butler County and Warren County. The auditor periodically remits these property tax receipts to the City.

Property taxes receivable represents real and public utility taxes and outstanding delinquencies that are measurable as of December 31, 2013. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at

**CITY OF MIDDLETOWN**  
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December 31, nor are they intended to finance 2013 operations. The receivable is therefore offset by a credit to deferred revenue.

**NOTE 6 - INCOME TAX**

The City levies an income tax of 1.75 percent on substantially all earned income arising from employment, residency, or business activities inside the City. This income tax rate includes the Public Safety income tax levy of .25% passed by the voters in November 2007 which became effective January 1, 2008 and was effective for a period of five years. This levy was renewed permanently in August 2012 by the voters. Employers within the City are required to withhold income tax on employee compensation and remit it to the City at least quarterly. Corporations and certain individual taxpayers are required to pay quarterly estimates with the largest corporations remitting monthly.

**NOTE 7 - CAPITAL ASSETS**

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

<b><i>GOVERNMENTAL ACTIVITIES</i></b>				
<i><u>Capital Asset</u></i>	<i><u>Beginning Balance</u></i>	<i><u>Increase</u></i>	<i><u>Decrease</u></i>	<i><u>Ending Balance</u></i>
Capital assets, not being depreciated:				
Land	\$13,154,662	\$19,996	\$0	\$13,174,658
Construction in progress	\$1,884,390	\$1,737,903	(\$975,810)	\$2,646,483
<b>Total capital assets, not being depreciated</b>	<b>\$15,039,052</b>	<b>\$1,757,899</b>	<b>(\$975,810)</b>	<b>\$15,821,141</b>
Capital assets, being depreciated:				
Land improvements	\$786,331	\$0	\$0	\$786,331
Buildings	\$28,527,179	\$872,573	\$0	\$29,399,752
Equipment	\$21,729,308	\$2,286,484	(\$641,172)	\$23,374,620
General infrastructure	\$182,149,295	\$2,478,334	\$0	\$184,627,629
<b>Total capital assets, being depreciated</b>	<b>\$233,192,113</b>	<b>\$5,637,391</b>	<b>(\$641,172)</b>	<b>\$238,188,332</b>
<b>Totals at Historical Cost</b>	<b>\$248,231,165</b>	<b>\$7,395,290</b>	<b>(\$1,616,982)</b>	<b>\$254,009,473</b>
Less accumulated depreciation:				
Land improvements	\$358,805	\$31,571	\$0	\$390,376
Buildings	\$15,215,898	\$861,318	\$0	\$16,077,216
Equipment	\$15,930,644	\$1,529,109	(\$641,172)	\$16,818,581
General infrastructure	\$128,473,633	\$6,114,228	\$0	\$134,587,861
<b>Total depreciation</b>	<b>\$159,978,980</b>	<b>\$8,536,226</b>	<b>(\$641,172)</b>	<b>\$167,874,034</b>
<b>Capital Assets, Net</b>	<b>\$88,252,185</b>	<b>(\$1,140,936)</b>	<b>(\$975,810)</b>	<b>\$86,135,439</b>

**CITY OF MIDDLETOWN**  
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Depreciation was charged to governmental functions as follows:

Community environment	\$353,976
General Government	\$1,473,083
Leisure	\$198,418
Public health and welfare	\$17,321
Public safety	\$524,345
Streets and highways	\$5,969,083
Total	<u>\$8,536,226</u>

<b>BUSINESS-TYPE ACTIVITIES</b>				
<u>Capital Asset</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$7,247,232	\$0	\$0	\$7,247,232
Construction in progress	\$3,945,342	\$1,686,104	(\$1,033,896)	\$4,597,550
<b>Total capital assets, not being depreciated</b>	<b>\$11,192,574</b>	<b>\$1,686,104</b>	<b>(\$1,033,896)</b>	<b>\$11,844,782</b>
Capital assets, being depreciated:				
Land improvements	\$2,850,499	\$0	\$0	\$2,850,499
Buildings	\$29,418,866	\$16,365	\$0	\$29,435,231
Equipment	\$20,141,670	\$637,932	\$0	\$20,779,602
General infrastructure	\$75,164,676	\$2,527,169	\$0	\$77,691,845
<b>Total capital assets, being depreciated</b>	<b><u>\$127,575,711</u></b>	<b><u>\$3,181,466</u></b>	<b><u>\$0</u></b>	<b><u>\$130,757,177</u></b>
<b>Totals at Historical Cost</b>	<b>\$138,768,285</b>	<b>\$4,867,570</b>	<b>(\$1,033,896)</b>	<b>\$142,601,959</b>
Less accumulated depreciation:				
Land improvements	\$2,309,285	\$148,528	\$0	\$2,457,813
Buildings	\$14,386,297	\$819,933	\$0	\$15,206,230
Equipment	\$15,596,164	\$1,270,570	\$0	\$16,866,734
General infrastructure	<u>\$37,880,066</u>	<u>\$1,409,706</u>	<u>\$0</u>	<u>\$39,289,772</u>
<b>Total depreciation</b>	<b>\$70,171,812</b>	<b>\$3,648,737</b>	<b>\$0</b>	<b>\$73,820,549</b>
Total capital assets, being depreciated, net	\$57,403,899	(\$467,271)	\$0	\$56,936,628
<b>Capital Assets, Net</b>	<b><u>\$68,596,473</u></b>	<b><u>\$1,218,833</u></b>	<b><u>(\$1,033,896)</u></b>	<b><u>\$68,781,410</u></b>

Depreciation was charged to Enterprise Funds as follows:

Water	\$1,310,902
Sewer	\$1,660,564
Golf	\$239,158
Solid Waste	\$2,357
Non major funds	<u>\$435,756</u>
Total	<u>\$3,648,737</u>

**CITY OF MIDDLETOWN  
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**NOTE 8 - PENSION PLANS**

Eligible employees of the City of Middletown are covered by either the Ohio Public Employees Retirement System (OPERS) of Ohio or the Police and Fire Pension Fund (OP&F) of the State of Ohio.

**A. Public Employees Retirement System of Ohio**

Ohio Public Employees Retirement System of Ohio (OPERS) administers three separate pension plans as described below:

- 1) The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.
- 2) The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
- 3) The Combined Plan (CO) – a cost sharing multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code.

The Ohio Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2013, member and employer contributions were consistent across all three plans. While members in the state and local divisions may participate in all three plans, participating law enforcement and public safety divisions exist only within the Traditional Pension Plan.

The 2013 member contribution rates were 10.0% of covered payroll for members in state and local classifications. The 2013 employer contribution rate for state and local employers was 14.0% of covered payroll.

The City of Middletown's contribution to OPERS for the years ending December 31, 2011, 2012, and 2013 were \$1,730,055, \$1,652,518, and \$1,658,124 respectively, equal to the required contributions billed to the City by OPERS.

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
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**B. The Ohio Police and Fire Pension Fund**

The City of Middletown contributes to the Ohio Police and Fire Pension Fund, a cost sharing, multiple-employer, defined benefit pension plan. OP&F provides retirement and disability 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. The OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

From January 1, 2013 through July 1, 2013, plan members are required to contribute 10.0% of their annual covered salary. From July 2, 2013 through December 31, 2013, plan members were required to contribute 10.75% of their annual covered salary. Throughout 2013, employers were required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City of Middletown's contributions to OP&F for the years ending December 31, 2011, 2012, and 2013 were \$2,417,947, and \$2,477,176, and \$1,975,075 respectively. The City met all of the required contributions.

Further post employment benefits are located in Note 14.

**NOTE 9 - INCURRED BUT NOT REPORTED CLAIMS - HEALTH PLAN**

The City of Middletown has a self-insured health plan that is accounted for in the Employee Benefits Fund. All full-time employees of the City are eligible to enroll in this plan which is administered by an independent Third Party Plan Administration Company. Claims incurred but not reported as of December 31, 2013, were calculated by the Plan Administrator based upon the City's claims experience over the past twelve months. The accounts payable liability recorded in the Employee Benefits Fund at year-end for claims incurred but not reported was \$646,923.

Year	Beginning of Fiscal Year Liability	Current Year Claims & Changes In Estimate	Claims Payments	Balance At Fiscal Year End
2012	\$916,076	\$5,076,916	\$5,447,224	\$545,768
2013	\$545,768	\$4,310,174	\$4,209,019	\$646,923

**CITY OF MIDDLETOWN  
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**NOTE 10 - LONG TERM OBLIGATIONS**

Long-term obligation of the City as of December 31, 2013 are as follows:

**A. GOVERNMENTAL ACTIVITIES**

	Restated Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Principal Due Within One Year	Interest Paid in 2013
1993 Street Improvements	\$7,000	\$0	\$7,000	\$0	\$0	\$420
1994 Street Improvements	\$10,000	\$0	\$5,000	\$5,000	\$5,000	\$645
1995-1 Street Improvements	\$35,000	\$0	\$10,000	\$25,000	\$10,000	\$2,188
1995-2 Street Improvements	\$24,000	\$0	\$8,000	\$16,000	\$8,000	\$1,488
1996 Street Improvements	\$60,000	\$0	\$15,000	\$45,000	\$15,000	\$3,720
1996 Sewer Imp.-Dick's Creek	\$45,390	\$0	\$9,078	\$36,312	\$9,078	\$2,814
1996 Sewer Imp.-Cin/Dayton Rd.	\$4,610	\$0	\$922	\$3,688	\$922	\$286
1997 Sophie Street Improvements	\$80,000	\$0	\$15,000	\$65,000	\$15,000	\$4,400
1997 Dix Road Improvements	\$70,000	\$0	\$10,000	\$60,000	\$15,000	\$3,920
1998 Lewis Street Improvements	\$30,000	\$0	\$5,000	\$25,000	\$5,000	\$1,613
1999 Marshall Road Improvements	\$210,000	\$0	\$25,000	\$185,000	\$25,000	\$11,200
2000 Burbank Street Improvements	\$100,000	\$0	\$10,000	\$90,000	\$10,000	\$6,700
2001 Illinois/Longfellow Improve.	\$122,094	\$0	\$10,853	\$111,241	\$10,853	\$7,081
2001 Dick's Creek	\$63,315	\$0	\$5,628	\$57,687	\$5,628	\$3,672
2001 Oxford State Rd Water Line	\$39,591	\$0	\$3,519	\$36,072	\$3,519	\$2,296
2001 Oxford State Rd Intersection	\$32,000	\$0	\$3,000	\$29,000	\$3,000	\$1,872
2004 Roosevelt Ave. Improvements	\$415,000	\$0	\$25,000	\$390,000	\$25,000	\$22,388
2006 Towne Blvd. Improvements	\$465,000	\$0	\$15,000	\$450,000	\$15,000	\$14,486
2007 Cincinnati Dayton Rd Sewer	\$121,000	\$0	\$6,000	\$115,000	\$7,000	\$5,634
2007 Fiesta Storm Sewer	\$2,743	\$0	\$700	\$2,043	\$643	\$132
2009 Sidewalk, Curb, & Gutter	\$25,000	\$0	\$5,000	\$20,000	\$10,000	\$500
2010 Sidewalk, Curb, & Gutter	\$260,000	\$0	\$65,000	\$195,000	\$60,000	\$10,400
<b>Total Special Assessment Bonds</b>	<b>\$2,221,743</b>	<b>\$0</b>	<b>\$259,700</b>	<b>\$1,962,043</b>	<b>\$258,643</b>	<b>\$107,855</b>

**CITY OF MIDDLETOWN**  
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	Restated Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Principal Due Within One Year	Interest Paid in 2013
<i>General Obligation Bonds:</i>						
2008 Transportation	\$284,876	\$0	\$284,876	\$0	\$0	\$8,546
2008 Recreation	\$48,434	\$0	\$48,434	\$0	\$0	\$1,453
2008 Street Improvements	\$578,690	\$0	\$136,997	\$441,693	\$141,720	\$18,111
2008 Downtown Improvements	\$5,051,111	\$0	\$652,536	\$4,398,575	\$676,704	\$176,316
2003 Court of Appeals	\$2,525,000	\$0	\$2,525,000	\$0	\$0	\$48,670
2005 MRH Land	\$3,560,000	\$0	\$3,560,000	\$0	\$0	\$76,420
2006 Towne Blvd/SR 122/I-75	\$590,000	\$0	\$35,000	\$555,000	\$35,000	\$24,620
2006 Towne Blvd. Extension	\$1,965,000	\$0	\$165,000	\$1,800,000	\$170,000	\$80,994
SR 122/I-75 Interchange	\$5,810,000	\$0	\$255,000	\$5,555,000	\$260,000	\$234,435
2010 Downtown Parking Flat Lot	\$830,000	\$0	\$85,000	\$745,000	\$85,000	\$21,188
2010 Greentree Health Science Academy	\$5,105,000	\$0	\$215,000	\$4,890,000	\$220,000	\$268,088
2013 Court of Appeals	\$0	\$2,525,000	\$190,000	\$2,335,000	\$211,150	\$43,702
2013 MRH Land	\$0	\$3,320,000	\$30,000	\$3,290,000	\$303,850	\$4,550
Premiums	\$112,036	\$198,973	\$26,240	\$284,769	\$0	\$0
<b>Total General Obligation Bonds</b>	<b>\$26,460,147</b>	<b>\$6,043,973</b>	<b>\$8,209,083</b>	<b>\$24,295,037</b>	<b>\$2,103,424</b>	<b>\$1,007,093</b>
HUD Section 108 Loan	\$0	\$1,000,000	\$33,000	\$967,000	\$35,000	\$3,780
Long-term Notes	\$0	\$2,056,916	\$0	\$2,056,916	\$0	\$27,000
Compensated Absences	\$5,227,754	\$2,144,995	\$1,994,968	\$5,377,781	\$1,166,984	\$0
Police & Fire Pension						
Unfunded Accrued Liability	\$2,065,860	\$0	\$97,741	\$1,968,119	\$97,741	\$0
<b>Total Governmental Activities</b>	<b>\$35,975,504</b>	<b>\$11,245,884</b>	<b>\$10,594,492</b>	<b>\$36,626,896</b>	<b>\$3,661,792</b>	<b>\$1,145,728</b>

**CITY OF MIDDLETOWN**  
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**B. BUSINESS TYPE ACTIVITIES**

	Restated Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Principal Due Within One Year	Interest Paid in 2013
<i>General Obligation Bonds:</i>						
2008 Landfill "A"	\$225,923	\$0	\$225,923	\$0	\$0	\$6,778
1994 Landfill "B"	\$25,000	\$0	\$25,000	\$0	\$0	\$1,563
2008 Water	\$225,765	\$0	\$225,765	\$0	\$0	\$6,773
2008 Golf Course	\$646,310	\$0	\$153,004	\$493,306	\$158,280	\$20,227
2008 Water	\$1,218,888	\$0	\$157,465	\$1,061,423	\$163,296	\$42,547
2003 Golf	\$230,000	\$0	\$35,000	\$195,000	\$35,000	\$10,915
2008 Airport	\$1,370,000	\$0	\$70,000	\$1,300,000	\$70,000	\$57,038
2008 Sewer	\$6,415,000	\$0	\$325,000	\$6,090,000	\$335,000	\$266,900
Premium	\$192,316	\$0	\$20,233	\$172,083	\$0	\$0
<b>Total General Obligation Bonds Payable</b>	<b>\$10,549,202</b>	<b>\$0</b>	<b>\$1,237,390</b>	<b>\$9,311,812</b>	<b>\$761,576</b>	<b>\$412,741</b>
Lease Obligation	\$3,704,126	\$478,018	\$865,166	\$3,316,978	\$959,211	\$132,483
Compensated Absences	\$510,635	\$200,373	\$232,651	\$478,357	\$160,812	\$0
<b>Total Business Type Activities</b>	<b>\$14,763,963</b>	<b>\$678,391</b>	<b>\$2,335,207</b>	<b>\$13,107,147</b>	<b>\$1,881,599</b>	<b>\$545,224</b>

Business type activity bonds payable are General Obligation Bonds paid from revenues of the enterprise operation for which the improvements were made. All other General Obligation Bond Issues will be paid through the Debt Service Fund from income and property tax revenues.

**LEASE OBLIGATION**

The City entered into a \$8,023,623 eleven-year lease obligation in February 2006. The lease proceeds were used to replace almost all of the 18,000 commercial and residential water meters in Middletown. The monthly lease payments due are split evenly between the City's Water and Sewer Funds. The interest rate on this lease is 3.68%.

In 2013, the City entered into a five-year lease obligation to replace 125 golf carts for the Weatherwax Golf Course facility. The monthly lease payments will be paid by the Golf Course Fund.

The City's legal debt margin was approximately \$53,056,000 at December 31, 2013. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2013 are as follows:

**CITY OF MIDDLETOWN**  
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<b>GOVERNMENTAL ACTIVITIES</b>			
<b>Police and Fire Pension Debt Schedule 12/31/13</b>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$52,217	\$45,524	\$97,741
2015	\$52,217	\$45,524	\$97,741
2016	\$52,217	\$45,524	\$97,741
2017	\$52,217	\$45,524	\$97,741
2018	\$52,217	\$45,524	\$97,741
2019-2023	\$261,085	\$227,620	\$488,705
2024-2028	\$261,085	\$227,620	\$488,705
2029-2033	\$261,085	\$227,620	\$488,705
2034	\$7,149	\$6,150	\$13,299
<b>Total</b>	<b>\$1,051,489</b>	<b>\$916,630</b>	<b>\$1,968,119</b>

<b>GOVERNMENTAL ACTIVITIES</b>			
<b>HUD Section 108 Loan Schedule - 12/31/13</b>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$35,000	\$3,384	\$38,384
2015	\$36,000	\$3,384	\$39,384
2016	\$37,000	\$3,384	\$40,384
2017	\$39,000	\$3,384	\$42,384
2018	\$40,000	\$3,384	\$43,384
2019-2023	\$229,000	\$16,920	\$245,920
2024-2028	\$285,000	\$16,920	\$301,920
2029-2032	\$266,000	\$13,536	\$279,536
<b>Total</b>	<b>\$967,000</b>	<b>\$64,296</b>	<b>\$1,031,296</b>

<b>GOVERNMENTAL ACTIVITIES</b>						
<b>General Obligation and Assessment Bonds Schedule 12/31/13</b>						
	<b>General Obligation Bonds</b>			<b>Assessment Bonds</b>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$2,103,424	\$924,666	\$3,028,090	\$258,643	\$102,635	\$361,278
2015	\$2,156,622	\$865,144	\$3,021,766	\$278,700	\$91,600	\$370,300
2016	\$2,218,152	\$803,789	\$3,021,941	\$255,700	\$80,435	\$336,135
2017	\$2,116,152	\$738,461	\$2,854,613	\$167,000	\$59,741	\$226,741
2018	\$2,184,348	\$672,842	\$2,857,190	\$142,000	\$50,600	\$192,600
2019-2023	\$8,121,570	\$2,276,485	\$10,398,055	\$583,000	\$149,639	\$732,639
2024-2028	\$3,635,000	\$994,183	\$4,629,183	\$277,000	\$18,463	\$295,463
2029-2032	\$1,475,000	\$151,876	\$1,626,876	\$0	\$0	\$0
<b>Total</b>	<b>\$24,010,268</b>	<b>\$7,427,446</b>	<b>\$31,437,714</b>	<b>\$1,962,043</b>	<b>\$553,113</b>	<b>\$2,515,156</b>

<b>BUSINESS TYPE ACTIVITIES</b>			
<b>General Obligation Bonds Schedule - 12/31/13</b>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$761,576	\$374,906	\$1,136,482
2015	\$788,378	\$351,550	\$1,139,928
2016	\$811,848	\$325,360	\$1,137,208
2017	\$668,847	\$298,325	\$967,172
2018	\$690,652	\$274,365	\$965,017
2019-2023	\$2,833,428	\$958,817	\$3,792,245
2024-2027	\$2,585,000	\$280,714	\$2,865,714
<b>Total</b>	<b>\$9,139,729</b>	<b>\$2,864,037</b>	<b>\$12,003,766</b>

<b>BUSINESS TYPE ACTIVITIES</b>			
<b>Lease Obligation Schedule 12/31/13</b>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$959,211	\$108,413	\$1,067,624
2015	\$991,748	\$75,876	\$1,067,624
2016	\$1,025,504	\$42,121	\$1,067,625
2017	\$249,182	\$18,237	\$267,419
2018	\$91,333	\$16,046	\$107,380
<b>Total</b>	<b>\$3,316,978</b>	<b>\$260,693</b>	<b>\$3,577,672</b>

The Ohio Revised Code specifies that all special assessment debt is general obligation debt. All special assessment bond issues are, therefore, backed by the full faith and credit of the City.

**CITY OF MIDDLETOWN  
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The primary responsibility for the annual payments to special assessment bondholders is with the property owners on whose behalf the City has issued special assessment debt. The special assessments, which cover both principal and interest due, are collected by the Butler County and Warren County Treasurer each year with the property owners' property tax payments. The collections are then sent to the City, which pays the principal and interest due. In the event of default, a lien is put on the property and it is eventually sold by the county at a tax sale. The City is then reimbursed for any special assessment bond payments it made. The City, therefore, does not maintain a reserve or sinking fund to meet its special assessment bond obligations.

The police and fire pension unfunded accrued liability represents the City's portion of the unfunded prior service cost of the fund which existed at the time the fund was established in 1967 as determined by actuarial evaluation. This accrued liability has and will continue to be paid over a term of sixty-seven years in annual installments which began in 1969 and which will end in 2034. The police and fire pension liability is paid through the police pension and fire pension Special Revenue Funds using unvoted general property tax revenue and income tax revenues.

A \$1 million Section 108 loan from The U. S. Housing and Urban Development was acquired to assist in financing the development of the Cincinnati State Middletown campus. A contract was executed between the City and Higher Education Partners to loan the Section 108 funds to Higher Education Partners for payment of contractors for the development of the local campus. One million dollars in future CDBG funding and the mortgage of the Cincinnati State Building are collateral for this loan. Interest rates on interim borrowing are priced at the 3 month London Interbank Offered Rate (LIBOR) plus 20 basis points (0.2%). Permanent financing is pegged to yields on U.S. Treasury obligations of similar maturity to the principal amount. A small additional basis point spread, depending on maturity, will be added to the Treasury yield to determine the actual rate.

On March 31, 2013, the City issued long-term notes in the amount of \$2,056,915 at 1.75%, with interest payable quarterly. The notes were issued to provide financing for land that the city is holding for development. The notes mature on March 29, 2015 at which the City intends to issue notes again for the same amount.

**NOTE 11 – DEFEASED DEBT**

In 2008, the City defeased various bond issues by creating separate irrevocable trust funds. New debt had been issued and the proceeds were used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's financial statements. As of December 31, 2013, the amount of defeased debt outstanding amounted to \$6,410,000.

On August 6, 2013, the City issued general obligation bonds of \$5,845,000 (par value) with varying coupon rates of 1.50% - 4.00% and an all-inclusive-cost (AIC) rate of 2.735% to currently refund previously issued bonds outstanding with a par value of \$2,525,000, and advance refund previously issued bonds outstanding with a par value of \$3,300,000. The refunded bonds had varying coupon rates of 3.40% – 5.00%. The advance refunded bonds were scheduled to mature on various dates through December 1, 2023, and were callable (and called) on December 1, 2013.

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
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The general obligation bonds were issued at a premium of \$198,973, and after paying issuance costs of \$121,298, the net proceeds were \$5,922,674. \$3,300,000 of the net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds were called on December 1, 2013. The refunding met the requirements of an in-substance debt defeasance and the bonds were removed from the City's government-wide financial statements. As a result of the refunding, the City reduced its total debt service requirements by \$463,966, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$405,697.

**NOTE 12 - INTERFUND RECEIVABLES AND PAYABLES**

The City's interfund receivables and payables at the end of 2013 were comprised of operating advances from the General Fund to other operating funds (\$2,977,194) and payments to the Municipal Garage Fund by the City operating funds for December 2013 services (\$168,679).

Inter-fund balances as of December 31, 2013 are as follows:

<b>Fund</b>	<b>Receivables</b>	<b>Payables</b>
<b>Governmental Funds:</b>		
General Fund	\$2,977,194	\$70,633
Non major government funds	\$0	\$1,017,432
<b>Total governmental funds</b>	<b>\$2,977,194</b>	<b>\$1,088,065</b>
<b>Enterprise Funds:</b>		
Water	\$0	\$10,190
Sewer	\$0	\$5,310
Golf	\$0	\$2,009,411
Non major business type activities	\$0	\$32,897
<b>Total enterprise funds</b>	<b>\$0</b>	<b>\$2,057,808</b>
<b>Internal Service Funds</b>		
Internal service funds	\$168,679	\$0
<b>Total internal service funds</b>	<b>\$168,679</b>	<b>\$0</b>
<b>Total all funds</b>	<b>\$3,145,873</b>	<b>\$3,145,873</b>

**NOTE 13 - CONTINGENT LIABILITY**

The City is a defendant in a number of claims and lawsuits in the normal course of operations. The impact of the claims and lawsuits cannot presently be determined; however, City management is of the opinion the ultimate settlement of these claims will not result in a material adverse effect on the City's financial position.

**CITY OF MIDDLETOWN  
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For the period January 1, 2013, to December 31, 2013, the City received federal and State grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial to the financial statements as a whole.

**NOTE 14 - POST EMPLOYMENT BENEFITS**

**PUBLIC EMPLOYEES RETIREMENT SYSTEM**

The Ohio Public Employees Retirement System has provided the following information pertaining to other postemployment benefits for health care costs in order to assist the City in complying with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension Benefits*.

**A. Plan Description**

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

**CITY OF MIDDLETOWN  
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**B. Funding Policy**

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.00% of covered payroll. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1.0% during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.0% during calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to health care was raised to 2% for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

**C. City Contributions**

The City's actual contributions that were used to fund postemployment benefits were \$117,988, \$472,124, and \$494,276 for 2013, 2012 and 2011.

**D. OPERS Board of Trustees Adopts Changes to the Health Care Plan**

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate four percent of the employer contributions toward the health care fund after the end of the transition period.

**OHIO POLICE AND FIRE PENSION FUND**

The Ohio Police and Fire Pension Fund has provided the following information pertaining to other postemployment benefits for health care costs in order to assist the City in complying with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension Benefits*.

**A. Plan Description**

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

**CITY OF MIDDLETOWN  
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OP&F provides access to post-retirement 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 GASB Statement 45.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F's website at [www.op-f.org](http://www.op-f.org).

#### **B. 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, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to the health care plan was 4.69% from January 1, 2013 thru May 31, 2013 and 2.85% covered payroll from June 1, 2013 thru December 31, 2013. 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 OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

#### **C. City Contributions**

The City's contributions to OP&F that were allocated for the healthcare plan for the years ending December 31, 2013, 2012, and 2011 were \$308,502, \$732,449, and \$749,292, respectively.

**CITY OF MIDDLETOWN**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 15 - RISK MANAGEMENT**

The City is exposed to various risks of property and casualty losses, and injuries to employees. The City insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The City belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formerly known as American Risk Pooling Consultants, Inc.), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York Risk Pooling Services, Inc. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty and Property Coverage**

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2013, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**Financial Position**

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2012 and 2011:

<u>Casualty &amp; Property Coverage</u>	<u>2012</u>	<u>2011</u>
Assets	\$34,389,569	\$33,362,404
Liabilities	<u>(14,208,353)</u>	<u>(14,187,273)</u>
Net position - Unrestricted	<u>\$20,181,216</u>	<u>\$19,175,131</u>

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$13.1 million and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$12.1 million of unpaid claims to be billed to approximately 466 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. At December 31, 2013, the city's share of these unpaid claims collectible in future years is approximately \$551,578.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

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Contributions to PEP

2009	\$537,813
2010	\$533,108
2011	\$586,979
2012	\$583,046
2013	\$603,544

After one year of membership, a member may withdraw on each anniversary of the date joining PEP provided they provide written notice to PEP sixty days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**NOTE 16 - SIGNIFICANT CONTRACTUAL OBLIGATIONS**

As of December 31, 2013, the City of Middletown has entered into the following contracts to be paid from the City's Capital Project and Enterprise Funds:

Vendor	Purpose	Amount Remaining
Howell Contractors Inc	Sewer rehabilitation & repairs	\$842,609
Demmy Sand & Gravel LLC	Yankee Road improvements	\$451,195
Kleingers & Associates Inc	Street design and construction	\$270,431
John R Jurgensen Co	Local street improvements	\$247,921
RA Miller Construction Co Inc	South Main Street improvements	\$227,715
Brown & Caldwell Ohio LLC	Wastewater Treatment plant improvements	\$207,060
Oberson's Nursery & Landscapes	Landscape screening along I-75	\$146,620
CDM Smith	Engineering services for water system	\$131,232
Barrett Paving Materials Inc	Lefferson Road widening & reconstruction	\$121,643
The Garland Co	Blower replacement at wastewater plant	\$109,362
	Total	<u>\$2,755,788</u>

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**NOTE 17 - RELATED ORGANIZATION**

The Middletown Public Library is a distinct political subdivision of the State of Ohio created under the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the City of Middletown. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the City for operational subsidies. Although the City does serve as the taxing authority and has issued tax-related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Middletown Public Library at 125 South Broad Street, Middletown, Ohio 45044.

**NOTE 18 – LOAN RECEIVABLE**

The City of Middletown entered into an agreement in 1997 with the City of Monroe to share the cost of a 1.5 million gallon water storage tank that would deliver water to the residents of both cities. Upon completion of the tank construction, the City of Monroe was to pay one third of the cost of construction to Middletown over a twenty-year period. Construction of the tank was completed in late 2001. Monroe is paying \$675,908 to Middletown over a twenty-year period at an interest rate of 5.09%.

The City of Middletown entered into an agreement in 2012 with Higher Education Partners to provide funding for construction of a Middletown Campus of Cincinnati State Technical and Community College. The City obtained a Section 108 loan from the Department of Housing and Urban Development which will be the source of the loaned funds. Construction on the campus was completed at the end of 2012. Higher Education Partners is paying quarterly interest and annual principal payments to the City. The City is then responsible to repay this money to the Department of Housing and Urban Development.

**NOTE 19 – CONDUIT DEBT**

The City of Middletown authorized the issuance of \$85,000,000 in hospital facilities revenue bonds in late November 2006. These bonds were used to finance the construction and the equipping of the new Atrium Medical Center. Atrium issued another debt series in 2007 for \$110,000,000. Atrium replaced the 2007 issue with a 2008 Bond series which totals \$111,000,000. In 2010, Atrium called \$1,850,000 of the 2008 debt and replaced the 2006 debt series with an \$85,000,000 issue. In 2011, Atrium called \$2,425,000 of the 2008 debt issue. In 2012, Atrium called \$2,475,000 of the 2008 debt issue. Atrium Medical Center will repay the remainder of the debt; the City of Middletown is not obligated for this debt.

City of Middletown conduit debt issues outstanding at December 31, 2013 include:

- \$9,690,000 demand revenue bonds issued on behalf of Fenwick High School in 2003,
- \$181,950,000 hospital facilities revenue bonds issued on behalf of Atrium Medical Center.

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

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**NOTE 20 - JOINT ECONOMIC DEVELOPMENT DISTRICTS**

The City of Middletown participates in a Joint Economic Development District (JEDD) with Liberty Township and the City of Mason. The JEDD is located entirely within Liberty Township, Butler County, Ohio near State Route 129. The purpose of the JEDD is to facilitate the development of jobs and employment opportunities along with improving the welfare of people in the State of Ohio and the area of the contracting parties. The JEDD creates a Board of Directors which consists of a Municipal Member, a Liberty Township member, a member who represents the owners of the businesses within the JEDD, a member who represents the persons working within the JEDD, and one member who is selected by the above members who serves as chairperson.

The proceeds of the JEDD are used to pay a portion of the costs associated with the Liberty Interchange, the provision of public services such as police and fire protection, and to provide for improvements in connector roads that benefit the JEDD.

The joint venture between the governmental entities is defined in the following manner:

- Liberty Township receives 83% of the net income tax revenues collected.
- The City of Mason receives 15% of the net income tax revenues collected.
- The City of Middletown receives 2% of the net income tax revenues collected.

The City of Middletown administers and collects income tax for the JEDD and reports monthly and quarterly to the contracting parties. The City of Middletown receives 5% of the gross income tax collected and absorbs all reasonable costs associated with the collection of these income taxes.

**NOTE 21 – SUBSEQUENT EVENTS**

The City received a Section 108 loan from the Department of Housing and Urban Development at the beginning of 2013. The loan required quarterly interest and annual principal repayment. The City entered into a loan agreement with Higher Education Partners and these funds were used to construct a Middletown Campus of Cincinnati State Technical and Community College. On April 24, 2014 the Section 108 loan was paid off at the request of Higher Education Partners.

On April 1, 2014 the City entered into a lease agreement with Weatherwax Holdings, LLC for the lease of Weatherwax Golf Course. The City has accepted a proposal by Weatherwax Holdings, LLC to purchase the course. The closing date and transfer of the course is contingent on resurveying the property and release of certain grant restrictions. If closing and transfer is not completed by October 31, 2014, the lease term shall end on November 3, 2014.

**NOTE 22– IMPLEMENTATION OF NEW ACCOUNTING STANDARD AND RESTATEMENT OF OPENING NET POSITION**

For the year ended December 31, 2013, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 amends or supersedes the accounting and financial reporting guidance for certain items previously required to be reported as assets or liabilities. The object of GASB Statement No. 65 is to classify certain

**CITY OF MIDDLETOWN**  
**NOTES TO FINANCIAL STATEMENTS**  
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items that were previously reported as assets and liabilities as either deferred outflows of resources or deferred inflows of resources and to recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues).

The City's adoption of GASB 65 resulted in the write-off of bond issuance costs and a reduction of beginning net position (as of January 1, 2013) as detailed in the table below.

Additionally, to adjust the previously reported balance of Other Post Employment Benefits (OPEB's), which was overstated, the City has increased the beginning net position (as of January 1, 2013) as detailed in the table below.

Reporting Unit	12/31/12 Total Net Position, As Previously Reported	Write-Off of Bond Issuance Costs (GASB 65 Adoption)	Correction of an Error (Adjustment of OPEB Liability)	12/31/12 Total Net Position, Restated
Governmental Activities	\$ 95,615,196	\$(439,045)	\$686,900	\$95,863,051
Business-Type Activities	\$71,118,085	\$(201,989)	\$149,700	\$71,065,796
Governmental Activities - Internal Service Funds	\$6,634,635	-	\$24,900	\$6,659,535
Water Fund	\$25,247,086	\$(24,455)	\$80,300	\$25,302,931
Sewer Fund	\$30,345,576	\$(132,705)	\$54,000	\$30,266,871
Golf Course Fund	\$1,988,804	\$(11,970)	\$1,400	\$1,978,234
Solid Waste Disposal Fund	\$528,619	\$(3,981)	-	\$524,638
Airport Fund	\$2,110,392	\$(28,878)	-	\$2,081,514
Transit Fund	\$1,495,114	-	\$14,000	\$1,509,114
Municipal Garage Fund	\$6,929,622	-	\$24,900	\$6,954,522

**NOTE 23 – FUND BALANCE**

The fund balances for all governmental funds are 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. The constraints placed on the fund balance for the major governmental funds and all other non-major governmental funds are presented as follows:

**CITY OF MIDDLETOWN**  
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Fund Balances	General Fund	Housing Assistance Fund	Special Assessment Debt Service Fund	Capital Improvements Fund	Non-major Governmental Funds	Total Governmental Funds
Nonspendable						
Inventory of supplies	17,618				335,520	353,138
Interfund loans	2,977,194					2,977,194
Total Nonspendable	2,994,812	0	0	0	335,520	3,330,332
Restricted for						
Capital improvements				66,854	118,302	185,156
Debt service			190,274			190,274
Purposes allowed by TIF agreement					889,796	889,796
Housing assistance		1,329,381				1,329,381
Community Development					3,007,932	3,007,932
Public health					61,011	61,011
Public safety	96,306				1,730,928	1,827,234
Roads					929,376	929,376
Total Restricted	96,306	1,329,381	190,274	66,854	6,737,345	8,420,160
Committed						
Capital improvements					1,001,302	1,001,302
Retirement benefits	419,055					419,055
Debt service					54,696	54,696
Recreation					92,293	92,293
Purchase of capital assets					2,012,297	2,012,297
Total Committed	419,055	0	0	0	3,160,588	3,579,643
Assigned						
Purchase commitments	386,135					386,135
Total Assigned	386,135	0	0	0	0	386,135
Unassigned (deficit)	5,909,148				(920,461)	4,988,687
Total Fund Balances	\$9,805,456	\$1,329,381	\$190,274	\$66,854	\$9,312,992	\$20,704,957

**CITY OF MIDDLETOWN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**GENERAL FUND**  
**FOR YEAR ENDED DECEMBER 31, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
<b>Revenues:</b>				
Property taxes	\$ 2,703,386	\$ 2,703,386	\$ 2,545,171	\$ (158,215)
Municipal income taxes	14,637,433	14,616,033	13,967,459	(648,574)
Intergovernmental revenue	2,429,495	2,429,495	2,540,620	111,125
Charges for services	4,622,780	4,622,780	4,552,185	(70,595)
Fees, licenses, and permits	225,970	225,970	319,180	93,210
Fines and forfeits	258,525	258,525	211,211	(47,314)
Interest earnings	97,434	97,434	2,859	(94,575)
Miscellaneous	1,234,730	1,234,730	1,481,156	246,426
<b>Total revenues</b>	<b>26,209,753</b>	<b>26,188,353</b>	<b>25,619,841</b>	<b>(568,512)</b>
<b>Expenditures:</b>				
Current				
Community Environment				
Community revitalization administration				
Personal services	180,207	180,207	181,035	(828)
Other	12,220	12,220	12,378	(158)
Neighborhood improvement				
Personal services	49,295	49,295	48,333	962
Other	13,802	13,802	8,598	5,204
Community development				
Personal services	469,633	477,633	469,264	8,369
Street lighting				
Other	769,134	771,075	722,062	49,013
<b>Total community environment</b>	<b>1,494,291</b>	<b>1,504,232</b>	<b>1,441,670</b>	<b>62,562</b>
Leisure Time Activities				
Community center				
Personal services	119,247	119,247	105,955	13,292
Other	103,458	103,458	104,683	(1,225)
Parks maintenance				
Personal services	430,381	436,381	429,583	6,798
Other	319,582	319,341	290,428	28,913
<b>Total leisure time activities</b>	<b>972,668</b>	<b>978,427</b>	<b>930,649</b>	<b>47,778</b>

continued

**CITY OF MIDDLETOWN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**GENERAL FUND**  
**FOR YEAR ENDED DECEMBER 31, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
<b>Public Safety</b>				
Fire administration				
Personal services	198,440	198,440	194,739	3,701
Other	11,178	11,178	8,367	2,811
Fire operations				
Personal services	6,633,394	6,633,394	6,328,117	305,277
Other	821,173	859,173	780,431	78,742
Fire prevention/training				
Personal services	220,642	220,642	197,777	22,865
Other	7,610	1,610	1,304	306
Police administration				
Personal services	249,683	249,683	248,137	1,546
Other	100,000	100,000	86,065	13,935
Criminal investigation				
Personal services	1,556,200	1,556,200	1,515,779	40,421
Other	27,000	27,000	28,232	(1,232)
Uniform patrol				
Personal services	5,295,446	5,295,446	5,224,110	71,336
Other	1,057,836	1,062,314	997,263	65,051
Police services				
Personal services	330,555	330,555	321,028	9,527
Other	11,291	10,700	6,565	4,135
Police and fire dispatch				
Personal services	1,103,335	1,103,335	1,090,227	13,108
Other	70,500	70,500	64,434	6,066
Jail management				
Personal services	916,442	916,442	759,368	157,074
Other	322,719	357,769	335,593	22,176
School crossing guards				
Personal services	-	-	(12,344)	12,344
Building inspection and services				
Personal services	188,236	188,236	172,437	15,799
Other	87,789	87,724	85,132	2,592
Building maintenance				
Personal services	202,462	202,462	191,922	10,540
Other	179,782	179,326	160,233	19,093
<b>Total public safety</b>	<b>19,591,713</b>	<b>19,662,129</b>	<b>18,784,916</b>	<b>877,213</b>

continued

**CITY OF MIDDLETOWN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**GENERAL FUND**  
**FOR YEAR ENDED DECEMBER 31, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
<b>General Government</b>				
City council				
Personal services	169,431	169,431	148,381	21,050
Other	58,518	58,518	33,557	24,961
City manager				
Personal services	230,587	230,587	224,044	6,543
Other	14,513	14,479	14,233	246
Finance administration				
Personal services	202,917	202,917	191,434	11,483
Other	42,922	42,922	23,801	19,121
Treasurer				
Personal services	193,638	193,638	185,561	8,077
Other	13,237	12,171	6,815	5,356
Information systems				
Personal services	503,999	503,999	435,325	68,674
Other	96,579	95,196	70,763	24,433
Personnel				
Personal services	54,585	115,951	96,296	19,655
Other	333,242	285,722	199,896	85,826
Law				
Personal services	376,522	376,522	349,076	27,446
Other	64,615	62,015	61,111	904
Purchasing				
Personal services	58,663	58,663	52,191	6,472
Other	3,350	3,350	1,309	2,041
Planning				
Personal services	268,983	268,983	254,877	14,106
Other	65,148	59,948	52,618	7,330
Economic development				
Personal services	191,780	193,780	190,458	3,322
Other	119,796	117,796	109,480	8,316
Engineering				
Personal services	570,039	570,039	509,837	60,202
Other	96,152	96,152	76,888	19,264
<b>Total general government</b>	<b>3,729,216</b>	<b>3,732,779</b>	<b>3,287,951</b>	<b>444,828</b>

continued

**CITY OF MIDDLETOWN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**GENERAL FUND**  
**FOR YEAR ENDED DECEMBER 31, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Miscellaneous				
Non-departmental				
Personal services	26,130	26,130	23,636	2,494
Other	1,605,408	1,590,418	1,477,094	113,324
<b>Total miscellaneous</b>	<b>1,631,538</b>	<b>1,616,548</b>	<b>1,500,730</b>	<b>115,818</b>
<b>Total expenditures</b>	<b>27,419,426</b>	<b>27,494,115</b>	<b>25,945,916</b>	<b>1,548,199</b>
Excess of revenues over (under) expenditures	(1,209,673)	(1,305,762)	(326,075)	979,687
Other financing sources (uses)				
Advances Out	-	-	(768,547)	(768,547)
Transfers-out	(319,000)	(1,974,000)	(919,000)	1,055,000
Other uses	-	-	(361,164)	(361,164)
<b>Total other financing sources (uses)</b>	<b>(319,000)</b>	<b>(1,974,000)</b>	<b>(2,048,711)</b>	<b>(74,711)</b>
Net change in fund balance	(1,528,673)	(3,279,762)	(2,374,786)	904,976
Fund balance, beginning of year	7,378,644	7,378,644	7,378,644	-
Appropriation for prior year encumbrances	521,212	521,212	521,212	-
<b>Fund balance, end of the year</b>	<b>\$ 6,371,183</b>	<b>\$ 4,620,094</b>	<b>\$ 5,525,070</b>	<b>\$ 904,976</b>

See notes to the required supplementary informaton.

**CITY OF MIDDLETOWN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**HOUSING ASSISTANCE FUND**  
**FOR YEAR ENDED DECEMBER 31, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Intergovernmental revenue	\$ 11,499,039	\$ 11,499,039	\$ 8,730,840	\$ (2,768,199)
Interest earnings	3,761	3,761	(7,572)	(11,333)
Miscellaneous	70,000	70,000	2	(69,998)
<b>Total revenues</b>	<b>11,572,800</b>	<b>11,572,800</b>	<b>8,723,270</b>	<b>(2,849,530)</b>
Expenditures:				
Current				
Community Environment				
Other	11,576,039	11,576,039	9,183,001	2,393,038
<b>Total expenditures</b>	<b>11,576,039</b>	<b>11,576,039</b>	<b>9,183,001</b>	<b>2,393,038</b>
Excess of revenues over (under) expenditures	(3,239)	(3,239)	(459,731)	(456,492)
Other financing sources (uses):				
Other uses	-	-	(47,784)	(47,784)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(47,784)</b>	<b>(47,784)</b>
Net change in fund balance	(3,239)	(3,239)	(507,515)	(504,276)
Fund balance, beginning of the year	1,509,200	1,509,200	1,509,200	-
<b>Fund balance, end of the year</b>	<b>\$ 1,505,961</b>	<b>\$ 1,505,961</b>	<b>\$ 1,001,685</b>	<b>\$ (504,276)</b>

See notes to the required supplementary informaton.

**CITY OF MIDDLETOWN**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2013**

**NOTE 1 - BUDGETARY ACCOUNTING**

The Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual (Non-GAAP Basis) for the General Fund and Housing Assistance Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- i) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- ii) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- iii) Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than restricted, committed or assigned fund balances (GAAP basis).
- iv) Receipt and payment of year-end interfund loans are treated as other sources or uses (budget basis) rather than an increase or decrease in an asset or liability account (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budgetary (cash) basis for the General Fund and one major Special Revenue Fund are as follows:

	<b>General Fund</b>	<b>Housing Assistance</b>
GAAP basis (as reported)	(\$1,218,947)	(\$488,464)
Advances	(\$768,547)	\$0
Revenue and other sources	(\$418,311)	(\$18,400)
Expenditures and other uses	\$513,318	\$14,349
Encumbrances	(\$482,299)	(\$15,000)
<b>Budget basis</b>	<b>(\$2,374,786)</b>	<b>(\$507,515)</b>

**CITY OF MIDDLETOWN  
FUND DESCRIPTIONS  
DECEMBER 31, 2013**

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**SPECIAL REVENUE FUNDS:**

Special Revenue Funds account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted or committed for specific purposes.

**Non Major Special Revenue Funds:**

**AUTO AND GAS TAX FUND**

To account for state-levied and controlled gasoline tax and county vehicle license fees, which are remitted to the City for routine street maintenance and traffic control.

**ACQUISITION FOR PARKS FUND**

To account for monies received for split-lot fees charged in local subdivisions.

**HEALTH FUND**

To account for grant money received from the State for the City's public health subsidy, and to account for the activities of the City Health Department.

**EMERGENCY MEDICAL SERVICES FUND (EMS)**

To account for a portion of the City's ambulance service revenues or other revenues specifically designated for the Division of Fire. Fire capital needs are paid for by this fund.

**URBAN DEVELOPMENT ACTION GRANT (UDAG) FUND**

To account for the Urban Development Action Grant loans.

**COURT COMPUTERIZATION FUND**

To accumulate funds for computer equipment and software for the Municipal Court.

**LAW ENFORCEMENT FUND**

To account for revenues resulting from the sale of property seized by the Middletown Police Division in the course of its criminal investigations.

**MANDATORY DRUG FINE FUND**

To account for drug fines received from the Court of Common Pleas and Police Division drug investigation expenditures.

**PROBATION SERVICES FUND**

To account for probation fees levied by the Middletown Municipal Court.

**INDIGENT DRIVER ALCOHOL TREATMENT FUND**

To account for fines collected by the Municipal Court to be used for treatment of indigent drivers convicted of driving under the influence.

**ENFORCEMENT/EDUCATION FUND**

To account for fines collected by the Municipal Court to be used by the Court and Police for traffic education and enforcement.

**CITY OF MIDDLETOWN  
FUND DESCRIPTIONS  
DECEMBER 31, 2013**

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**Non Major Special Revenue Funds continued:**

**CIVIC DEVELOPMENT FUND**

To account for the City lodging tax receipts which are to be used for civic development purposes.

**MUNICIPAL COURT FUND**

To account for fines and court costs levied by the City's Municipal Court, and to account for the operations of the Middletown Municipal Court.

**POLICE GRANT FUND**

To account for Federal grant money awarded to the Police Division.

**COURT INDIGENT DRIVERS INTERLOCK AND ALCOHOL MONITORING FUND**

To accumulate funds for account for the alcohol/drug monitoring component of the court costs and fees collected by the Municipal Court.

**COURT SPECIAL PROJECTS FUND**

To accumulate funds for projects designated by the Municipal Court.

**HOME PROGRAM FUND**

To account for funds received from the Department of Housing and Urban Development for home purchase assistance.

**POOL FUND**

To account for donations received for the maintenance of the former Sunset Pool. The pool was demolished in 2012.

**COMMUNITY DEVELOPMENT FUND**

To account for monies received from the Department of Housing and Urban Development for the City's community development block grant.

**COMMUNITY DEVELOPMENT ESCROW FUND**

To account for federal monies received through the City's Community Development Block grants for providing low interest bearing rehabilitation loans to lower income property owners in targeted areas.

**POLICE PENSION FUND**

To accumulate property taxes levied for the partial payment of the current and accrued liability for police disability and pension.

**FIRE PENSION FUND**

To accumulate property taxes levied for the partial payment of the current and accrued liability for fire disability and pension.

**NEIGHBORHOOD STABILIZATION PROGRAM FUND**

To account for monies received from the Department of Housing and Urban Development, as a result of the Housing and Economic Recovery Act of 2008, for specific neighborhood stabilization projects in concert with the City's community development block grant.

**CITY OF MIDDLETOWN  
FUND DESCRIPTIONS  
DECEMBER 31, 2013**

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**Non Major Special Revenue Funds continued:**

**AMERICAN RECOVERY AND REINVESTMENT ACT GRANT (ARRA) FUND**

To account for financial assistance received from the Department of Housing and Urban Development, as a result of the American Recovery and Reinvestment Act of 2009, for specific community development block grant activities for efforts to stabilize neighborhoods and jobs.

**CONSERVANCY DISTRICT FUND**

To account for assessments from property owners for a regional flood protection system which is currently managed by the Miami Conservancy District.

**NUISANCE ABATEMENT FUND**

To account for reimbursements from property owners who are assessed charges for remediation of property code violations.

**SENIOR SERVICES FUND**

To account for levy receipts of the Senior Services Levy.

**HUD SECTION 108 FUND**

To account for a loan payments for a loan received from the U.S. Department of Housing of Urban Development.

**INCOME TAX FUND**

To account for the Taxation Division's activities which collect Middletown's local income tax. This fund is included with the General Fund for GAAP reporting but has a separate legally adopted budget.

**TERMINATION PAY FUND**

To account for the expenditures resulting from the retirement or resignation of City employees. This fund is included with the General Fund for GAAP reporting but has a separate legally adopted budget.

**DEBT SERVICE FUNDS:**

Debt Service Funds account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

**Non Major Debt Service Funds:**

**GENERAL OBLIGATION DEBT SERVICE FUND**

To account for the accumulation of resources for, and the payment of general long-term debt principal and interest. Revenues are comprised of transfers from other funds and expenditures are for annual bond principal and interest payments due.

**EAST END/TOWNE BOULEVARD TAX INCREMENT FINANCING DISTRICT FUND**

To account for the tax increment payments used to retire debt on the Towne Boulevard Extension project. The Towne Boulevard Tax Increment Financing District was established in 2001 and expires in 2021.

**CITY OF MIDDLETOWN  
FUND DESCRIPTIONS  
DECEMBER 31, 2013**

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**Non Major Debt Service Funds continued:**

**DOWNTOWN TAX INCREMENT FINANCING DISTRICT FUND**

To account for the tax increment payments used to retire debt for the removal of the City Centre Mall in the downtown area. The Downtown Tax Increment Financing District was established in 2000 and expires in 2020.

**AERONCA TAX INCREMENT FINANCING DISTRICT FUND**

To account for the tax increment payments used to retire debt associated with the redevelopment of this district. The Aeronca Tax Increment Financing District was established in 2006 and expires in 2036.

**AIRPORT/RIVERFRONT TAX INCREMENT FINANCING DISTRICT FUND**

To account for the tax increment payments that will be used to retire debt associated with the redevelopment of this district.

**MILLER ROAD NORTH TAX INCREMENT FINANCING DISTRICT FUND**

To account for the tax increment payments that will be used to retire debt associated with the redevelopment of this district.

**TOWNE MALL/HOSPITAL TAX INCREMENT FINANCING DISTRICT FUND**

To account for the tax increment payments that will be used to retire debt associated with the redevelopment of this district.

**RENAISSANCE NORTH TAX INCREMENT FINANCING DISTRICT FUND**

To account for the tax increment payments that will be used to retire debt associated with the redevelopment of this district.

**RENAISSANCE SOUTH TAX INCREMENT FINANCING DISTRICT FUND**

To account for the tax increment payments that will be used to retire debt associated with the redevelopment of this district.

**MANCHESTER ROAD TAX INCREMENT FINANCING DISTRICT FUND**

To account for the tax increment payments that will be used to retire debt associated with the redevelopment of the Manchester Road area.

**MADE INDUSTRIAL PARK TAX INCREMENT FINANCING DISTRICT FUND**

To account for the tax increment payments that will be used to retire debt associated with the redevelopment of the Made Industrial Park area.

**SOUTH YANKEE ROAD TAX INCREMENT FINANCING DISTRICT FUND**

To account for the tax increment payments that will be used to retire debt associated with the redevelopment of the South Yankee Road area. No budget was adopted for this fund in 2013.

**CITY OF MIDDLETOWN  
FUND DESCRIPTIONS  
DECEMBER 31, 2013**

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**CAPITAL PROJECT FUNDS:**

Capital Project Funds account for financial resources to be used for the construction or acquisition of major capital facilities and infrastructure.

**Non Major Capital Project Funds:**

**EAST END DEVELOPMENT FUND**

To accumulate costs for improvements in the City's East End area adjacent to Interstate 75.

**DOWNTOWN IMPROVEMENTS FUND**

To account for improvement projects in the downtown area.

**COMPUTER REPLACEMENT FUND**

To accumulate funds for the future purchase of a new mainframe computer for the City.

**PROPERTY DEVELOPMENT FUND**

To account for operating and development costs associated with property owned by the City.

**LEFFERSON ROAD SEWER SPECIAL ASSESSMENT FUND**

To accumulate costs for this improvement program for repairs and/or replacement of curb and sanitary sewer lines. Property owners will be partially assessed for this project.

**2011 SIDEWALK, CURB AND GUTTER FUND**

To accumulate costs for the 2011 sidewalk project for repairs and/or replacement of curb and sidewalk in designated areas. Property owners will be assessed for this project.

**MAIN STREET SPECIAL ASSESSMENT FUND**

To accumulate costs for the Main Street light, sidewalk, curbs and gutter project. Property owners will be partially assessed for this project.

**SEWER CONNECTION SPECIAL ASSESSMENT FUND**

To accumulate costs for the sewer connection project for designated properties which will be assessed to the property owners. This project was delayed until 2014.

**2013 SIDEWALK, CURB AND GUTTER FUND**

To accumulate costs for the 2013 concrete and sidewalk repairs and/or replacement of curb and sidewalk in designated areas. Property owners will be assessed for this project. This project was delayed until 2014.



**CITY OF MIDDLETOWN, OHIO  
COMBINING BALANCE SHEET  
NON MAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2013**

	Non Major Special Revenue Funds	Non Major Debt Service Funds	Non Major Capital Project Funds	Total Non Major Governmental Funds
<b>Assets:</b>				
Cash and equity in pooled cash, deposits and investments	\$ 3,883,721	\$ 944,492	\$ 3,141,412	\$ 7,969,625
Receivables (net of allowance for uncollectibles):				
Property taxes	1,221,901	-	-	1,221,901
Accounts	189,134	-	11,334	200,468
Loans	2,104,317	-	-	2,104,317
Special assessments	526,538	-	-	526,538
Payment in lieu of taxes	-	460,207	-	460,207
Due from other governments	1,900,640	9,069	-	1,909,709
Inventory of supplies	456,410	-	-	456,410
<b>Total assets</b>	<b>\$ 10,282,661</b>	<b>\$ 1,413,768</b>	<b>\$ 3,152,746</b>	<b>\$ 14,849,175</b>
<b>Liabilities:</b>				
Accounts payable	\$ 284,628	\$ -	\$ 20,845	\$ 305,473
Accrued wages and benefits	96,340	-	-	96,340
Other accrued liabilities	76,342	-	-	76,342
Due to other funds	371,850	-	645,582	1,017,432
Due to other governments	125,288	-	-	125,288
<b>Total liabilities</b>	<b>954,448</b>	<b>-</b>	<b>666,427</b>	<b>1,620,875</b>
<b>Deferred inflows:</b>				
Revenues levied for the next year and unavailable revenue	3,446,032	469,276	-	3,915,308
<b>Total deferred inflows</b>	<b>3,446,032</b>	<b>469,276</b>	<b>-</b>	<b>3,915,308</b>
<b>Fund balances:</b>				
Nonspendable	335,520	-	-	335,520
Restricted	5,729,247	889,796	118,302	6,737,345
Committed	92,293	54,696	3,013,599	3,160,588
Unassigned	(274,879)	-	(645,582)	(920,461)
<b>Total fund balances</b>	<b>5,882,181</b>	<b>944,492</b>	<b>2,486,319</b>	<b>9,312,992</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 10,282,661</b>	<b>\$ 1,413,768</b>	<b>\$ 3,152,746</b>	<b>\$ 14,849,175</b>

**CITY OF MIDDLETOWN, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Non Major Special Revenue Funds</b>	<b>Non Major Debt Service Funds</b>	<b>Non Major Capital Project Funds</b>	<b>Total Non Major Governmental Funds</b>
Revenues:				
Property taxes	\$ 1,110,083	\$ -	\$ -	\$ 1,110,083
Municipal income taxes	2,731,000	1,874,560	8,000	4,613,560
Other taxes	-	1,079,049	-	1,079,049
Intergovernmental revenues	4,698,612	403,089	64,033	5,165,734
Charges for services	179,220	-	-	179,220
Fines and forfeits	1,724,148	-	-	1,724,148
Special assessments	166,126	-	37,864	203,990
Investment income	3,370	-	202	3,572
Miscellaneous	422,033	280,341	328,193	1,030,567
<b>Total revenues</b>	<b>11,034,592</b>	<b>3,637,039</b>	<b>438,292</b>	<b>15,109,923</b>
Expenditures:				
Current				
Public safety	5,260,744	-	-	5,260,744
Public health and welfare	346,734	-	-	346,734
Community environment	4,433,395	-	1,193,772	5,627,167
Highways and streets	2,603,418	-	404,087	3,007,505
General government	-	-	123,095	123,095
Miscellaneous	345,580	590,468	-	936,048
Debt service				
Principal retirement	33,000	4,882,843	-	4,915,843
Interest and fiscal charges	3,780	1,156,436	34,257	1,194,473
<b>Total expenditures</b>	<b>13,026,651</b>	<b>6,629,747</b>	<b>1,755,211</b>	<b>21,411,609</b>
Excess of revenues over (under) expenditures	(1,992,059)	(2,992,708)	(1,316,919)	(6,301,686)
Other financing sources (uses):				
Transfers-in	820,000	-	264,434	1,084,434
Proceeds from loans	1,000,000	-	-	1,000,000
Proceeds from issuance of long-term notes	-	-	2,056,916	2,056,916
Proceeds of bonds	-	5,845,000	-	5,845,000
Premium on bonds	-	198,973	-	198,973
Payment to refunded bond escrow agent	-	(3,300,000)	-	(3,300,000)
<b>Total other financing sources (uses)</b>	<b>1,820,000</b>	<b>2,743,973</b>	<b>2,321,350</b>	<b>6,885,323</b>
Net change in fund balances	(172,059)	(248,735)	1,004,431	583,637
Fund balance, beginning of year	6,054,240	1,193,227	1,481,888	8,729,355
<b>Fund balance, end of the year</b>	<b>\$ 5,882,181</b>	<b>\$ 944,492</b>	<b>\$ 2,486,319</b>	<b>\$ 9,312,992</b>

**CITY OF MIDDLETOWN, OHIO  
COMBINING BALANCE SHEET  
NON MAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2013**

	<b>Auto &amp; Gas Tax</b>	<b>Acquisition for Parks</b>	<b>Health Fund</b>	<b>Emergency Medical Services</b>	<b>Urban Development Action Grant</b>	<b>Court Computer- ization</b>
<b>Assets:</b>						
Cash and equity in pooled cash, deposits and investments	\$ 949,968	\$ 74,347	\$ 97,082	\$ 72,433	\$ 221,296	\$ 47,464
Receivables (net of allowance for uncollectibles):						
Property taxes	-	-	-	-	-	-
Accounts	548	-	-	-	-	5,758
Loans	-	-	-	-	135,024	-
Special assessments	-	-	-	-	-	-
Due from other governments	1,073,814	-	-	-	-	-
Inventory of supplies	335,520	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2,359,850</b>	<b>\$ 74,347</b>	<b>\$ 97,082</b>	<b>\$ 72,433</b>	<b>\$ 356,320</b>	<b>\$ 53,222</b>
<b>Liabilities:</b>						
Accounts payable	\$ 106,252	\$ -	\$ 3,444	\$ -	\$ -	\$ 25,304
Accrued wages and benefits	27,482	-	6,837	-	-	-
Other accrued liabilities	12,950	-	25,605	-	-	-
Due to other funds	43,076	-	83	-	-	-
Due to other governments	-	-	102	-	-	-
<b>Total liabilities</b>	<b>189,760</b>	<b>-</b>	<b>36,071</b>	<b>-</b>	<b>-</b>	<b>25,304</b>
<b>Deferred inflows:</b>						
Revenues levied for the next year and unavailable revenue	905,194	-	-	-	-	-
<b>Total deferred inflows</b>	<b>905,194</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>						
Nonspendable	335,520	-	-	-	-	-
Restricted	929,376	-	61,011	72,433	356,320	27,918
Committed	-	74,347	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances</b>	<b>1,264,896</b>	<b>74,347</b>	<b>61,011</b>	<b>72,433</b>	<b>356,320</b>	<b>27,918</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 2,359,850</b>	<b>\$ 74,347</b>	<b>\$ 97,082</b>	<b>\$ 72,433</b>	<b>\$ 356,320</b>	<b>\$ 53,222</b>

	Law Enforcement Trust	Mandatory Drug Fine	Probation Services	Indigent Driver Alcohol Treatment	Enforce- ment Education	Civic Develop- ment	Municipal Court	Police Grant	Court IDIAM	
\$	1,916	\$ 194,843	\$ 280,698	\$ 14,128	\$ 52,809	\$ 161,548	\$ 230,982	\$ 183,532	\$ 24,843	
	-	-	-	-	-	-	-	-	-	
	-	-	8,571	916	894	54,110	104,310	-	2,320	
	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	9,371	-	
	-	-	-	-	-	-	-	-	-	
<b>\$</b>	<b>1,916</b>	<b>\$ 194,843</b>	<b>\$ 289,269</b>	<b>\$ 15,044</b>	<b>\$ 53,703</b>	<b>\$ 215,658</b>	<b>\$ 335,292</b>	<b>\$ 192,903</b>	<b>\$ 27,163</b>	
\$	-	\$ 647	\$ 10,098	\$ 1,927	\$ 557	\$ 7,156	\$ 4,069	\$ 14,000	\$ -	
	-	-	1,404	-	-	-	29,607	31,010	-	
	-	7,977	650	-	-	-	14,580	14,580	-	
	-	861	-	-	-	-	988	-	-	
	-	1,837	-	-	-	-	-	-	-	
	-	11,322	12,152	1,927	557	7,156	49,244	59,590	-	
	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	
	1,916	183,521	277,117	13,117	53,146	208,502	286,048	133,313	27,163	
	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	
<b>\$</b>	<b>1,916</b>	<b>183,521</b>	<b>277,117</b>	<b>13,117</b>	<b>53,146</b>	<b>208,502</b>	<b>286,048</b>	<b>133,313</b>	<b>27,163</b>	
<b>\$</b>	<b>1,916</b>	<b>\$ 194,843</b>	<b>\$ 289,269</b>	<b>\$ 15,044</b>	<b>\$ 53,703</b>	<b>\$ 215,658</b>	<b>\$ 335,292</b>	<b>\$ 192,903</b>	<b>\$ 27,163</b>	

(continued)

**CITY OF MIDDLETOWN, OHIO  
COMBINING BALANCE SHEET  
NON MAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2013**

	<b>Court Special Projects</b>	<b>Pool Fund</b>	<b>Home Program</b>	<b>Community Develop- ment</b>	<b>Community Development Escrow</b>	<b>Police Pension</b>
<b>Assets:</b>						
Cash and equity in pooled cash, deposits and investments	\$ 98,463	\$ 17,946	\$ 14,453	\$ 100,397	\$ 435,148	\$ 316,834
Receivables (net of allowance for uncollectibles):						
Property taxes	-	-	-	-	-	211,767
Accounts	11,707	-	-	-	-	-
Loans	-	-	-	-	1,002,293	-
Special assessments	-	-	-	-	-	-
Due from other governments	-	-	189,228	356,495	-	12,543
Inventory of supplies	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 110,170</b>	<b>\$ 17,946</b>	<b>\$ 203,681</b>	<b>\$ 456,892</b>	<b>\$ 1,437,441</b>	<b>\$ 541,144</b>
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ -	\$ 13,244	\$ 23,468	\$ -	\$ -
Accrued wages and benefits	-	-	-	-	-	-
Other accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	50,000	104,641	-	-
Due to other governments	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>63,244</b>	<b>128,109</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows:</b>						
Revenues levied for the next year and unavailable revenue	-	-	164,172	356,495	-	224,310
<b>Total deferred inflows</b>	<b>-</b>	<b>-</b>	<b>164,172</b>	<b>356,495</b>	<b>-</b>	<b>224,310</b>
<b>Fund balances:</b>						
Nonspendable	-	-	-	-	-	-
Restricted	110,170	-	-	-	1,437,441	316,834
Committed	-	17,946	-	-	-	-
Unassigned	-	-	(23,735)	(27,712)	-	-
<b>Total fund balances</b>	<b>110,170</b>	<b>17,946</b>	<b>(23,735)</b>	<b>(27,712)</b>	<b>1,437,441</b>	<b>316,834</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 110,170</b>	<b>\$ 17,946</b>	<b>\$ 203,681</b>	<b>\$ 456,892</b>	<b>\$ 1,437,441</b>	<b>\$ 541,144</b>

<b>Fire Pension</b>	<b>Neighborhood Stabilization Program</b>	<b>ARRA Act Grant</b>	<b>Conservancy District</b>	<b>Nuisance Abatement</b>	<b>Senior Services</b>	<b>HUD Section 108 Loan</b>	<b>Totals</b>
\$ 228,232	\$ 17,659	\$ -	\$ 45,738	\$ -	\$ 242	\$ 720	\$ 3,883,721
211,767	-	-	92,480	-	705,887	-	1,221,901
-	-	-	-	-	-	-	189,134
-	-	-	-	-	-	967,000	2,104,317
-	-	-	-	526,538	-	-	526,538
12,543	58,000	-	5,899	140,725	42,022	-	1,900,640
-	120,890	-	-	-	-	-	456,410
<b>\$ 452,542</b>	<b>\$ 196,549</b>	<b>\$ -</b>	<b>\$ 144,117</b>	<b>\$ 667,263</b>	<b>\$ 748,151</b>	<b>\$ 967,720</b>	<b>\$ 10,282,661</b>
\$ -	\$ 600	\$ -	\$ -	\$ 73,620	\$ 242	\$ -	\$ 284,628
-	-	-	-	-	-	-	96,340
-	-	-	-	-	-	-	76,342
-	100,000	-	-	72,201	-	-	371,850
-	-	-	123,349	-	-	-	125,288
<b>-</b>	<b>100,600</b>	<b>-</b>	<b>123,349</b>	<b>145,821</b>	<b>242</b>	<b>-</b>	<b>954,448</b>
224,310	58,000	-	98,379	667,263	747,909	-	3,446,032
<b>224,310</b>	<b>58,000</b>	<b>-</b>	<b>98,379</b>	<b>667,263</b>	<b>747,909</b>	<b>-</b>	<b>3,446,032</b>
-	-	-	-	-	-	-	335,520
228,232	37,949	-	-	-	-	967,720	5,729,247
-	-	-	-	-	-	-	92,293
-	-	-	(77,611)	(145,821)	-	-	(274,879)
<b>228,232</b>	<b>37,949</b>	<b>-</b>	<b>(77,611)</b>	<b>(145,821)</b>	<b>-</b>	<b>967,720</b>	<b>5,882,181</b>
<b>\$ 452,542</b>	<b>\$ 196,549</b>	<b>\$ -</b>	<b>\$ 144,117</b>	<b>\$ 667,263</b>	<b>\$ 748,151</b>	<b>\$ 967,720</b>	<b>\$ 10,282,661</b>

**CITY OF MIDDLETOWN, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON MAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Auto & Gas Tax	Acquisition for Parks	Health Fund	Emergency Medical Services	Urban Development Action Grant	Court Computer- ization
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Municipal income taxes	200,000	-	115,000	-	-	-
Intergovernmental revenues	2,265,925	-	18,816	13,774	-	-
Charges for services	-	-	179,220	-	-	-
Fines and forfeits	-	-	-	-	-	69,613
Special assessments	-	-	-	-	-	-
Interest earnings	423	-	-	-	40	-
Miscellaneous	89,699	-	12,665	2,549	-	-
<b>Total revenues</b>	<b>2,556,047</b>	<b>-</b>	<b>325,701</b>	<b>16,323</b>	<b>40</b>	<b>69,613</b>
Expenditures:						
Current						
Public safety	561,712	-	-	-	-	50,199
Public health and welfare	-	-	346,734	-	-	-
Community environment	-	-	-	-	25,655	-
Highways and streets	2,603,418	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Debt service						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>3,165,130</b>	<b>-</b>	<b>346,734</b>	<b>-</b>	<b>25,655</b>	<b>50,199</b>
Excess of revenues over (under) expenditures	(609,083)	-	(21,033)	16,323	(25,615)	19,414
Other financing sources (uses):						
Transfers-in	-	-	-	-	-	-
Proceeds from loans	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	(609,083)	-	(21,033)	16,323	(25,615)	19,414
Fund balance, beginning of year	1,873,979	74,347	82,044	56,110	381,935	8,504
<b>Fund balance, end of the year</b>	<b>\$ 1,264,896</b>	<b>\$ 74,347</b>	<b>\$ 61,011</b>	<b>\$ 72,433</b>	<b>\$ 356,320</b>	<b>\$ 27,918</b>

Law Enforcement Trust	Mandatory Drug Fine	Probation Services	Indigent Driver Alcohol Treatment	Enforce- ment Education	Civic Develop- ment	Municipal Court	Police Grant	Court IDIAM
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	300,000	-	-
-	-	-	-	-	-	-	72,491	-
-	-	-	-	-	-	-	-	-
-	34,567	120,488	15,566	9,978	-	1,315,856	-	6,468
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(9)	-
-	16,553	-	-	-	255,199	3,893	36,575	-
-	<b>51,120</b>	<b>120,488</b>	<b>15,566</b>	<b>9,978</b>	<b>255,199</b>	<b>1,619,749</b>	<b>109,057</b>	<b>6,468</b>
12,539	207,125	103,532	25,047	4,663	-	1,572,924	138,085	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	262,086	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<b>12,539</b>	<b>207,125</b>	<b>103,532</b>	<b>25,047</b>	<b>4,663</b>	<b>262,086</b>	<b>1,572,924</b>	<b>138,085</b>	<b>-</b>
(12,539)	(156,005)	16,956	(9,481)	5,315	(6,887)	46,825	(29,028)	6,468
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(12,539)	(156,005)	16,956	(9,481)	5,315	(6,887)	46,825	(29,028)	6,468
14,455	339,526	260,161	22,598	47,831	215,389	239,223	162,341	20,695
<b>\$ 1,916</b>	<b>\$ 183,521</b>	<b>\$ 277,117</b>	<b>\$ 13,117</b>	<b>\$ 53,146</b>	<b>\$ 208,502</b>	<b>\$ 286,048</b>	<b>\$ 133,313</b>	<b>\$ 27,163</b>

(continued)

**CITY OF MIDDLETOWN, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON MAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Court Special Projects	Pool Fund	Home Program	Community Develop- ment	Community Development Escrow	Police Pension
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 201,743
Municipal income taxes	-	-	-	-	-	960,000
Intergovernmental revenues	-	-	310,726	1,021,851	-	28,972
Charges for services	-	-	-	-	-	-
Fines and forfeits	142,104	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Interest earnings	-	-	-	65	2,851	-
Miscellaneous	-	-	-	319	81	-
<b>Total revenues</b>	<b>142,104</b>	<b>-</b>	<b>310,726</b>	<b>1,022,235</b>	<b>2,932</b>	<b>1,190,715</b>
Expenditures:						
Current						
Public safety	115,291	-	-	-	387,627	960,000
Public health and welfare	-	-	-	-	-	-
Community environment	-	-	300,837	1,040,804	-	-
Highways and streets	-	-	-	-	-	-
Miscellaneous	-	-	-	-	78,158	2,668
Debt service						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>115,291</b>	<b>-</b>	<b>300,837</b>	<b>1,040,804</b>	<b>465,785</b>	<b>962,668</b>
Excess of revenues over (under) expenditures	26,813	-	9,889	(18,569)	(462,853)	228,047
Other financing sources (uses):						
Transfers-in	-	-	-	-	-	-
Proceeds from loans	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	26,813	-	9,889	(18,569)	(462,853)	228,047
Fund balance, beginning of year	83,357	17,946	(33,624)	(9,143)	1,900,294	88,787
<b>Fund balance, end of the year</b>	<b>\$ 110,170</b>	<b>\$ 17,946</b>	<b>\$ (23,735)</b>	<b>\$ (27,712)</b>	<b>\$ 1,437,441</b>	<b>\$ 316,834</b>

Fire Pension	Neighborhood Stabilization Program	ARRA Act Grant	Conservancy District	Nuisance Abatement	Senior Services	HUD Section 108 Loan	Totals
\$ 201,743	\$ -	\$ -	\$ 91,544	\$ -	\$ 615,053	\$ -	\$ 1,110,083
1,122,000	-	-	34,000	-	-	-	2,731,000
28,972	374,461	-	11,964	465,667	84,993	-	4,698,612
-	-	-	-	-	-	-	179,220
-	-	-	-	9,508	-	-	1,724,148
-	-	-	-	166,126	-	-	166,126
-	-	-	-	-	-	-	3,370
-	-	-	-	-	-	4,500	422,033
<b>1,352,715</b>	<b>374,461</b>	<b>-</b>	<b>137,508</b>	<b>641,301</b>	<b>700,046</b>	<b>4,500</b>	<b>11,034,592</b>
1,122,000	-	-	-	-	-	-	5,260,744
-	-	-	-	-	-	-	346,734
-	425,913	319	124,527	1,815,294	700,046	-	4,433,395
-	-	-	-	-	-	-	2,603,418
2,668	-	-	-	-	-	-	345,580
-	-	-	-	-	-	33,000	33,000
-	-	-	-	-	-	3,780	3,780
<b>1,124,668</b>	<b>425,913</b>	<b>319</b>	<b>124,527</b>	<b>1,815,294</b>	<b>700,046</b>	<b>36,780</b>	<b>13,026,651</b>
228,047	(51,452)	(319)	12,981	(1,173,993)	-	(32,280)	(1,992,059)
-	-	-	-	820,000	-	-	820,000
-	-	-	-	-	-	1,000,000	1,000,000
-	-	-	-	<b>820,000</b>	-	<b>1,000,000</b>	<b>1,820,000</b>
228,047	(51,452)	(319)	12,981	(353,993)	-	967,720	(172,059)
185	89,401	319	(90,592)	208,172	-	-	6,054,240
<b>\$ 228,232</b>	<b>\$ 37,949</b>	<b>\$ -</b>	<b>\$ (77,611)</b>	<b>\$ (145,821)</b>	<b>\$ -</b>	<b>\$ 967,720</b>	<b>\$ 5,882,181</b>

**CITY OF MIDDLETOWN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**AUTO AND GAS TAX FUND**  
**FOR YEAR ENDED DECEMBER 31, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Municipal income tax	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
Intergovernmental revenue	2,051,268	2,226,268	2,371,685	145,417
Interest earnings	4,520	4,520	423	(4,097)
Rentals and leases	-	-	639	639
Miscellaneous	95,958	95,958	95,294	(664)
<b>Total revenues</b>	<b>2,351,746</b>	<b>2,526,746</b>	<b>2,668,041</b>	<b>141,295</b>
Expenditures:				
Current				
Public safety:				
Electronic Maintenance				
Personal Services	234,835	234,835	214,956	19,879
Other	495,527	495,154	468,515	26,639
Total public safety	730,362	729,989	683,471	46,518
Highways and streets:				
Street Maintenance				
Personal Services	807,853	807,853	756,910	50,943
Other	1,326,740	1,326,739	1,326,451	288
Grounds Maintenance				
Personal Services	142,405	148,405	144,866	3,539
Other	395,312	395,312	364,096	31,216
Total highways and streets	2,672,310	2,678,309	2,592,323	85,986
<b>Total expenditures</b>	<b>3,402,672</b>	<b>3,408,298</b>	<b>3,275,794</b>	<b>132,504</b>
Net change in fund balance	(1,050,926)	(881,552)	(607,753)	273,799
Fund balance, beginning of the year	1,206,600	1,206,600	1,206,600	-
Appropriation for prior year encumbrances	148,683	148,683	148,683	-
<b>Fund balance, end of the year</b>	<b>\$ 304,357</b>	<b>\$ 473,731</b>	<b>\$ 747,530</b>	<b>\$ 273,799</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
ACQUISITION FOR PARKS FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Charges for services	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
<b>Total revenues</b>	<b>1,000</b>	<b>1,000</b>	<b>-</b>	<b>(1,000)</b>
Expenditures:				
Current				
Leisure activities	-	-	-	-
Other	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	1,000	1,000	-	(1,000)
Fund balance, beginning of the year	74,347	74,347	74,347	-
<b>Fund balance, end of the year</b>	<b>\$ 75,347</b>	<b>\$ 75,347</b>	<b>\$ 74,347</b>	<b>\$ (1,000)</b>

**CITY OF MIDDLETOWN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**HEALTH FUND**  
**FOR YEAR ENDED DECEMBER 31, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Municipal income taxes	\$ 115,000	\$ 115,000	\$ 115,000	\$ -
Intergovernmental revenue	16,000	16,000	18,816	2,816
Charges for services	178,750	178,750	179,220	470
Miscellaneous	71,700	71,700	12,665	(59,035)
<b>Total revenues</b>	<b>381,450</b>	<b>381,450</b>	<b>325,701</b>	<b>(55,749)</b>
Expenditures:				
Current				
Public health and welfare:				
Health State Subsidy				
Personal services	9,108	9,108	6,961	2,147
Health/Environment Admin.				
Personal services	292,012	292,012	291,863	149
Other	90,443	90,443	65,941	24,502
<b>Total expenditures</b>	<b>391,563</b>	<b>391,563</b>	<b>364,765</b>	<b>26,798</b>
Excess of revenues over/under expenditures	(10,113)	(10,113)	(39,064)	(28,951)
Other financing sources:				
Other sources	-	-	1,147	1,147
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>1,147</b>	<b>1,147</b>
Net change in fund balance	(10,113)	(10,113)	(37,917)	(27,804)
Fund balance, beginning of the year	128,119	128,119	128,119	-
Appropriation for prior year encumbrances	6,880	6,880	6,880	-
<b>Fund balance, end of the year</b>	<b>\$ 124,886</b>	<b>\$ 124,886</b>	<b>\$ 97,082</b>	<b>\$ (27,804)</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
EMS FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ -	\$ -	\$ 13,773	\$ 13,773
Miscellaneous	57,600	57,600	2,550	(55,050)
<b>Total revenues</b>	<b>57,600</b>	<b>57,600</b>	<b>16,323</b>	<b>(41,277)</b>
Expenditures:				
Current				
Public health				
Other	57,600	57,600	-	57,600
<b>Total expenditures</b>	<b>57,600</b>	<b>57,600</b>	<b>-</b>	<b>57,600</b>
Net change in fund balance	-	-	16,323	16,323
Fund balance, beginning of the year	56,110	56,110	56,110	-
<b>Fund balance, end of the year</b>	<b>\$ 56,110</b>	<b>\$ 56,110</b>	<b>\$ 72,433</b>	<b>\$ 16,323</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
URBAN DEVELOPMENT ACTION GRANT FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Interest earnings	\$ 1,200	\$ 1,200	\$ 21	\$ (1,179)
Miscellaneous	41,900	41,900	37,095	(4,805)
<b>Total revenues</b>	<b>43,100</b>	<b>43,100</b>	<b>37,116</b>	<b>(5,984)</b>
Expenditures:				
Current				
Community environment				
Other	108,300	125,300	99,622	25,678
<b>Total expenditures</b>	<b>108,300</b>	<b>125,300</b>	<b>99,622</b>	<b>25,678</b>
Net change in fund balance	(65,200)	(82,200)	(62,506)	19,694
Fund balance, beginning of the year	141,772	141,772	141,772	-
Appropriation for prior year encumbrances	58,300	58,300	58,300	-
<b>Fund balance, end of the year</b>	<b>\$ 134,872</b>	<b>\$ 117,872</b>	<b>\$ 137,566</b>	<b>\$ 19,694</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
COURT COMPUTERIZATION FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeitures	\$ 70,000	\$ 70,000	\$ 68,630	\$ (1,370)
<b>Total revenues</b>	<b>70,000</b>	<b>70,000</b>	<b>68,630</b>	<b>(1,370)</b>
Expenditures:				
Current				
Public safety				
Other	70,000	70,000	46,474	23,526
<b>Total expenditures</b>	<b>70,000</b>	<b>70,000</b>	<b>46,474</b>	<b>23,526</b>
Net change in fund balance	-	-	22,156	22,156
Fund balance, beginning of the year	8,770	8,770	8,770	-
<b>Fund balance, end of the year</b>	<b>\$ 8,770</b>	<b>\$ 8,770</b>	<b>\$ 30,926</b>	<b>\$ 22,156</b>

**CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
LAW ENFORCEMENT FUND  
FOR YEAR ENDED DECEMBER 31, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Fines and forfeits	\$ 11,000	\$ 11,000	\$ -	\$ (11,000)
<b>Total revenues</b>	<b>11,000</b>	<b>11,000</b>	<b>-</b>	<b>(11,000)</b>
Expenditures:				
Current				
Public safety				
Other	24,900	20,000	12,959	7,041
<b>Total expenditures</b>	<b>24,900</b>	<b>20,000</b>	<b>12,959</b>	<b>7,041</b>
Net change in fund balance	(13,900)	(9,000)	(12,959)	(3,959)
Fund balance, beginning of the year	9,975	9,975	9,975	-
Appropriation for prior year encumbrances	4,900	4,900	4,900	-
<b>Fund balance, end of the year</b>	<b>\$ 975</b>	<b>\$ 5,875</b>	<b>\$ 1,916</b>	<b>\$ (3,959)</b>

**CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
MANDATORY DRUG FINE FUND  
FOR YEAR ENDED DECEMBER 31, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Fines and forfeits	\$ 85,000	\$ 85,000	\$ 34,567	\$ (50,433)
Miscellaneous	-	-	16,553	16,552
<b>Total revenues</b>	<b>85,000</b>	<b>85,000</b>	<b>51,120</b>	<b>(33,881)</b>
Expenditures:				
Current				
Public safety				
Other	254,000	254,000	204,793	49,207
<b>Total expenditures</b>	<b>254,000</b>	<b>254,000</b>	<b>204,793</b>	<b>49,207</b>
Excess of revenues over (under) expenditures	(169,000)	(169,000)	(153,673)	15,326
Other financing sources:				
Other sources	-	-	5,894	5,894
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>5,894</b>	<b>5,894</b>
Net change in fund balance	(169,000)	(169,000)	(147,779)	21,220
Fund balance, beginning of the year	339,525	339,525	339,525	-
<b>Fund balance, end of the year</b>	<b>\$ 170,525</b>	<b>\$ 170,525</b>	<b>\$ 191,746</b>	<b>\$ 21,220</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
PROBATION SERVICES FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ 125,000	\$ 125,000	\$ 120,540	\$ (4,460)
<b>Total revenues</b>	<b>125,000</b>	<b>125,000</b>	<b>120,540</b>	<b>(4,460)</b>
Expenditures:				
Current				
Public safety				
Personal Services	74,625	74,625	68,121	6,504
Other	70,000	70,000	32,635	37,365
<b>Total expenditures</b>	<b>144,625</b>	<b>144,625</b>	<b>100,756</b>	<b>43,869</b>
Net change in fund balance	(19,625)	(19,625)	19,784	39,409
Fund balance, beginning of the year	252,645	252,645	252,645	-
<b>Fund balance, end of the year</b>	<b>\$ 233,020</b>	<b>\$ 233,020</b>	<b>\$ 272,429</b>	<b>\$ 39,409</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
INDIGENT DRIVER ALCOHOL TREATMENT FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ 20,000	\$ 20,000	\$ 14,650	\$ (5,350)
<b>Total revenues</b>	<b>20,000</b>	<b>20,000</b>	<b>14,650</b>	<b>(5,350)</b>
Expenditures:				
Current				
Public safety				
Other	30,000	30,000	23,120	6,880
<b>Total expenditures</b>	<b>30,000</b>	<b>30,000</b>	<b>23,120</b>	<b>6,880</b>
Net change in fund balance	(10,000)	(10,000)	(8,470)	1,530
Fund balance, beginning of the year	22,598	22,598	22,598	-
<b>Fund balance, end of the year</b>	<b>\$ 12,598</b>	<b>\$ 12,598</b>	<b>\$ 14,128</b>	<b>\$ 1,530</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
ENFORCEMENT/EDUCATION FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ 12,000	\$ 12,000	\$ 4,275	\$ (7,725)
Miscellaneous	-	0	4,809	4,809
<b>Total revenues</b>	<b>12,000</b>	<b>12,000</b>	<b>9,084</b>	<b>(2,916)</b>
Expenditures:				
Current				
Public safety				
Personal Services	5,238	5,238	32	5,206
Other	14,500	14,500	4,106	10,394
<b>Total expenditures</b>	<b>19,738</b>	<b>19,738</b>	<b>4,138</b>	<b>15,600</b>
Net change in fund balance	(7,738)	(7,738)	4,946	12,684
Fund balance, beginning of year	47,863	47,863	47,863	-
<b>Fund balance, end of the year</b>	<b>\$ 40,125</b>	<b>\$ 40,125</b>	<b>\$ 52,809</b>	<b>\$ 12,684</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
CIVIC DEVELOPMENT FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Miscellaneous	\$ 214,000	\$ 214,000	\$ 246,026	\$ 32,026
<b>Total revenues</b>	<b>214,000</b>	<b>214,000</b>	<b>246,026</b>	<b>32,026</b>
Expenditures:				
Current				
Miscellaneous				
Other	337,416	335,636	271,970	63,666
<b>Total expenditures</b>	<b>337,416</b>	<b>335,636</b>	<b>271,970</b>	<b>63,666</b>
Net change in fund balance	(123,416)	(121,636)	(25,944)	95,692
Fund balance, beginning of the year	163,354	163,354	163,354	-
Appropriation for prior year encumbrances	12,416	12,416	12,416	-
<b>Fund balance, end of the year</b>	<b>\$ 52,354</b>	<b>\$ 54,134</b>	<b>\$ 149,826</b>	<b>\$ 95,692</b>

**CITY OF MIDDLETOWN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**MUNICIPAL COURT FUND**  
**FOR YEAR ENDED DECEMBER 31, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Municipal income tax	\$ 300,000	\$ 300,000	\$ 300,000	\$ -
Fines and forfeits	1,307,314	1,307,314	1,311,292	3,978
Miscellaneous	16,935	16,935	3,893	(13,042)
<b>Total revenues</b>	<b>1,624,249</b>	<b>1,624,249</b>	<b>1,615,185</b>	<b>(9,064)</b>
Expenditures:				
Current				
Public safety				
Personal Services	1,501,682	1,501,682	1,422,755	78,927
Other	210,762	210,762	130,080	80,682
<b>Total expenditures</b>	<b>1,712,444</b>	<b>1,712,444</b>	<b>1,552,835</b>	<b>159,609</b>
Net change in fund balance	(88,195)	(88,195)	62,350	150,545
Fund balance, beginning of the year	168,632	168,632	168,632	-
<b>Fund balance, end of the year</b>	<b>\$ 80,437</b>	<b>\$ 80,437</b>	<b>\$ 230,982</b>	<b>\$ 150,545</b>

**CITY OF MIDDLETOWN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**POLICE GRANT FUND**  
**FOR YEAR ENDED DECEMBER 31, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Intergovernmental revenue	\$ 77,781	\$ 77,781	\$ 99,686	\$ 21,905
Interest earnings	2,324	2,324	-	(2,324)
Miscellaneous	87,195	87,195	-	(87,195)
<b>Total revenues</b>	<b>167,300</b>	<b>167,300</b>	<b>99,686</b>	<b>(67,614)</b>
Expenditures:				
Current				
Public safety:				
Other				
Step Grant				
Personal Services	50,125	50,125	311	49,814
Other	590	590	-	590
Body Armor Grant	6,766	6,766	6,766	-
Local Solicitation Grant	5,196	5,196	-	5,196
JAG 2010 Grant	33,760	39,960	39,948	12
Byrne Memorial Grant	21,870	38,570	52,547	(13,977)
<b>Total expenditures</b>	<b>118,307</b>	<b>141,207</b>	<b>99,572</b>	<b>41,635</b>
Net change in fund balance	48,993	26,093	114	(25,979)
Fund balance, beginning of the year	122,126	122,126	122,126	-
Appropriation for prior year encumbrances	40,526	40,526	40,526	-
<b>Fund balance, end of the year</b>	<b>\$ 211,645</b>	<b>\$ 188,745</b>	<b>\$ 162,766</b>	<b>\$ (25,979)</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
COURT IDIAM FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines & forfeits	\$ 11,000	\$ 11,000	\$ 4,148	\$ (6,852)
<b>Total revenues</b>	<b>11,000</b>	<b>11,000</b>	<b>4,148</b>	<b>(6,852)</b>
Expenditures:				
Current				
Public safety				
Other	20,000	20,000	-	20,000
<b>Total expenditures</b>	<b>20,000</b>	<b>20,000</b>	<b>-</b>	<b>20,000</b>
Net change in fund balance	(9,000)	(9,000)	4,148	13,148
Fund balance, beginning of the year	20,695	20,695	20,695	-
<b>Fund balance, end of the year</b>	<b>\$ 11,695</b>	<b>\$ 11,695</b>	<b>\$ 24,843</b>	<b>\$ 13,148</b>

**CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
COURT SPECIAL PROJECTS FUND  
FOR YEAR ENDED DECEMBER 31, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Fines & forfeits	\$ 150,000	\$ 150,000	\$ 140,261	\$ (9,739)
<b>Total revenues</b>	<b>150,000</b>	<b>150,000</b>	<b>140,261</b>	<b>(9,739)</b>
Expenditures:				
Current				
Public safety				
Other	184,199	184,199	122,088	62,111
<b>Total expenditures</b>	<b>184,199</b>	<b>184,199</b>	<b>122,088</b>	<b>62,111</b>
Net change in fund balance	(34,199)	(34,199)	18,173	52,372
Fund balance, beginning of the year	46,091	46,091	46,091	-
Appropriation for prior year encumbrances	34,199	34,199	34,199	-
<b>Fund balance, end of the year</b>	<b>\$ 46,091</b>	<b>\$ 46,091</b>	<b>\$ 98,463</b>	<b>\$ 52,372</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
POOL FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Miscellaneous revenue	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures:				
Current				
Community environment				
Other	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	-	-	-	-
Fund balance, beginning of the year	17,946	17,946	17,946	-
<b>Fund balance, end of the year</b>	<b>\$ 17,946</b>	<b>\$ 17,946</b>	<b>\$ 17,946</b>	<b>\$ -</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
HOME PROGRAM FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ 450,000	\$ 450,000	\$ 282,201	\$ (167,799)
Miscellaneous	-	-	3,469	3,469
<b>Total revenues</b>	<b>450,000</b>	<b>450,000</b>	<b>285,670</b>	<b>(164,330)</b>
Expenditures:				
Current				
Community environment				
Other	400,000	400,000	302,375	97,625
<b>Total expenditures</b>	<b>400,000</b>	<b>400,000</b>	<b>302,375</b>	<b>97,625</b>
Net change in fund balance	50,000	50,000	(16,705)	(66,705)
Fund balance, beginning of the year	31,158	31,158	31,158	-
<b>Fund balance, end of the year</b>	<b>\$ 81,158</b>	<b>\$ 81,158</b>	<b>\$ 14,453</b>	<b>\$ (66,705)</b>

**CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
COMMUNITY DEVELOPMENT FUND  
FOR YEAR ENDED DECEMBER 31, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Intergovernmental revenue	\$ 879,500	\$ 879,500	\$ 1,021,851	\$ 142,351
Interest earnings	-	-	65	65
Miscellaneous	602,500	602,500	319	(602,181)
<b>Total revenues</b>	<b>1,482,000</b>	<b>1,482,000</b>	<b>1,022,235</b>	<b>(459,765)</b>
Expenditures:				
Current				
Community environment				
Other	1,531,901	1,531,901	1,038,010	493,891
<b>Total expenditures</b>	<b>1,531,901</b>	<b>1,531,901</b>	<b>1,038,010</b>	<b>493,891</b>
Excess of revenues over (under) expenditures	(49,901)	(49,901)	(15,775)	34,126
Other financing sources (uses):				
Other sources	100,000	100,000	-	(100,000)
<b>Total other financing sources (uses)</b>	<b>100,000</b>	<b>100,000</b>	<b>-</b>	<b>(100,000)</b>
Net change in fund balance	50,099	50,099	(15,775)	(65,874)
Fund balance, beginning of the year	66,271	66,271	66,271	-
Appropriation for prior year encumbrances	49,901	49,901	49,901	-
<b>Fund balance, end of the year</b>	<b>\$ 166,271</b>	<b>\$ 166,271</b>	<b>\$ 100,397</b>	<b>\$ (65,874)</b>

**CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
COMMUNITY DEVELOPMENT ESCROW FUND  
FOR YEAR ENDED DECEMBER 31, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Interest earnings	\$ 4,500	4,500	2,851	\$ (1,649)
Miscellaneous	110,000	110,000	62,414	(47,586)
<b>Total revenues</b>	<b>114,500</b>	<b>114,500</b>	<b>65,265</b>	<b>(49,235)</b>
Expenditures:				
Current				
Public Safety	400,000	400,000	387,627	12,373
Miscellaneous	405,000	405,000	52,515	352,485
<b>Total expenditures</b>	<b>805,000</b>	<b>805,000</b>	<b>440,142</b>	<b>364,858</b>
Net change in fund balance	(690,500)	(690,500)	(374,877)	315,623
Fund balance, beginning of the year	810,025	810,025	810,025	-
<b>Fund balance, end of the year</b>	<b>\$ 119,525</b>	<b>\$ 119,525</b>	<b>\$ 435,148</b>	<b>\$ 315,623</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
POLICE PENSION FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property taxes	\$ 191,000	\$ 191,000	\$ 201,743	\$ 10,743
Intergovernmental revenue	44,817	44,817	28,972	(15,845)
Municipal income taxes	960,000	960,000	960,000	-
<b>Total revenues</b>	<b>1,195,817</b>	<b>1,195,817</b>	<b>1,190,715</b>	<b>(5,102)</b>
Expenditures:				
Current				
Miscellaneous	4,000	4,000	2,668	1,332
Public Safety	1,197,441	1,197,441	960,000	237,441
<b>Total expenditures</b>	<b>1,201,441</b>	<b>1,201,441</b>	<b>962,668</b>	<b>238,773</b>
Net change in fund balance	(5,624)	(5,624)	228,047	233,671
Fund balance, beginning of the year	88,787	88,787	88,787	-
<b>Fund balance, end of the year</b>	<b>\$ 83,163</b>	<b>\$ 83,163</b>	<b>\$ 316,834</b>	<b>\$ 233,671</b>

**CITY OF MIDDLETOWN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**FIRE PENSION FUND**  
**FOR YEAR ENDED DECEMBER 31, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Property taxes	\$ 191,000	\$ 191,000	\$ 201,743	\$ 10,743
Intergovernmental revenue	44,817	44,817	28,972	(15,845)
Municipal income taxes	1,122,000	1,122,000	1,122,000	-
<b>Total revenues</b>	<b>1,357,817</b>	<b>1,357,817</b>	<b>1,352,715</b>	<b>(5,102)</b>
Expenditures:				
Current				
Miscellaneous	4,000	4,000	2,668	1,332
Public Safety	1,360,908	1,360,908	1,122,000	238,908
<b>Total expenditures</b>	<b>1,364,908</b>	<b>1,364,908</b>	<b>1,124,668</b>	<b>240,240</b>
Excess of revenues over (under) expenditures	(7,091)	(7,091)	228,047	235,138
Other financing sources (uses):				
Other sources	10,000	10,000	-	(10,000)
<b>Total other financing sources (uses)</b>	<b>10,000</b>	<b>10,000</b>	<b>-</b>	<b>(10,000)</b>
Net change in fund balance	2,909	2,909	228,047	225,138
Fund balance, beginning of the year	185	185	185	-
<b>Fund balance, end of the year</b>	<b>\$ 3,094</b>	<b>\$ 3,094</b>	<b>\$ 228,232</b>	<b>\$ 225,138</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
NEIGHBORHOOD STABILIZATION PROGRAM FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ 1,160,000	\$ 1,160,000	\$ 374,461	\$ (785,539)
<b>Total revenues</b>	<b>1,160,000</b>	<b>1,160,000</b>	<b>374,461</b>	<b>(785,539)</b>
Expenditures:				
Current				
Community environment				
Other	1,160,000	1,160,000	425,313	734,687
<b>Total expenditures</b>	<b>1,160,000</b>	<b>1,160,000</b>	<b>425,313</b>	<b>734,687</b>
Excess of revenues over (under) expenditures	-	-	(50,852)	(50,852)
Other financing sources (uses):				
Other sources	100,000	100,000	-	(100,000)
<b>Total other financing sources (uses)</b>	<b>100,000</b>	<b>100,000</b>	<b>-</b>	<b>(100,000)</b>
Net change in fund balance	100,000	100,000	(50,852)	(150,852)
Fund balance, beginning of the year	68,511	68,511	68,511	-
<b>Fund balance, end of the year</b>	<b>\$ 168,511</b>	<b>\$ 168,511</b>	<b>\$ 17,659</b>	<b>\$ (150,852)</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
AMERICAN RECOVERY AND REINVESTMENT ACT GRANT FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures:				
Current				
Community environment				
Other	-	319	319	-
<b>Total expenditures</b>	<b>-</b>	<b>319</b>	<b>319</b>	<b>-</b>
Net change in fund balance	-	(319)	(319)	-
Fund balance, beginning of the year	319	319	319	-
<b>Fund balance, end of the year</b>	<b>\$ 319</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
CONSERVANCY DISTRICT FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income tax	\$ 34,000	\$ 34,000	\$ 34,000	\$ -
Property taxes	89,600	89,600	91,544	1,944
Intergovernmental revenue	11,200	11,200	11,964	764
<b>Total revenues</b>	<b>134,800</b>	<b>134,800</b>	<b>137,508</b>	<b>2,708</b>
Expenditures:				
Current				
Community environment				
Other	144,500	144,500	124,527	19,973
<b>Total expenditures</b>	<b>144,500</b>	<b>144,500</b>	<b>124,527</b>	<b>19,973</b>
Net change in fund balance	(9,700)	(9,700)	12,981	22,681
Fund balance, beginning of the year	32,757	32,757	32,757	-
<b>Fund balance, end of the year</b>	<b>\$ 23,057</b>	<b>\$ 23,057</b>	<b>\$ 45,738</b>	<b>\$ 22,681</b>

**CITY OF MIDDLETOWN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**NUISANCE ABATEMENT FUND**  
**FOR YEAR ENDED DECEMBER 31, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Special assessments	\$ 200,000	\$ 200,000	\$ 166,126	\$ (33,874)
Intergovernmental	2,400,000	1,580,000	465,667	(1,114,333)
Fines and forfeitures	-	-	9,508	9,508
<b>Total revenues</b>	<b>2,600,000</b>	<b>1,780,000</b>	<b>641,301</b>	<b>(1,138,699)</b>
Expenditures:				
Current				
Community environment				
Other	2,580,000	2,629,992	1,772,674	857,318
<b>Total expenditures</b>	<b>2,580,000</b>	<b>2,629,992</b>	<b>1,772,674</b>	<b>857,318</b>
Excess of revenues over (under) expenditures	20,000	(849,992)	(1,131,373)	(281,381)
Other financing sources (uses):				
Transfers-in	-	820,000	820,000	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>820,000</b>	<b>820,000</b>	<b>-</b>
Net change in fund balance	20,000	(29,992)	(311,373)	(281,381)
Fund balance, beginning of the year	203,172	203,172	203,172	-
Appropriation for prior year encumbrances	5,000	5,000	5,000	-
<b>Fund balance, end of the year</b>	<b>\$ 228,172</b>	<b>\$ 178,180</b>	<b>\$ (103,201)</b>	<b>\$ (281,381)</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
SENIOR SERVICES FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property taxes	\$ -	\$ 800,000	\$ 615,053	\$ (184,947)
Intergovernmental revenue	-	-	84,993	84,993
<b>Total revenues</b>	<b>-</b>	<b>800,000</b>	<b>700,046</b>	<b>(99,954)</b>
Expenditures:				
Current				
Community environment				
Other	-	800,000	699,804	100,196
<b>Total expenditures</b>	<b>-</b>	<b>800,000</b>	<b>699,804</b>	<b>100,196</b>
Net change in fund balance	-	-	242	242
Fund balance, beginning of the year	-	-	-	-
<b>Fund balance, end of the year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 242</b>	<b>\$ 242</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
HUD SECTION 108 LOAN  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Miscellaneous revenue	\$ -	\$ 37,500	\$ 37,500	\$ -
<b>Total revenues</b>	<b>-</b>	<b>37,500</b>	<b>37,500</b>	<b>-</b>
Expenditures:				
Current				
Community environment				
Other	-	1,037,500	1,036,780	720
<b>Total expenditures</b>	<b>-</b>	<b>1,037,500</b>	<b>1,036,780</b>	<b>720</b>
Excess of revenues over (under) expenditures	-	(1,000,000)	(999,280)	720
Other financing sources (uses):				
Other sources		1,000,000	1,000,000	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>-</b>
Net change in fund balance	-	-	720	720
Fund balance, beginning of the year	-	-	-	-
<b>Fund balance, end of the year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 720</b>	<b>\$ 720</b>

**CITY OF MIDDLETOWN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**INCOME TAX FUND**  
**FOR YEAR ENDED DECEMBER 31, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Municipal income tax	\$ 573,477	\$ 594,877	\$ 590,254	\$ (4,623)
<b>Total revenues</b>	<b>573,477</b>	<b>594,877</b>	<b>590,254</b>	<b>(4,623)</b>
Expenditures:				
Current				
General government				
Personal services	521,283	521,283	489,870	31,413
Other	51,876	73,276	100,066	(26,790)
<b>Total expenditures</b>	<b>573,159</b>	<b>594,559</b>	<b>589,936</b>	<b>4,623</b>
Net change in fund balance	318	318	318	-
Fund balance, beginning of the year	6,584	6,584	6,584	-
Appropriation for prior year encumbrances	18,098	18,098	18,098	-
<b>Fund balance, end of the year</b>	<b>\$ 25,000</b>	<b>\$ 25,000</b>	<b>\$ 25,000</b>	<b>\$ -</b>

**CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
TERMINATION PAY FUND  
FOR YEAR ENDED DECEMBER 31, 2013**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income tax	\$ 155,000	\$ 155,000	\$ 155,000	\$ -
<b>Total revenues</b>	<b>155,000</b>	<b>155,000</b>	<b>155,000</b>	<b>-</b>
Expenditures:				
Current				
Personal services:				
Public safety	200,000	200,000	72,049	127,951
Public health & welfare	25,000	25,000	23,437	1,563
Leisure time activities	21,675	21,675	-	21,675
Community environment	30,000	30,000	26,177	3,823
General government	200,000	200,000	167,890	32,110
Highways & streets			-	-
<b>Total expenditures</b>	<b>476,675</b>	<b>476,675</b>	<b>289,553</b>	<b>187,122</b>
Net change in fund balance	(321,675)	(321,675)	(134,553)	187,122
Fund balance, beginning of the year	582,256	582,256	582,256	-
<b>Fund balance, end of the year</b>	<b>\$ 260,581</b>	<b>\$ 260,581</b>	<b>\$ 447,703</b>	<b>\$ 187,122</b>

**CITY OF MIDDLETOWN, OHIO  
COMBINING BALANCE SHEET  
NON MAJOR DEBT SERVICE FUNDS  
DECEMBER 31, 2013**

	<b>General Obligation Debt Service</b>	<b>East End - Towne Blvd Tax Increment Financing District</b>	<b>Downtown Tax Increment Financing District</b>	<b>Aeronca Tax Increment Financing District</b>	<b>Airport - Riverfront Tax Increment Financing District</b>	<b>Miller Road North Tax Increment Financing District</b>
<b>Assets</b>						
Cash and equity in pooled cash, deposits and investments	\$ 54,696	\$ 456,763	\$ 29,430	\$ 4,423	\$ 4,901	\$ 56,756
Receivables (net of allowance for uncollectibles):						
Payments in lieu of taxes	-	230,292	7,724	-	484	7,522
Due from other governments	9,069	-	-	-	-	-
<b>Total assets</b>	<b>\$ 63,765</b>	<b>\$ 687,055</b>	<b>\$ 37,154</b>	<b>\$ 4,423</b>	<b>\$ 5,385</b>	<b>\$ 64,278</b>
<b>Deferred inflows</b>						
Revenues levied for the next year and unavailable revenue	\$ 9,069	\$ 230,292	\$ 7,724	\$ -	\$ 484	\$ 7,522
<b>Total deferred inflows</b>	<b>9,069</b>	<b>230,292</b>	<b>7,724</b>	<b>-</b>	<b>484</b>	<b>7,522</b>
<b>Fund balances:</b>						
Restricted	-	456,763	29,430	4,423	4,901	56,756
Committed	54,696	-	-	-	-	-
<b>Total fund balance</b>	<b>54,696</b>	<b>456,763</b>	<b>29,430</b>	<b>4,423</b>	<b>4,901</b>	<b>56,756</b>
<b>Total deferred inflows and fund balance</b>	<b>\$ 63,765</b>	<b>\$ 687,055</b>	<b>\$ 37,154</b>	<b>\$ 4,423</b>	<b>\$ 5,385</b>	<b>\$ 64,278</b>

<b>Towne Mall Hospital Increment Financing District</b>	<b>Renaissance North Tax Increment Financing District</b>	<b>Renaissance South Tax Increment Financing District</b>	<b>Manchester Road Tax Increment Financing District</b>	<b>Made Industrial Park Tax Increment Financing</b>	<b>South Yankee Road Tax Increment Financing</b>	<b>Totals</b>
\$ 123,824	\$ 88,792	\$ 124,242	\$ 378	\$ 287	\$ -	\$ 944,492
86,462	49,324	32,773	-	-	45,626	460,207
-	-	-	-	-	-	9,069
<b>\$ 210,286</b>	<b>\$ 138,116</b>	<b>\$ 157,015</b>	<b>\$ 378</b>	<b>\$ 287</b>	<b>\$ 45,626</b>	<b>\$ 1,413,768</b>
\$ 86,462	\$ 49,324	\$ 32,773	\$ -	\$ -	\$ 45,626	\$ 469,276
<b>86,462</b>	<b>49,324</b>	<b>32,773</b>	<b>-</b>	<b>-</b>	<b>45,626</b>	<b>469,276</b>
123,824	88,792	124,242	378	287	-	889,796
-	-	-	-	-	-	54,696
<b>123,824</b>	<b>88,792</b>	<b>124,242</b>	<b>378</b>	<b>287</b>	<b>-</b>	<b>944,492</b>
<b>\$ 210,286</b>	<b>\$ 138,116</b>	<b>\$ 157,015</b>	<b>\$ 378</b>	<b>\$ 287</b>	<b>\$ 45,626</b>	<b>\$ 1,413,768</b>

**CITY OF MIDDLETOWN, OHIO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NON MAJOR DEBT SERVICE FUNDS  
FOR YEAR ENDED DECEMBER 31, 2013**

	<b>General Obligation Debt Service</b>	<b>East End - Towne Blvd Tax Increment Financing District</b>	<b>Downtown Tax Increment Financing District</b>	<b>Aeronca Tax Increment Financing District</b>	<b>Airport - Riverfront Tax Increment Financing District</b>	<b>Miller Road North Tax Increment Financing District</b>
Revenues						
Municipal income taxes	\$ 1,874,560	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	285,984	-	-	484	13,437
Intergovernmental	403,089	-	-	-	-	-
Miscellaneous revenues	280,341	-	-	-	-	-
<b>Total revenues</b>	<b>2,557,990</b>	<b>285,984</b>	<b>-</b>	<b>-</b>	<b>484</b>	<b>13,437</b>
Expenditures						
Debt service						
Principal retirement	4,427,843	200,000	-	-	-	-
Interest and fiscal charges	935,647	65,117	-	-	-	-
Miscellaneous	-	72,701	1,633	-	-	-
<b>Total expenditures</b>	<b>5,363,490</b>	<b>337,818</b>	<b>1,633</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenues over (under) expenditures	(2,805,500)	(51,834)	(1,633)	-	484	13,437
Other financing sources (uses):						
Proceeds of bonds	5,845,000	-	-	-	-	-
Premium on bonds	198,973	-	-	-	-	-
Payment to refunded bond escrow agent	(3,300,000)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>2,743,973</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	(61,527)	(51,834)	(1,633)	-	484	13,437
Fund balance, beginning of the year	116,223	508,597	31,063	4,423	4,417	43,319
<b>Fund balance, end of the year</b>	<b>\$ 54,696</b>	<b>\$ 456,763</b>	<b>\$ 29,430</b>	<b>\$ 4,423</b>	<b>\$ 4,901</b>	<b>\$ 56,756</b>

<b>Towne Mall Hospital Increment Financing District</b>	<b>Renaissance North Tax Increment Financing District</b>	<b>Renaissance South Tax Increment Financing District</b>	<b>Manchester Road Tax Increment Financing District</b>	<b>Made Industrial Park Tax Increment Financing</b>	<b>South Yankee Road Tax Increment Financing</b>	<b>Totals</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,874,560
481,878	209,532	87,734	-	-	-	1,079,049
-	-	-	-	-	-	403,089
-	-	-	-	-	-	280,341
<b>481,878</b>	<b>209,532</b>	<b>87,734</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,637,039</b>
199,400	55,000	600	-	-	-	4,882,843
96,714	58,958	-	-	-	-	1,156,436
327,552	131,016	57,566	-	-	-	590,468
<b>623,666</b>	<b>244,974</b>	<b>58,166</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,629,747</b>
(141,788)	(35,442)	29,568	-	-	-	(2,992,708)
-	-	-	-	-	-	5,845,000
-	-	-	-	-	-	198,973
-	-	-	-	-	-	(3,300,000)
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,743,973</b>
(141,788)	(35,442)	29,568	-	-	-	(248,735)
265,612	124,234	94,674	378	287	-	1,193,227
<b>\$ 123,824</b>	<b>\$ 88,792</b>	<b>\$ 124,242</b>	<b>\$ 378</b>	<b>\$ 287</b>	<b>\$ -</b>	<b>\$ 944,492</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
SPECIAL ASSESSMENT DEBT SERVICE FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special assessments	\$ 380,000	\$ 380,000	\$ 348,190	\$ (31,810)
Miscellaneous	35,000	35,000	-	(35,000)
<b>Total revenues</b>	<b>415,000</b>	<b>415,000</b>	<b>348,190</b>	<b>(66,810)</b>
Expenditures:				
Debt service	417,697	417,697	367,554	50,143
<b>Total expenditures</b>	<b>417,697</b>	<b>417,697</b>	<b>367,554</b>	<b>50,143</b>
Net change in fund balance	(2,697)	(2,697)	(19,364)	(16,667)
Fund balance, beginning of the year	209,638	209,638	209,638	-
<b>Fund balance, end of the year</b>	<b>\$ 206,941</b>	<b>\$ 206,941</b>	<b>\$ 190,274</b>	<b>\$ (16,667)</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
GENERAL OBLIGATION DEBT SERVICE FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income taxes	\$ 1,874,560	\$ 1,874,560	\$ 1,874,560	\$ -
Intergovernmental	950	950	54,045	53,095
Miscellaneous	765,428	765,428	414,384	(351,044)
<b>Total revenues</b>	<b>2,640,938</b>	<b>2,640,938</b>	<b>2,342,989</b>	<b>(297,949)</b>
Expenditures:				
Current				
Miscellaneous				
Other	10,000	10,000	619	9,381
Debt service	2,611,725	2,611,725	2,403,897	207,828
<b>Total expenditures</b>	<b>2,621,725</b>	<b>2,621,725</b>	<b>2,404,516</b>	<b>217,209</b>
Net change in fund balance	19,213	19,213	(61,527)	(80,740)
Fund balance, beginning of the year	116,223	116,223	116,223	-
<b>Fund balance, end of the year</b>	<b>\$ 135,436</b>	<b>\$ 135,436</b>	<b>\$ 54,696</b>	<b>\$ (80,740)</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
EAST END/TOWNE BLVD TAX INCREMENT FINANCING FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ 240,000	\$ 240,000	\$ 285,984	\$ 45,984
<b>Total revenues</b>	<b>240,000</b>	<b>240,000</b>	<b>285,984</b>	<b>45,984</b>
Expenditures:				
Current				
Miscellaneous				
Other	183,300	183,300	72,701	110,599
Capital outlay	90,000	90,000	-	90,000
Debt service	305,614	305,614	265,117	40,497
<b>Total expenditures</b>	<b>578,914</b>	<b>578,914</b>	<b>337,818</b>	<b>241,096</b>
Net change in fund balance	(338,914)	(338,914)	(51,834)	287,080
Fund balance, beginning of the year	501,847	501,847	501,847	-
Appropriation for prior year encumbrances	6,750	6,750	6,750	-
<b>Fund balance, end of the year</b>	<b>\$ 169,683</b>	<b>\$ 169,683</b>	<b>\$ 456,763</b>	<b>\$ 287,080</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
DOWNTOWN TAX INCREMENT FINANCING FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ 15,000	\$ 15,000	\$ -	\$ -
<b>Total revenues</b>	<b>15,000</b>	<b>15,000</b>	<b>-</b>	<b>-</b>
Expenditures:				
Current				
Miscellaneous				
Other	450	450	1,633	(1,183)
<b>Total expenditures</b>	<b>450</b>	<b>450</b>	<b>1,633</b>	<b>(1,183)</b>
Net change in fund balance	14,550	14,550	(1,633)	(1,183)
Fund balance, beginning of the year	31,063	31,063	31,063	-
<b>Fund balance, end of the year</b>	<b>\$ 45,613</b>	<b>\$ 45,613</b>	<b>\$ 29,430</b>	<b>\$ (1,183)</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
AERONCA TAX INCREMENT FINANCING FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ 1,205	\$ 1,205	\$ -	\$ (1,205)
<b>Total revenues</b>	<b>1,205</b>	<b>1,205</b>	<b>-</b>	<b>(1,205)</b>
Expenditures:				
Current				
Miscellaneous				
Other	36	36	-	36
<b>Total expenditures</b>	<b>36</b>	<b>36</b>	<b>-</b>	<b>36</b>
Net change in fund balance	1,169	1,169	-	(1,169)
Fund balance, beginning of the year	4,423	4,423	4,423	-
<b>Fund balance, end of the year</b>	<b>\$ 5,592</b>	<b>\$ 5,592</b>	<b>\$ 4,423</b>	<b>\$ (1,169)</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
AIRPORT/RIVERFRONT TAX INCREMENT FINANCING FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ 1,170	\$ 1,170	\$ 484	\$ (686)
<b>Total revenues</b>	<b>1,170</b>	<b>1,170</b>	<b>484</b>	<b>(686)</b>
Expenditures:				
Current				
Miscellaneous				
Other	35	35	-	35
<b>Total expenditures</b>	<b>35</b>	<b>35</b>	<b>-</b>	<b>35</b>
Net change in fund balance	1,135	1,135	484	(651)
Fund balance, beginning of the year	4,417	4,417	4,417	-
<b>Fund balance, end of the year</b>	<b>\$ 5,552</b>	<b>\$ 5,552</b>	<b>\$ 4,901</b>	<b>\$ (651)</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
MILLER ROAD NORTH TAX INCREMENT FINANCING FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ 8,000	\$ 8,000	\$ 13,437	\$ 5,437
<b>Total revenues</b>	<b>8,000</b>	<b>8,000</b>	<b>13,437</b>	<b>5,437</b>
Expenditures:				
Current				
Miscellaneous				
Other	240	240	-	240
<b>Total expenditures</b>	<b>240</b>	<b>240</b>	<b>-</b>	<b>240</b>
Net change in fund balance	7,760	7,760	13,437	5,677
Fund balance, beginning of the year	43,319	43,319	43,319	-
<b>Fund balance, end of the year</b>	<b>\$ 51,079</b>	<b>\$ 51,079</b>	<b>\$ 56,756</b>	<b>\$ 5,677</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
TOWNE MALL/HOSPITAL TAX INCREMENT FINANCING FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ 525,000	\$ 525,000	\$ 481,878	\$ (43,122)
<b>Total revenues</b>	<b>525,000</b>	<b>525,000</b>	<b>481,878</b>	<b>(43,122)</b>
Expenditures:				
Current				
Miscellaneous				
Other	314,340	314,340	327,552	(13,212)
Debt service	372,835	372,835	296,114	76,721
<b>Total expenditures</b>	<b>687,175</b>	<b>687,175</b>	<b>623,666</b>	<b>63,509</b>
Net change in fund balance	(162,175)	(162,175)	(141,788)	20,387
Fund balance, beginning of the year	258,862	258,862	258,862	-
Appropriation for prior year encumbrances	6,750	6,750	6,750	-
<b>Fund balance, end of the year</b>	<b>\$ 103,437</b>	<b>\$ 103,437</b>	<b>\$ 123,824</b>	<b>\$ 20,387</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
RENAISSANCE NORTH TAX INCREMENT FINANCING FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ 165,500	\$ 165,500	\$ 209,532	\$ 44,032
<b>Total revenues</b>	<b>165,500</b>	<b>165,500</b>	<b>209,532</b>	<b>44,032</b>
Expenditures:				
Current				
Miscellaneous				
Other	128,974	128,974	131,016	(2,042)
Debt service	116,000	116,000	113,958	2,042
<b>Total expenditures</b>	<b>244,974</b>	<b>244,974</b>	<b>244,974</b>	<b>-</b>
Net change in fund balance	(79,474)	(79,474)	(35,442)	44,032
Fund balance, beginning of the year	124,234	124,234	124,234	-
<b>Fund balance, end of the year</b>	<b>\$ 44,760</b>	<b>\$ 44,760</b>	<b>\$ 88,792</b>	<b>\$ 44,032</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
RENAISSANCE SOUTH TAX INCREMENT FINANCING FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ 274,000	\$ 274,000	\$ 87,734	\$ (186,266)
<b>Total revenues</b>	<b>274,000</b>	<b>274,000</b>	<b>87,734</b>	<b>(186,266)</b>
Expenditures:				
Current				
Miscellaneous				
Other	213,720	213,720	57,566	156,154
Debt service	600	600	600	-
<b>Total expenditures</b>	<b>214,320</b>	<b>214,320</b>	<b>58,166</b>	<b>156,154</b>
Net change in fund balance	59,680	59,680	29,568	(30,112)
Fund balance, beginning of the year	94,674	94,674	94,674	-
<b>Fund balance, end of the year</b>	<b>\$ 154,354</b>	<b>\$ 154,354</b>	<b>\$ 124,242</b>	<b>\$ (30,112)</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
MANCHESTER ROAD TAX INCREMENT FINANCING FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ 300	\$ 300	\$ -	\$ (300)
<b>Total revenues</b>	<b>300</b>	<b>300</b>	<b>-</b>	<b>(300)</b>
Expenditures:				
Current				
Miscellaneous				
Other	225	225	-	225
<b>Total expenditures</b>	<b>225</b>	<b>225</b>	<b>-</b>	<b>225</b>
Net change in fund balance	75	75	-	(75)
Fund balance, beginning of the year	378	378	378	-
<b>Fund balance, end of the year</b>	<b>\$ 453</b>	<b>\$ 453</b>	<b>\$ 378</b>	<b>\$ (75)</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
MADE INDUSTRIAL PARK TAX INCREMENT FINANCING FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ 287	\$ 287	\$ -	\$ (287)
<b>Total revenues</b>	<b>287</b>	<b>287</b>	<b>-</b>	<b>(287)</b>
Expenditures:				
Current				
Miscellaneous				
Other	9	9	-	9
<b>Total expenditures</b>	<b>9</b>	<b>9</b>	<b>-</b>	<b>9</b>
Net change in fund balance	278	278	-	(278)
Fund balance, beginning of the year	287	287	287	-
<b>Fund balance, end of the year</b>	<b>\$ 565</b>	<b>\$ 565</b>	<b>\$ 287</b>	<b>\$ (278)</b>

**CITY OF MIDDLETOWN, OHIO  
COMBINING BALANCE SHEET  
NON MAJOR CAPITAL PROJECTS FUNDS  
DECEMBER 31, 2013**

	<b>East End Development</b>	<b>Downtown Improvements</b>	<b>Computer Replacement</b>
<b>Assets</b>			
Cash and equity in pooled cash, deposits and investments	\$ 118,302	\$ 477,201	\$ 2,025,655
Receivables (net of allowance for uncollectibles):			
Accounts	-	11,334	-
<b>Total assets</b>	<b>\$ 118,302</b>	<b>\$ 488,535</b>	<b>\$ 2,025,655</b>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 3,836	\$ 13,358
Due to other funds	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>3,836</b>	<b>13,358</b>
<b>Fund balances:</b>			
Restricted	118,302	-	-
Committed	-	484,699	2,012,297
Unassigned	-	-	-
<b>Total fund balances</b>	<b>118,302</b>	<b>484,699</b>	<b>2,012,297</b>
<b>Total liabilities and fund balances</b>	<b>\$ 118,302</b>	<b>\$ 488,535</b>	<b>\$ 2,025,655</b>

Property Development	2010 Lefferson Road Sewer Special Assessment		2011 Sidewalk, Curb and Gutter	Main Street Special Assessment		Totals
\$ 520,254	\$ -	\$ -	\$ -	\$ -	\$ -	3,141,412
-	-	-	-	-	-	11,334
<b>\$ 520,254</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>3,152,746</b>
\$ 3,651	\$ -	\$ -	\$ -	\$ -	\$ -	20,845
-	125,000	116,495	404,087			645,582
<b>3,651</b>	<b>125,000</b>	<b>116,495</b>	<b>404,087</b>			<b>666,427</b>
-	-	-	-	-		118,302
516,603	-	-	-	-		3,013,599
-	(125,000)	(116,495)	(404,087)			(645,582)
<b>516,603</b>	<b>(125,000)</b>	<b>(116,495)</b>	<b>(404,087)</b>			<b>2,486,319</b>
<b>\$ 520,254</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>3,152,746</b>

**CITY OF MIDDLETOWN, OHIO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NON MAJOR CAPITAL PROJECT FUNDS  
FOR YEAR ENDED DECEMBER 31, 2013**

	<b>East End Development</b>	<b>Downtown Improvements</b>	<b>Computer Replacement</b>
Revenues			
Municipal income taxes	\$ -	\$ -	\$ 8,000
Intergovernmental revenues	-	-	-
Special Assessments	-	-	-
Investment income	23	(11)	190
Miscellaneous	192,245	90,448	45,500
<b>Total revenues</b>	<b>192,268</b>	<b>90,437</b>	<b>53,690</b>
Expenditures			
Current			
Community environment	231,219	719,755	-
Highways and streets	-	-	-
General government	-	-	123,095
Debt service			
Interest and fiscal charges	-	34,257	-
<b>Total expenditures</b>	<b>231,219</b>	<b>754,012</b>	<b>123,095</b>
Excess of revenues over (under) expenditures	(38,951)	(663,575)	(69,405)
Other financing sources (uses)			
Transfers-in	-	100,000	164,434
Proceeds from issuance of long-term notes	-	2,056,916	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>2,156,916</b>	<b>164,434</b>
Net change in fund balances	(38,951)	1,493,341	95,029
Fund balance, beginning of year	157,253	(1,008,642)	1,917,268
<b>Fund balance, end of the year</b>	<b>\$ 118,302</b>	<b>\$ 484,699</b>	<b>\$ 2,012,297</b>

		2010 Lefferson Road Sewer Special Assessment		2011 Sidewalk, Curb and Gutter		Main Street Special Assessment		Totals
Property Development								
\$	-	\$	-	\$	-	\$	-	\$ 8,000
	64,033		-		-		-	64,033
	-		-		37,864		-	37,864
	-		-		-		-	202
	-		-		-		-	328,193
	<b>64,033</b>		<b>-</b>		<b>37,864</b>		<b>-</b>	<b>438,292</b>
	217,798		25,000		-		-	1,193,772
	-		-		-		404,087	404,087
	-		-		-		-	123,095
	-		-		-		-	34,257
	<b>217,798</b>		<b>25,000</b>		<b>-</b>		<b>404,087</b>	<b>1,755,211</b>
	(153,765)		(25,000)		37,864		(404,087)	(1,316,919)
	-		-		-		-	264,434
	-		-		-		-	2,056,916
	<b>-</b>		<b>-</b>		<b>-</b>		<b>-</b>	<b>2,321,350</b>
	(153,765)		(25,000)		37,864		(404,087)	1,004,431
	670,368		(100,000)		(154,359)		-	1,481,888
<b>\$</b>	<b>516,603</b>	<b>\$</b>	<b>(125,000)</b>	<b>\$</b>	<b>(116,495)</b>	<b>\$</b>	<b>(404,087)</b>	<b>\$ 2,486,319</b>

**CITY OF MIDDLETOWN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**CAPITAL IMPROVEMENTS FUND**  
**FOR YEAR ENDED DECEMBER 31, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Property taxes	\$ 601,740	\$ 601,740	\$ 625,873	\$ 24,133
Intergovernmental revenue	4,125,000	4,125,000	605,407	(3,519,593)
Charges for services	3,000	3,000	68	(2,932)
Interest earnings	1,448	1,448	-	(1,448)
Miscellaneous	20,000	20,000	-	(20,000)
<b>Total revenues</b>	<b>4,751,188</b>	<b>4,751,188</b>	<b>1,231,348</b>	<b>(3,519,840)</b>
Expenditures:				
Current				
Public safety	95,000	115,453	96,574	18,879
Leisure time activities	30,000	98,141	72,941	25,200
Highways and streets	5,420,000	5,331,406	4,456,081	875,325
Miscellaneous	30,000	30,000	24,792	5,208
<b>Total expenditures</b>	<b>5,575,000</b>	<b>5,575,000</b>	<b>4,650,388</b>	<b>924,612</b>
Excess of revenues over (under) expenditures	(823,812)	(823,812)	(3,419,040)	(2,595,228)
Other financing sources (uses):				
Transfers-in	-	-	485,000	485,000
Other sources	965,000	965,000	65,325	(899,675)
<b>Total other financing sources (uses)</b>	<b>965,000</b>	<b>965,000</b>	<b>550,325</b>	<b>(414,675)</b>
Net change in fund balance	141,188	141,188	(2,868,715)	(3,009,903)
Fund balance, beginning of the year	337,416	337,416	337,416	-
Appropriation for prior year encumbrances	1,354,106	1,354,106	1,354,106	-
<b>Fund balance, end of the year</b>	<b>\$ 1,832,710</b>	<b>\$ 1,832,710</b>	<b>\$ (1,177,193)</b>	<b>\$ (3,009,903)</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
EAST END DEVELOPMENT FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Interest earnings	\$ -	\$ -	\$ 23	\$ 23
Miscellaneous revenue	234,170	234,170	192,245	(41,925)
<b>Total revenues</b>	<b>234,170</b>	<b>234,170</b>	<b>192,268</b>	<b>(41,902)</b>
Expenditures:				
Current				
Community environment				
Other	234,170	234,170	233,711	459
<b>Total expenditures</b>	<b>234,170</b>	<b>234,170</b>	<b>233,711</b>	<b>459</b>
Excess of revenues over/under expenditures	-	-	(41,443)	(41,443)
Fund balance, beginning of the year	(76,917)	(76,917)	(76,917)	-
Appropriation for prior year encumbrances	234,170	234,170	234,170	-
<b>Fund balance, end of the year</b>	<b>\$ 157,253</b>	<b>\$ 157,253</b>	<b>\$ 115,810</b>	<b>\$ (41,443)</b>

**CITY OF MIDDLETOWN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**DOWNTOWN IMPROVEMENTS FUND**  
**FOR YEAR ENDED DECEMBER 31, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Interest earnings	\$ 4,500	\$ 4,500	\$ -	\$ (4,500)
Miscellaneous	-	281,114	281,103	-
<b>Total revenues</b>	<b>4,500</b>	<b>285,614</b>	<b>281,103</b>	<b>(4,500)</b>
Expenditures:				
Current				
Community environment				
Other	248,081	796,547	772,546	24,001
Debt Service				
Principal retirement	2,217,000	2,217,000	2,056,916	160,084
Interest & fiscal charges	30,000	30,000	34,257	(4,257)
<b>Total expenditures</b>	<b>2,495,081</b>	<b>3,043,547</b>	<b>2,863,719</b>	<b>179,828</b>
Excess of revenues under expenditures	(2,490,581)	(2,757,933)	(2,582,616)	175,328
Other financing sources (uses):				
Transfers-in	-	100,000	100,000	-
Proceeds from notes	2,057,000	2,057,000	2,056,916	(84)
<b>Total other financing sources (uses)</b>	<b>2,057,000</b>	<b>2,157,000</b>	<b>2,156,916</b>	<b>(84)</b>
Net change in fund balance	(433,581)	(600,933)	(425,700)	175,244
Fund balance, beginning of the year	784,251	784,251	784,251	-
Appropriation for prior year encumbrances	97,396	97,396	97,396	-
<b>Fund balance, end of the year</b>	<b>\$ 448,066</b>	<b>\$ 280,714</b>	<b>\$ 455,947</b>	<b>\$ 175,244</b>

**CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
COMPUTER REPLACEMENT FUND  
FOR YEAR ENDED DECEMBER 31, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Municipal income taxes	\$ 8,000	\$ 8,000	\$ 8,000	\$ -
Interest earnings	17,065	17,065	190	(16,875)
Miscellaneous	55,120	55,120	45,498	(9,622)
<b>Total revenues</b>	<b>80,185</b>	<b>80,185</b>	<b>53,688</b>	<b>(26,497)</b>
Expenditures:				
Current				
General government				
Other	629,115	629,115	217,342	411,773
<b>Total expenditures</b>	<b>629,115</b>	<b>629,115</b>	<b>217,342</b>	<b>411,773</b>
Excess of revenues under expenditures	(548,930)	(548,930)	(163,654)	385,276
Other financing sources:				
Transfers-in	162,529	162,529	164,434	1,905
<b>Total other financing sources</b>	<b>162,529</b>	<b>162,529</b>	<b>164,434</b>	<b>1,905</b>
Net change in fund balance	(386,401)	(386,401)	780	387,181
Fund balance, beginning of the year	1,851,968	1,851,968	1,851,968	-
Appropriation for prior year encumbrances	84,115	84,115	84,115	-
<b>Fund balance, end of the year</b>	<b>\$ 1,549,682</b>	<b>\$ 1,549,682</b>	<b>\$ 1,936,863</b>	<b>\$ 387,181</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
PROPERTY DEVELOPMENT FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental	\$ 52,000	\$ 52,000	\$ 57,394	\$ 5,394
<b>Total revenues</b>	<b>52,000</b>	<b>52,000</b>	<b>57,394</b>	<b>5,394</b>
Expenditures:				
Current				
Community environment				
Other	261,953	428,851	394,716	34,135
<b>Total expenditures</b>	<b>261,953</b>	<b>428,851</b>	<b>394,716</b>	<b>34,135</b>
Net change in fund balance	(209,953)	(376,851)	(337,322)	39,529
Fund balance, beginning of the year	572,582	572,582	572,582	-
Appropriation for prior year encumbrances	91,953	91,953	91,953	-
<b>Fund balance, end of the year</b>	<b>\$ 454,582</b>	<b>\$ 287,684</b>	<b>\$ 327,213</b>	<b>\$ 39,529</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
2010 LEFFERSON ROAD SEWER SPECIAL ASSESSMENT  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special assessments	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures:				
Current				
Community environment				
Other	25,000	25,000	25,000	-
Debt Service				
Principal retirement	130,000	130,000	-	130,000
<b>Total expenditures</b>	<b>155,000</b>	<b>155,000</b>	<b>25,000</b>	<b>130,000</b>
Excess of revenues over/under expenditures	(155,000)	(155,000)	(25,000)	130,000
Other financing sources/uses:				
Other sources	125,000	125,000		(125,000)
<b>Total other financing sources/uses</b>	<b>125,000</b>	<b>125,000</b>	<b>-</b>	<b>(125,000)</b>
Net change in fund balance	(30,000)	(30,000)	(25,000)	5,000
Fund balance, beginning of the year	25,000	25,000	25,000	-
<b>Fund balance, end of the year</b>	<b>\$ (5,000)</b>	<b>\$ (5,000)</b>	<b>\$ -</b>	<b>\$ 5,000</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
2011 SIDEWALK, CURB AND GUTTER FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special Assessments	\$ -	\$ -	\$ 37,864	\$ 37,864
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>37,864</b>	<b>37,864</b>
Expenditures:				
Current				
Highways and streets	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenues over/under expenditures	-	-	37,864	37,864
Other financing sources/uses:				
Other sources	154,359	154,359	-	(154,359)
Other uses	-	-	(37,864)	(37,864)
<b>Total other financing sources/ (uses)</b>	<b>154,359</b>	<b>154,359</b>	<b>(37,864)</b>	<b>(192,223)</b>
Net change in fund balance	154,359	154,359	-	(154,359)
Fund balance, beginning of the year	-	-	-	-
<b>Fund balance, end of the year</b>	<b>\$ 154,359</b>	<b>\$ 154,359</b>	<b>\$ -</b>	<b>\$ (154,359)</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
MAIN STREET SPECIAL ASSESSMENT  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Miscellaneous revenue	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures:				
Current				
Community environment	540,000	540,000	550,709	(10,709)
<b>Total expenditures</b>	<b>540,000</b>	<b>540,000</b>	<b>550,709</b>	<b>(10,709)</b>
Excess of revenues under expenditures	(540,000)	(540,000)	(550,709)	(10,709)
Other financing sources:				
Other sources	-	-	385,000	385,000
Proceeds from notes	540,000	540,000	-	(540,000)
<b>Total other financing sources</b>	<b>540,000</b>	<b>540,000</b>	<b>385,000</b>	<b>(155,000)</b>
Net change in fund balance	-	-	(165,709)	(165,709)
Fund balance, beginning of the year	-	-	-	-
<b>Fund balance, end of the year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (165,709)</b>	<b>\$ (165,709)</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
SEWER CONNECTION SPECIAL ASSESSMENT  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Miscellaneous revenue	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures:				
Current				
Community environment				
Other	600,000	600,000	-	600,000
<b>Total expenditures</b>	<b>600,000</b>	<b>600,000</b>	<b>-</b>	<b>600,000</b>
Excess of revenues under expenditures	(600,000)	(600,000)	-	600,000
Other financing sources:				
Proceeds from notes	600,000	600,000	-	(600,000)
<b>Total other financing sources</b>	<b>600,000</b>	<b>600,000</b>	<b>-</b>	<b>(600,000)</b>
Net change in fund balance	-	-	-	-
Fund balance, beginning of the year	-	-	-	-
<b>Fund balance, end of the year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
2013 SIDEWALK, CURB AND GUTTER FUND  
FOR YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Miscellaneous revenue	\$ 15,000	\$ 15,000	\$ -	\$ (15,000)
<b>Total revenues</b>	<b>15,000</b>	<b>15,000</b>	<b>-</b>	<b>(15,000)</b>
Expenditures:				
Current				
Highways and streets				
Other	15,000	15,000	-	15,000
<b>Total expenditures</b>	<b>15,000</b>	<b>15,000</b>	<b>-</b>	<b>15,000</b>
Excess of revenues under expenditures	-	-	-	-
Fund balance, beginning of the year	-	-	-	-
<b>Fund balance, end of the year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF MIDDLETOWN  
FUND DESCRIPTIONS  
DECEMBER 31, 2013**

---

**NON MAJOR ENTERPRISE FUNDS:**

To account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recorded primarily through user charges; or (b) where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose.

**AIRPORT**

To account for the operation of the City's airport facility.

**TRANSIT SYSTEM**

To account for the operation of the City's public bus line system.

**STORM SEWER**

To account for the City's provision of storm sewer services to the residents and commercial users of the City.

**CITY OF MIDDLETOWN, OHIO  
COMBINING STATEMENT OF NET POSITION  
NON MAJOR ENTERPRISE FUNDS  
DECEMBER 31, 2013**

**Business Type Activities - Enterprise Funds**

	<b>Airport</b>	<b>Transit</b>	<b>Storm Water</b>	<b>Totals</b>
<b>Assets:</b>				
Current assets				
Equity in pooled cash, deposits and investments	\$ 385,850	\$ 303,803	\$ 2,185,748	\$ 2,875,401
Receivables (net of allowance for uncollectibles):				
Accounts	7,590	-	171,176	178,766
Intergovernmental	-	131,478	-	131,478
<b>Total current assets</b>	<b>393,440</b>	<b>435,281</b>	<b>2,356,924</b>	<b>3,185,645</b>
<b>Noncurrent Assets:</b>				
Capital assets:				
Construction in progress	45,702	-	1,464,824	1,510,526
Land	1,524,356	-	273,562	1,797,918
Land improvements	325,598	-	-	325,598
Infrastructure assets	624,895	-	3,930,191	4,555,086
Buildings	1,825,597	1,370,702	69,270	3,265,569
Equipment	631,596	2,310,311	685,860	3,627,767
Less: Accumulated depreciation	(1,615,558)	(2,569,139)	(825,958)	(5,010,655)
Total capital assets (net of accumulated depreciation)	3,362,186	1,111,874	5,597,749	10,071,809
<b>Total noncurrent assets</b>	<b>3,362,186</b>	<b>1,111,874</b>	<b>5,597,749</b>	<b>10,071,809</b>
<b>Total assets</b>	<b>3,755,626</b>	<b>1,547,155</b>	<b>7,954,673</b>	<b>13,257,454</b>
<b>Liabilities:</b>				
Current liabilities				
Accounts payable	13,786	129,104	7,004	149,894
Accrued wages and benefits	-	11,542	13,391	24,933
Other accrued liabilities	5,791	7,101	5,681	18,573
Accrued interest payable	4,578	-	-	4,578
Due to other funds	8	25,838	7,001	32,847
General obligation bonds payable	70,000	-	-	70,000
Compensated absences (short term)	-	14,869	7,477	22,346
<b>Total current liabilities</b>	<b>94,163</b>	<b>188,454</b>	<b>40,554</b>	<b>323,171</b>
<b>Long-term liabilities:</b>				
General obligation bonds payable	1,230,000	-	-	1,230,000
Premium on debt	26,942	-	-	26,942
Compensated absences payable	-	1,580	23,880	25,460
<b>Total long-term liabilities</b>	<b>1,256,942</b>	<b>1,580</b>	<b>23,880</b>	<b>1,282,402</b>
<b>Total liabilities</b>	<b>1,351,105</b>	<b>190,034</b>	<b>64,434</b>	<b>1,605,573</b>
<b>Net position:</b>				
Net investment in capital assets	2,035,244	1,111,874	5,597,749	8,744,867
Unrestricted	369,277	245,247	2,292,490	2,907,014
<b>Total net position</b>	<b>\$ 2,404,521</b>	<b>\$ 1,357,121</b>	<b>\$ 7,890,239</b>	<b>\$ 11,651,881</b>

**CITY OF MIDDLETOWN, OHIO  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
NON MAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Business Type Activities - Enterprise Funds**

	<b>Airport</b>	<b>Transit</b>	<b>Storm Water</b>	<b>Totals</b>
Operating revenues:				
Charges for services	\$ 320,216	\$ 166,411	\$ 1,663,868	\$ 2,150,495
Other operating revenue	5,000	1,498	772	7,270
<b>Total operating revenues</b>	<b>325,216</b>	<b>167,909</b>	<b>1,664,640</b>	<b>2,157,765</b>
Operating expenses:				
Personal services	-	533,494	486,044	1,019,538
Contractual services	179,291	874,275	199,068	1,252,634
Commodities	3,157	3,822	37,705	44,684
Depreciation	134,525	147,741	153,490	435,756
Other operating expenses	-	130	427,150	427,280
<b>Total operating expenses</b>	<b>316,973</b>	<b>1,559,462</b>	<b>1,303,457</b>	<b>3,179,892</b>
Operating income (loss)	8,243	(1,391,553)	361,183	(1,022,127)
Non-operating revenues (expenses):				
Interest revenue	-	-	534	534
Interest expense and fiscal charges	(54,926)	-	-	(54,926)
Operating grants	281,690	1,026,628	-	1,308,318
Income taxes	88,000	50,000	-	138,000
<b>Total non-operating revenues (expenses)</b>	<b>314,764</b>	<b>1,076,628</b>	<b>534</b>	<b>1,391,926</b>
Income (loss) before contributions	323,007	(314,925)	361,717	369,799
Capital contributions	-	162,932	-	162,932
Transfers out	-	-	(100,000)	(100,000)
<b>Change in net position</b>	<b>323,007</b>	<b>(151,993)</b>	<b>261,717</b>	<b>432,731</b>
Total net position, beginning of year, restated	2,081,514	1,509,114	7,628,522	11,219,150
<b>Total net position, end of year</b>	<b>\$ 2,404,521</b>	<b>\$ 1,357,121</b>	<b>\$ 7,890,239</b>	<b>\$ 11,651,881</b>

**CITY OF MIDDLETOWN, OHIO  
COMBINING STATEMENT OF CASH FLOWS  
NON MAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Business Type Activities - Enterprise Funds**

	<b>Airport</b>	<b>Transit</b>	<b>Storm Water</b>	<b>Totals</b>
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 317,626	\$ 166,411	\$ 1,612,867	\$ 2,096,904
Cash payments to suppliers for goods and services	(186,688)	(416,685)	(487,334)	(1,090,707)
Cash payments to employees for services	-	(530,175)	(392,836)	(923,011)
Miscellaneous revenues	-	1,498	-	1,498
Cash payments for interfund services used	(4,367)	(410,617)	(286,671)	(701,655)
<b>Net cash provided (used) by operating activities</b>	<b>126,571</b>	<b>(1,189,568)</b>	<b>446,026</b>	<b>(616,971)</b>
<b>Cash flows from non-capital financing activities:</b>				
Operating grants	281,690	961,827	-	1,243,517
Transfers out	-	-	(100,000)	(100,000)
Income taxes received	88,000	50,000	-	138,000
<b>Net cash provided (used) by non-capital financing activities</b>	<b>369,690</b>	<b>1,011,827</b>	<b>(100,000)</b>	<b>1,281,517</b>
<b>Cash flows from capital and related financing activities:</b>				
Purchase of capital assets	(45,702)	-	(1,100,469)	(1,146,171)
Interest expense	(57,037)	-	-	(57,037)
Repayment of debt principal	(70,000)	-	-	(70,000)
Capital contributions	-	162,932	-	162,932
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(172,739)</b>	<b>162,932</b>	<b>(1,100,469)</b>	<b>(1,110,276)</b>
<b>Cash flows from investing activities:</b>				
Interest income	-	-	534	534
<b>Net cash provided by investing activities</b>	<b>-</b>	<b>-</b>	<b>534</b>	<b>534</b>
Net increase (decrease) in cash and cash equivalents	323,522	(14,809)	(753,909)	(445,196)
Cash and cash equivalents, beginning of year	62,328	318,612	2,939,657	3,320,597
<b>Cash and cash equivalents, end of year</b>	<b>\$ 385,850</b>	<b>\$ 303,803</b>	<b>\$ 2,185,748</b>	<b>\$ 2,875,401</b>

continued

**CITY OF MIDDLETOWN, OHIO  
COMBINING STATEMENT OF CASH FLOWS  
NON MAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

<b>(continued)</b>	<b>Airport</b>	<b>Transit</b>	<b>Storm Water</b>	<b>Totals</b>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 8,243	\$ (1,391,553)	\$ 361,183	\$ (1,022,127)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	134,525	147,741	153,490	435,756
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable (net)	(7,590)	-	(51,773)	(59,363)
Increase (decrease) in accounts payable	(8,005)	87,090	(4,089)	74,996
Increase (decrease) in accrued wages and benefits	-	(9,291)	(2,280)	(11,571)
Increase (decrease) in other accrued liabilities	-	7,101	5,681	12,782
Increase (decrease) in due to other funds	(602)	(8,221)	(17,157)	(25,980)
Increase (decrease) in compensated absences payable	-	(22,435)	971	(21,464)
Increase (Decrease) in due to other governments	-	-	-	-
<b>Total adjustments</b>	<b>118,328</b>	<b>201,985</b>	<b>84,843</b>	<b>405,156</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 126,571</b>	<b>\$ (1,189,568)</b>	<b>\$ 446,026</b>	<b>\$ (616,971)</b>

**CITY OF MIDDLETOWN  
FUND DESCRIPTIONS  
DECEMBER 31, 2013**

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**INTERNAL SERVICE FUNDS:**

To account for the financing of goods or services provided by one department for the other departments within the City.

**MUNICIPAL GARAGE**

To account for the operations of the municipal garage for the purchase, sale and repair of vehicles for all departments within the City.

**EMPLOYEE BENEFITS**

To account for the operation of the City's self-funded health insurance program. The expenses of this fund are comprised of medical, dental, and prescription drug claims approved by the City's Third Party Administrator.

**CITY OF MIDDLETOWN, OHIO  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
DECEMBER 31, 2013**

	<b>Municipal Garage</b>	<b>Employee Benefits Fund</b>	<b>Totals</b>
Assets:			
Current assets:			
Equity in pooled cash, deposits and investments	\$ 3,831,321	\$ 1,253,383	\$ 5,084,704
Receivables (net of allowance for uncollectibles):			
Accounts	17,695	65,251	82,946
Due from other funds	168,679	-	168,679
Inventory of supplies	262,263	-	262,263
<b>Total current assets</b>	<b>4,279,958</b>	<b>1,318,634</b>	<b>5,598,592</b>
Capital assets:			
Land	195,750	-	195,750
Buildings	521,872	-	521,872
Equipment	11,326,474	-	11,326,474
Less: Accumulated depreciation	(8,758,186)	-	(8,758,186)
<b>Net capital assets</b>	<b>3,285,910</b>	<b>-</b>	<b>3,285,910</b>
<b>Total assets</b>	<b>7,565,868</b>	<b>1,318,634</b>	<b>8,884,502</b>
Liabilities:			
Current liabilities:			
Accounts payable	321,778	646,923	968,701
Accrued wages and benefits	14,472	-	14,472
<b>Total current liabilities</b>	<b>336,250</b>	<b>646,923</b>	<b>983,173</b>
Long-term liabilities:			
Compensated absences payable	46,028	-	46,028
<b>Total long-term liabilities</b>	<b>46,028</b>	<b>-</b>	<b>46,028</b>
<b>Total liabilities</b>	<b>382,278</b>	<b>646,923</b>	<b>1,029,201</b>
Net position:			
Net investment in capital assets	3,285,910	-	3,285,910
Unrestricted	3,897,680	671,711	4,569,391
<b>Total net position</b>	<b>\$ 7,183,590</b>	<b>\$ 671,711</b>	<b>\$ 7,855,301</b>

**CITY OF MIDDLETOWN, OHIO  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Municipal Garage</b>	<b>Employee Benefits Fund</b>	<b>Totals</b>
Operating revenues:			
Charges for services	\$ 3,302,519	\$ 5,247,724	\$ 8,550,243
Other operating revenues	29,029	29,148	58,177
<b>Total operating revenues</b>	<b>3,331,548</b>	<b>5,276,872</b>	<b>8,608,420</b>
Operating expenses:			
Personal services	421,359	-	421,359
Contractual services	482,143	4,310,174	4,792,317
Commodities	1,159,564	-	1,159,564
Depreciation	974,476	-	974,476
Other operating expenses	65,091	-	65,091
<b>Total operating expenses</b>	<b>3,102,633</b>	<b>4,310,174</b>	<b>7,412,807</b>
Operating income (loss)	228,915	966,698	1,195,613
Non-operating revenues (expenses):			
Interest revenue	153	-	153
<b>Total non-operating revenues (expenses)</b>	<b>153</b>	<b>-</b>	<b>153</b>
Change in net position	229,068	966,698	1,195,766
Total net position, beginning of the year, restated	6,954,522	(294,987)	6,659,535
<b>Total net position, end of the year</b>	<b>\$ 7,183,590</b>	<b>\$ 671,711</b>	<b>\$ 7,855,301</b>

**CITY OF MIDDLETOWN, OHIO  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Municipal Garage</b>	<b>Employee Benefits Fund</b>	<b>Totals</b>
<b>Cash flows from operating activities:</b>			
Cash payments to suppliers for goods and services	\$ (1,401,039)	\$ (4,209,019)	\$ (5,610,058)
Cash payments to employees for services	(356,368)	-	(356,368)
Miscellaneous revenue	11,334	1,825	13,159
Cash received from interfund services provided	3,415,943	5,247,724	8,663,667
Cash payments for interfund services used	(64,105)	-	(64,105)
<b>Net cash provided by operating activities</b>	<b>1,605,765</b>	<b>1,040,530</b>	<b>2,646,295</b>
<b>Cash flows from capital and related financing activities:</b>			
Purchase of capital assets	(1,437,413)	-	(1,437,413)
<b>Net cash used by capital and related financing activities</b>	<b>(1,437,413)</b>	<b>-</b>	<b>(1,437,413)</b>
<b>Cash flows from investing activities:</b>			
Interest income	153	-	153
<b>Net cash provided by investing activities</b>	<b>153</b>	<b>-</b>	<b>153</b>
Net increase in cash and cash equivalents	168,505	1,040,530	1,209,035
Cash and cash equivalents, beginning of year	3,662,816	212,853	3,875,669
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,831,321</b>	<b>\$ 1,253,383</b>	<b>\$ 5,084,704</b>

**CITY OF MIDDLETOWN, OHIO  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

<b>(continued)</b>	<b>Municipal Garage</b>	<b>Employee Benefits Fund</b>	<b>Totals</b>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 228,915	\$ 966,698	\$ 1,195,613
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	974,476	-	974,476
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	(17,695)	(27,323)	(45,018)
Decrease (increase) in due from other funds	113,424	-	113,424
Decrease (increase) in supplies inventory	33,280	-	33,280
Increase (decrease) in accounts payable	272,259	101,155	373,414
Increase (decrease) in accrued wages	(551)	-	(551)
Increase (decrease) in compensated absences	1,657	-	1,657
<b>Total adjustments</b>	<b>1,376,850</b>	<b>73,832</b>	<b>1,450,682</b>
<b>Net cash provided by operating activities</b>	<b>\$ 1,605,765</b>	<b>\$ 1,040,530</b>	<b>\$ 2,646,295</b>



**CITY OF MIDDLETOWN  
AGENCY FUNDS  
DECEMBER 31, 2013**

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**AGENCY FUNDS:**

The City is responsible in a fiduciary capacity for other assets that can only be used for designated beneficiaries. The City has four agency funds. The City acts as the collection agent for these separate activities. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations.

**PAYROLL CLEARING**

The Payroll Clearing fund accounts for the employee payroll withholdings due to other agencies and certain individuals.

**MUNICIPAL COURT**

The Municipal Court fund accounts for the activities of the Municipal Court collections which are due to other agencies and to certain individuals.

**JOINT ECONOMIC DEVELOPMENT DISTRICT I**

The Joint Economic Development District fund records and accounts for the collection and disbursements of income tax revenue with Liberty Township and the City of Mason.

**CITY OF MIDDLETOWN, OHIO  
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
DECEMBER 31, 2013**

	<b>Payroll Clearing</b>	<b>Municipal Court</b>	<b>Joint Economic Development District I</b>	<b>Totals</b>
<b>Assets:</b>				
Cash and equity in pooled cash, deposits and investments	\$ -	\$ 38,261	\$ 73,306	\$ 111,567
Cash with fiscal and escrow agent	271,502	-	-	271,502
<b>Total assets</b>	<b>271,502</b>	<b>38,261</b>	<b>73,306</b>	<b>383,069</b>
<b>Liabilities:</b>				
Due to other governments	202,512	-	73,306	275,818
Due to individuals	31,620	4,159	-	35,779
Unapportioned monies	37,370	34,102	-	71,472
<b>Total liabilities</b>	<b>\$ 271,502</b>	<b>\$ 38,261</b>	<b>\$ 73,306</b>	<b>\$ 383,069</b>

CITY OF MIDDLETOWN, OHIO  
 COMBINING STATEMENT OF CHANGES  
 IN FIDUCIARY ASSETS AND LIABILITIES  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2013

PAYROLL CLEARING				
	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets:				
Cash with fiscal and escrow agent	\$ 294,715	\$ 23,376,951	\$ 23,400,164	\$ 271,502
<b>Total assets</b>	<b>294,715</b>	<b>23,376,951</b>	<b>23,400,164</b>	<b>271,502</b>
Liabilities:				
Due to other governments	209,618	6,241,395	6,248,501	202,512
Due to individuals	83,519	16,296,759	16,348,658	31,620
Unapportioned monies	1,578	838,797	803,005	37,370
<b>Total liabilities</b>	<b>\$ 294,715</b>	<b>\$ 23,376,951</b>	<b>\$ 23,400,164</b>	<b>\$ 271,502</b>

CITY OF MIDDLETOWN, OHIO  
 COMBINING STATEMENT OF CHANGES  
 IN FIDUCIARY ASSETS AND LIABILITIES  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2013

MUNICIPAL COURT				
	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets:				
Cash and equity in pooled cash, deposits and investments	\$ 66,354	\$ 3,681,098	\$ 3,709,191	\$ 38,261
<b>Total assets</b>	<b>66,354</b>	<b>3,681,098</b>	<b>3,709,191</b>	<b>38,261</b>
Liabilities:				
Due to other governments	-	695,291	695,291	-
Due to individuals	5,734	881,203	882,778	4,159
Unapportioned monies	60,620	396,059	422,577	34,102
<b>Total liabilities</b>	<b>\$ 66,354</b>	<b>\$ 1,972,553</b>	<b>\$ 2,000,646</b>	<b>\$ 38,261</b>

CITY OF MIDDLETOWN, OHIO  
 COMBINING STATEMENT OF CHANGES  
 IN FIDUCIARY ASSETS AND LIABILITIES  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2013

JOINT ECONOMIC DEVELOPMENT DISTRICT I				
	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets:				
Cash and equity in pooled cash, deposits and investments	\$ 89,603	\$ 911,969	\$ 928,266	\$ 73,306
<b>Total assets</b>	<b>89,603</b>	<b>911,969</b>	<b>928,266</b>	<b>73,306</b>
Liabilities:				
Due to other governments	89,603	911,969	928,266	73,306
<b>Total liabilities</b>	<b>\$ 89,603</b>	<b>\$ 911,969</b>	<b>\$ 928,266</b>	<b>\$ 73,306</b>

# STATISTICAL SECTION

The following unaudited, statistical tables reflect social and economic data, financial trends, and fiscal capacity of the City.

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

CONTENTS	PAGE
<b>Financial Trends</b>	<b>169</b>
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	<b>175</b>
These schedules contain information to help the reader assess one of the government's most significant local revenue sources, the property tax.	
<b>Debt Capacity</b>	<b>180</b>
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	<b>185</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
<b>Operating Information</b>	<b>187</b>
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

**CITY OF MIDDLETOWN, OHIO**  
**Net Position by Component**  
**Last Ten Years**  
**(Accrual Basis of Accounting)**  
**(amounts expressed in thousands)**  
**Table 1**

		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Governmental Activities</b>											
Net Investment in Capital Assets	\$	57,244	57,866	56,729	59,237	59,504	58,169	59,871	62,823	68,722	22,142
Restricted:											
Capital Projects		414	1,389	3,752	7,372	3,527	4,168	3,806	4,229	5,838	5,402
Debt Service		3,788	4,437	4,401	4,592	4,495	5,845	1,932	2,466	2,483	2,700
Housing Assistance		9,506	10,496	12,658	13,702	11,897	11,241	12,629	12,608	10,625	-
Other Purposes		8,318	9,217	10,123	10,010	11,351	10,256	8,327	7,761	8,502	16,329
Unrestricted		11,328	12,210	9,940	7,454	10,494	10,366	6,963	4,930	3,605	2,267
Total Governmental Activities Net Position	\$	<u>90,598</u>	<u>95,615</u>	<u>97,603</u>	<u>102,367</u>	<u>101,268</u>	<u>100,045</u>	<u>93,528</u>	<u>94,817</u>	<u>99,775</u>	<u>48,840</u>
<b>Business-Type Activities</b>											
Net Investment in Capital Assets	\$	56,230	54,343	51,637	49,711	49,139	49,847	41,709	40,483	41,012	39,549
Restricted:											
Other Purposes		-	-	1,501	1,457	1,411	1,367	1,255	1,105	711	711
Unrestricted		15,918	16,775	14,811	14,166	13,247	10,779	15,702	15,650	12,658	13,204
Total Business-Type Activities Net Position	\$	<u>72,148</u>	<u>71,118</u>	<u>67,949</u>	<u>65,334</u>	<u>63,797</u>	<u>61,993</u>	<u>58,666</u>	<u>57,238</u>	<u>54,381</u>	<u>53,464</u>

**CITY OF MIDDLETOWN, OHIO**  
**Changes in Net Position**  
**Last Ten Years**  
**(Accrual Basis of Accounting)**  
**(amounts expressed in thousands)**  
**Table 2**

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses</b>										
Governmental activities:										
Community environment	\$ 16,561	14,555	16,739	13,318	14,621	15,950	11,736	11,402	11,022	13,033
General government	5,142	6,240	6,364	6,161	6,489	4,073	4,233	4,639	4,674	4,389
Leisure	1,069	1,210	1,164	947	1,150	1,250	1,565	1,096	1,661	877
Public health	367	983	781	941	1,094	1,490	1,031	1,262	1,247	1,471
Public safety	24,164	24,639	24,646	23,951	24,250	23,701	23,498	22,691	22,420	22,544
Highways and streets	7,662	9,557	8,565	9,776	9,509	7,965	10,318	9,787	4,196	5,446
Interest on long-term debt	1,229	1,402	1,447	1,241	1,179	1,028	1,497	1,522	1,506	1,375
Total governmental activities expenses	<u>56,194</u>	<u>58,586</u>	<u>59,706</u>	<u>56,335</u>	<u>58,292</u>	<u>55,457</u>	<u>53,878</u>	<u>52,399</u>	<u>46,726</u>	<u>49,135</u>
Business-type activities:										
Water	7,184	6,564	6,427	7,627	5,867	7,588	7,510	8,027	6,002	5,265
Sanitary Sewer	7,688	7,206	7,216	7,172	7,092	7,374	6,730	6,928	5,640	5,505
Golf	1,540	1,489	1,446	1,604	1,488	1,563	1,713	1,653	1,881	1,727
Solid Waste	2,827	2,690	2,667	2,616	2,547	2,496	2,748	2,442	2,280	2,236
Non major enterprise funds	3,234	3,154	3,021	2,432	3,292	2,314	2,203	2,037	1,810	1,961
Total business-type activities expenses	<u>22,473</u>	<u>21,103</u>	<u>20,777</u>	<u>21,451</u>	<u>20,286</u>	<u>21,335</u>	<u>20,904</u>	<u>21,087</u>	<u>17,613</u>	<u>16,694</u>
Total primary government expenses	<u>\$ 78,667</u>	<u>79,689</u>	<u>80,483</u>	<u>77,786</u>	<u>78,578</u>	<u>76,792</u>	<u>74,782</u>	<u>73,486</u>	<u>64,339</u>	<u>65,829</u>
<b>Program Revenue</b>										
Governmental activities:										
Charges for services:										
Community environment	\$ 880	926	890	550	192	347	501	896	777	447
General government	2,682	2,700	2,625	2,382	2,704	2,980	2,296	1,744	2,329	1,589
Highways and streets	337	228	569	16	-	-	449	498	-	18
Leisure	16	4	2	2	1	162	79	45	18	23
Public health	192	216	236	191	167	184	-	204	205	200
Public safety	5,179	4,936	4,660	4,350	3,990	3,967	3,686	2,297	2,836	1,793
Operating grants & contributions	9,843	9,386	11,932	13,472	13,682	12,827	11,332	12,241	14,421	6,895
Capital grants & contributions	1,752	8,524	3,551	2,716	7,423	4,203	2,405	3,047	1,560	9,125
Total governmental activities program revenue	<u>\$ 20,881</u>	<u>26,920</u>	<u>24,465</u>	<u>23,679</u>	<u>28,159</u>	<u>24,670</u>	<u>20,748</u>	<u>20,972</u>	<u>22,146</u>	<u>20,090</u>

**CITY OF MIDDLETOWN, OHIO**  
**Changes in Net Position**  
**Last Ten Years**  
**(Accrual Basis of Accounting)**  
**(amounts expressed in thousands)**  
**Table 2**

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Business-type activities:</b>										
Charges for services:										
Water	\$ 7,384	7,752	6,852	6,500	6,038	6,866	6,598	6,980	6,655	6,711
Sanitary Sewer	8,228	8,257	8,137	7,831	7,210	7,930	6,673	7,122	5,574	5,791
Golf course	1,161	1,165	1,152	1,358	1,408	1,393	1,629	1,635	1,716	1,765
Solid Waste	2,938	2,923	2,812	2,861	2,825	2,817	3,153	2,596	2,454	2,423
Other business-type activities	2,150	2,064	2,057	1,910	2,078	2,007	1,842	1,994	267	201
Operating grants & contributions	1,404	1,437	1,712	2,481	1,101	1,257	1,115	2,639	1,139	184
Capital grants & contributions	163	355	337	322	754	1,119	473	172	151	654
Total business-type activities program revenue	23,428	23,953	23,059	23,263	21,414	23,389	21,483	23,138	17,956	17,729
Total primary government program revenue	\$ 44,309	50,873	47,524	46,942	49,573	48,059	42,231	44,110	40,102	37,819
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (35,313)	(31,666)	(35,241)	(32,656)	(30,133)	(30,787)	(33,130)	(31,427)	(24,580)	(29,045)
Business-type activities	955	2,850	2,282	1,812	1,128	2,054	579	2,051	343	1,035
Total primary government net expense	(34,358)	(28,816)	(32,959)	(30,844)	(29,005)	(28,733)	(32,551)	(29,376)	(24,237)	(28,010)
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Income taxes	\$ 19,811	19,828	19,425	20,345	18,942	19,921	17,921	17,695	18,009	17,960
Property taxes	4,468	4,081	4,158	4,480	4,534	4,965	5,644	5,920	5,941	5,654
Other taxes	2,972	2,657	2,808	2,949	2,427	2,248	3,694	3,382	3,046	3,445
Grants/contributions not restricted	1,466	1,649	3,005	4,852	3,666	3,349	1,014	807	6	69
Investment earnings	41	(78)	124	111	(151)	686	2,327	967	485	529
Miscellaneous	1,125	1,478	895	942	1,823	6,135	1,241	3,143	3,196	3,560
Transfers	165	64	62	77	58	-	-	55	56	(67)
Total governmental activities general revenues	30,048	29,679	30,477	33,756	31,299	37,304	31,841	31,969	30,739	31,150
Business-type activities:										
Income taxes	\$ 138	190	170	190	344	466	300	270	338	238
Grants/contributions not restricted	-	-	-	-	-	-	-	-	-	201
Investment earnings	18	123	123	189	323	694	549	591	291	-
Transfers	(165)	(64)	102	(77)	96	-	-	(55)	(56)	67
Miscellaneous	136	69	(62)	115	(58)	113	-	-	-	-
Total business type activities general revenues	127	318	333	417	705	1,273	849	806	573	506
Total primary government general revenues	\$ 30,175	29,997	30,810	34,173	32,004	38,577	32,690	32,775	31,312	31,656
Special item	\$ -	-	-	(692)	-	-	-	(5,500)	-	-
<b>Changes in Net Position</b>										
Governmental activities	\$ (5,265)	(1,987)	(4,764)	1,100	1,166	6,517	(1,289)	(4,958)	6,159	2,105
Business-type activities	1,082	3,168	2,615	1,537	1,833	3,327	1,428	2,857	916	1,541
Total primary government	\$ (4,183)	1,181	(2,149)	2,637	2,999	9,844	139	(2,101)	7,075	3,646

**CITY OF MIDDLETOWN, OHIO**  
**Governmental Activities Tax Revenues By Source**  
**Last Ten Years**  
**(Accrual Basis of Accounting)**  
**(amounts expressed in thousands)**  
**Table 3**

<b>Fiscal Year</b>	<b>Income Tax</b>	<b>Property Tax</b>	<b>Other Taxes</b>	<b>Total</b>
2013	\$ 19,949	\$ 4,468	\$ 2,972	\$ 27,389
2012	\$ 19,828	\$ 4,081	\$ 2,657	\$ 26,566
2011	\$ 19,595	\$ 4,158	\$ 2,808	\$ 26,561
2010	\$ 20,345	\$ 4,480	\$ 2,948	\$ 27,773
2009	\$ 19,286	\$ 4,533	\$ 2,427	\$ 26,246
2008	\$ 20,387	\$ 4,965	\$ 2,248	\$ 27,600
2007	\$ 18,221	\$ 5,644	\$ 3,694	\$ 27,559
2006	\$ 17,966	\$ 5,920	\$ 3,382	\$ 27,268
2005	\$ 18,009	\$ 5,941	\$ 3,046	\$ 26,996
2004	\$ 17,960	\$ 5,654	\$ 3,445	\$ 27,059

**CITY OF MIDDLETOWN, OHIO**  
**Fund Balances of Governmental Funds**  
**Last Ten Years**  
**(Modified Accrual Basis of Accounting)**  
**(amounts expressed in thousands)**  
**Table 4**

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>General Fund</b>										
Reserved, nonspendable, restricted, committed or assigned	\$ 3,896	3,583	4,881	343	326	311	211	229	732	355
Unreserved, unassigned	5,909	7,441	6,955	11,697	10,977	11,229	8,864	6,792	6,527	6,007
Total General Fund	<u>\$ 9,805</u>	<u>11,024</u>	<u>11,836</u>	<u>12,040</u>	<u>11,303</u>	<u>11,540</u>	<u>9,075</u>	<u>7,021</u>	<u>7,259</u>	<u>6,362</u>
<b>All Other Governmental Funds</b>										
Reserved, nonspendable, restricted or committed	\$ 11,821	13,133	13,877	10,682	3,764	4,476	3,148	5,138	4,457	5,225
Unreserved, undesignated, unassigned reported in:										
Capital project funds	(646)	(1,263)	(1,372)	(138)	2,499	6,021	3,552	1,823	4,258	2,541
Debt service funds	-	-	-	892	82	1,123	720	317	327	124
Special revenue funds	<u>(275)</u>	<u>(133)</u>	<u>(164)</u>	<u>6,446</u>	<u>7,133</u>	<u>2,933</u>	<u>6,842</u>	<u>5,440</u>	<u>4,117</u>	<u>4,169</u>
Total All Other Governmental Funds	<u>10,900</u>	<u>11,737</u>	<u>12,341</u>	<u>17,882</u>	<u>13,478</u>	<u>14,553</u>	<u>14,262</u>	<u>12,718</u>	<u>13,159</u>	<u>12,059</u>
<b>Total Governmental Funds</b>	<u><b>\$ 20,705</b></u>	<u><b>22,761</b></u>	<u><b>24,177</b></u>	<u><b>29,922</b></u>	<u><b>24,781</b></u>	<u><b>26,093</b></u>	<u><b>23,337</b></u>	<u><b>19,739</b></u>	<u><b>20,418</b></u>	<u><b>18,421</b></u>

**CITY OF MIDDLETOWN, OHIO**  
**Change in Fund Balances of Governmental Funds**  
**Last Ten Years**  
**(Modified Accrual Basis of Accounting)**  
**(amounts expressed in thousands)**  
**Table 5**

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
<b>Revenues</b>										
Property taxes	\$ 4,281	3,694	4,158	4,480	4,533	4,965	5,643	5,920	5,941	5,654
Municipal income taxes	19,617	19,728	19,924	19,775	18,640	19,606	17,944	17,061	18,092	17,376
Intergovernmental revenues	16,872	19,611	22,675	22,330	23,325	19,921	18,853	19,159	15,702	17,940
Charges for services	4,657	4,555	4,454	4,024	4,449	4,312	4,216	3,286	3,624	3,758
Fees, licenses, and permits	317	297	224	204	187	257	452	417	338	312
Fines and forfeits	1,907	1,935	1,896	1,979	1,774	2,019	1,575	1,483	1,612	1,499
Special assessments	552	672	701	349	385	440	491	498	591	659
Investment earnings	41	(78)	124	111	(151)	686	1,054	861	450	498
Miscellaneous	3,503	3,708	3,172	3,469	2,575	3,958	3,142	3,385	3,172	2,089
<b>Total revenues</b>	<b>51,747</b>	<b>54,122</b>	<b>57,328</b>	<b>56,721</b>	<b>55,717</b>	<b>56,164</b>	<b>53,370</b>	<b>52,070</b>	<b>49,522</b>	<b>49,785</b>
<b>Expenditures</b>										
Current:										
General Government	3,511	3,815	3,879	4,323	4,060	4,334	4,083	4,306	4,196	4,104
Public safety	24,241	24,609	24,987	23,933	23,873	23,240	23,122	23,791	22,501	22,142
Public health and welfare	347	727	744	899	1,084	1,394	1,024	1,220	1,187	1,457
Leisure time activities	917	908	1,002	856	1,466	1,259	1,421	1,064	1,502	1,060
Community environment	16,583	14,177	21,202	16,422	14,616	15,907	11,754	11,377	13,708	13,024
Highways and streets	5,400	5,091	5,871	6,223	12,008	3,329	4,731	6,587	5,373	3,787
Miscellaneous	2,292	2,531	2,165	1,725	3,422	1,127	1,427	1,410	1,636	7,353
Debt Service										
Principal retirement	5,176	2,414	2,228	2,129	1,822	1,896	1,556	1,661	1,520	1,407
Interest and fiscal charges	1,302	1,329	1,394	1,381	1,277	971	1,503	1,527	1,493	1,355
Bond issuance costs	-	-	-	-	-	836				
<b>Total expenditures</b>	<b>59,769</b>	<b>55,601</b>	<b>63,472</b>	<b>57,891</b>	<b>63,628</b>	<b>54,293</b>	<b>50,621</b>	<b>52,943</b>	<b>53,116</b>	<b>55,689</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (8,022)</b>	<b>(1,479)</b>	<b>(6,144)</b>	<b>(1,170)</b>	<b>(7,911)</b>	<b>1,871</b>	<b>2,749</b>	<b>(873)</b>	<b>(3,594)</b>	<b>(5,904)</b>

**CITY OF MIDDLETOWN, OHIO**  
**Change in Fund Balances of Governmental Funds**  
**Last Ten Years**  
**(Modified Accrual Basis of Accounting)**  
**(amounts expressed in thousands)**  
**Table 5**

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Continued										
<b>Other Financing Sources (Uses)</b>										
Transfers in	\$ 1,084	163	161	258	1,075	2,842	842	497	661	765
Transfers out	(919)	(99)	(99)	(198)	(1,017)	(2,785)	(242)	(442)	(606)	(713)
Issuance of bonds	5,845	-	337	6,235	6,530	10,323	-	58	4,315	6,216
Issuance of notes	2,057	-	-	-	-	-	-	-	-	-
Other uses	(3,300)	-	-	-	11	(9,665)	(4)	(29)	-	-
Other sources	1,199	-	-	16	-	170	107	-	-	-
<b>Total other financing sources (uses)</b>	<b>5,966</b>	<b>64</b>	<b>399</b>	<b>6,311</b>	<b>6,599</b>	<b>885</b>	<b>703</b>	<b>84</b>	<b>4,370</b>	<b>6,268</b>
<b>Net change in Fund Balances</b>	<b>\$ (2,056)</b>	<b>(1,415)</b>	<b>(5,745)</b>	<b>5,141</b>	<b>(1,312)</b>	<b>2,756</b>	<b>3,452</b>	<b>(789)</b>	<b>776</b>	<b>364</b>
Asset Additions	\$ 6,419	7,420	10,349	7,458	14,607	10,475	2,753	5,649	7,639	7,005
Non capital expenditures	\$ 53,350	48,181	53,123	50,433	49,021	43,818	47,868	47,294	45,477	48,684
Debt service as a % of noncapital expenditures	12.14%	7.77%	6.82%	6.96%	6.32%	8.45%	6.39%	6.74%	6.63%	5.67%

**CITY OF MIDDLETOWN, OHIO**  
**General Governmental Tax Revenues By Source**  
**Last Ten Years**  
**(Modified Accrual Basis of Accounting)**  
**(amounts expressed in thousands)**  
**Table 6**

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Property taxes	\$ 4,281	3,694	4,158	4,480	4,533	4,965	5,643	5,920	5,941	5,654
Municipal income taxes	\$ 19,617	19,728	19,924	19,775	18,640	19,606	17,944	17,061	18,092	17,376

**CITY OF MIDDLETOWN, OHIO**  
**Assessed and Estimated Actual Value of Taxable Property**  
**Last ten years**  
**(amounts expressed in thousands)**  
**Table 7**

Tax Levy/ Collection Year	Real Property		Personal Property (1)		Public Utility (2)		Totals		Direct Tax Rate	Assessed Value as a Percent of Estimated Actual Value
	Assessed	Estimated Actual	Assessed	Estimated Actual	Assessed	Estimated Actual	Assessed	Estimated Actual		
2003/2004	\$753,911	\$2,154,032	\$252,766	\$1,011,064	\$38,624	\$154,498	\$1,045,301	\$3,319,593	5.86	31.49
2004/2005	\$752,108	\$2,148,880	\$253,353	\$1,013,414	\$38,637	\$154,548	\$1,044,099	\$3,316,842	5.86	31.48
2005/2006	\$777,301	\$2,220,861	\$238,133	\$952,532	\$36,625	\$146,501	\$1,052,060	\$3,319,895	8.90	31.69
2006/2007	\$796,561	\$2,214,750	\$200,461	\$739,474	\$43,102	\$171,800	\$1,040,124	\$3,126,024	5.90	33.27
2007/2008	\$698,478	\$1,990,520	\$129,635	\$739,474	\$32,519	\$130,000	\$860,632	\$2,859,994	5.90	30.09
2008/2009	\$850,845	\$2,395,651	\$0	\$0	\$33,839	\$135,100	\$884,684	\$2,530,751	5.90	34.96
2009/2010	\$810,367	\$2,315,335	\$0	\$0	\$35,641	\$143,750	\$846,008	\$2,459,085	5.90	34.40
2010/2011	\$799,515	\$2,284,335	\$0	\$0	\$44,761	\$176,510	\$844,276	\$2,460,845	5.90	34.31
2011/2012	\$668,262	\$1,914,230	\$0	\$0	\$45,044	\$176,510	\$713,306	\$2,090,740	5.90	34.12
2012/2013	\$660,607	\$1,888,309	\$0	\$0	\$48,412	\$140,000	\$709,019	\$2,028,309	6.90	34.96

Real property is reappraised every six years (last reappraisal in 2011) with a State mandated update of the current market in the third year following each reappraisal. Pursuant to statutory requirements for sexennial reappraisals, in 2008 the County Auditor adjusted the true value of taxable real property to reflect then current fair market values. These adjustments were first reflected in the 2008 duplicate (collection year 2009) and in the ad valorem taxes distributed to the City in 2009 and thereafter.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property tax was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. Personal property tax was phased out beginning in 2006. For collection year 2006, both types of general business tangible personal property were assessed at 18.75 percent, 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by 10% and 2 1/2% homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial has been eliminated.

(1) Other than public utility.

(2) Real and tangible personal property

Source: County Auditors except for estimated actual values for personal property which was estimated by the City of Middletown Finance Dept.

**CITY OF MIDDLETOWN, OHIO**  
**Property Tax Rates and Tax Levies**  
**Direct and Overlapping Governments**  
**Last ten years (1)**  
**Table 8**

Collection Year	City of Middletown				Butler County	Middletown City School District	Total
	Operating	Police and Fire Pension	Senior Citizen Levy	City of Middletown Total			
2004	5.26	0.60	0.00	5.86	8.74	40.03	54.63
2005	5.30	0.60	0.00	5.90	8.74	40.01	54.65
2006	5.30	0.60	0.00	5.90	9.44	47.06	62.40
2007	5.30	0.60	0.00	5.90	10.95	47.06	63.91
2008	5.30	0.60	0.00	5.90	10.45	47.68	64.03
2009	5.30	0.60	0.00	5.90	9.75	47.68	63.33
2010	5.30	0.60	0.00	5.90	9.75	48.93	64.58
2011	5.30	0.60	0.00	5.90	9.72	49.09	64.71
2012	5.30	0.60	0.00	5.90	9.72	48.65	64.27
2013	5.30	0.60	1.00	6.90	9.72	48.95	65.57

(1) The above tax rates are based on \$1,000 of assessed valuation.

Source: Butler County Auditor's Office

**CITY OF MIDDLETOWN, OHIO**  
**Principal Property Taxpayers**  
**December 31, 2013 and Nine Years Ago**  
**Table 9**

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*Top Ten Property Taxpayers (real property)*

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2004 Calendar year/ 2003 Tax Year			2013 Calendar year/ 2012 Tax Year		
	<u>Value</u>	<u>% of Total</u>		<u>Value</u>	<u>% of Total</u>
AK Steel	\$ 21,974,710	0.66%	Duke Energy Ohio Inc.	\$ 35,422,170	1.75%
Precision Strip	\$ 4,163,700	0.13%	AK Steel	\$ 10,331,010	0.51%
Southwestern Ohio Steel	\$ 4,061,850	0.12%	Rockies Express Pipeline LLC	\$ 4,804,160	0.24%
Garden Manor	\$ 3,555,840	0.11%	Sam Boymel	\$ 3,500,010	0.17%
Trinity Place Community	\$ 2,194,270	0.07%	Precision Strip Inc	\$ 3,363,660	0.17%
Bavarian Woods	\$ 2,271,850	0.07%	Middletown Coke	\$ 2,814,870	0.14%
Bay West Paper Company	\$ 1,780,300	0.05%	Liberty Retirement Properties	\$ 2,278,620	0.11%
Riverside Village LTD	\$ 1,765,880	0.05%	Chaka-Chak LLC	\$ 2,060,340	0.10%
Jefferson Smurfit Corporation	\$ 1,630,590	0.05%	Texas Eastern Transmission	\$ 1,950,180	0.10%
Akers Packaging	\$ 1,606,670	0.05%	Bavarian Woods	\$ 1,925,000	0.09%
<b>TOTAL</b>	<b>\$3,319,593,372</b>	<b>1.36%</b>		<b>\$2,028,309,000</b>	<b>3.37%</b>

2004/2003 data does not include public utility

Source: Butler County Auditor's Office

**CITY OF MIDDLETOWN, OHIO**  
**Property Tax Levies and Collections**  
**Last Ten Years (1)**  
**(amounts expressed in thousands)**  
**Table 10**

Collected within the Fiscal Year of the Levy				
Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year (Millage)	Amount Levied	Amount Collected	Percentage of Levy Collected
2013	6.90	\$4,557	\$4,281	93.94%
2012	5.90	\$4,175	\$3,694	88.48%
2011	5.90	\$4,629	\$4,158	89.83%
2010	5.90	\$4,751	\$4,480	94.30%
2009	5.90	\$5,913	\$4,533	76.66%
2008	5.90	\$6,009	\$4,965	82.63%
2007	5.90	\$6,207	\$5,643	90.91%
2006	5.90	\$6,160	\$5,920	96.10%
2005	5.90	\$6,167	\$5,941	96.34%
2004	5.86	\$6,097	\$5,654	92.73%

Information not available for delinquent property tax collections

**CITY OF MIDDLETOWN, OHIO**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Years**  
**(amounts expressed in thousands, except per capita amount)**  
**Table 11**

Fiscal Year	Governmental Activities					Business-Type Activities			Total	Percentage of Personal Income	Per Capita (1)
	General Obligation Bonds	Special Assessment Bonds	Police & Fire Pension Accrued Liability	Capital Leases		General Obligation Bonds	Capital Leases				
2013	\$ 24,295	\$ 1,962	\$ 1,968	\$ -	\$	\$ 9,312	\$ 3,317	\$	\$ 40,854	5.02%	\$ 839
2012	\$ 26,460	\$ 2,222	\$ 2,066	\$ -	\$	\$ 10,549	\$ 3,704	\$	\$ 45,001	5.05%	\$ 924
2011	\$ 28,505	\$ 2,479	\$ 2,164	\$ -	\$	\$ 11,768	\$ 4,512	\$	\$ 49,428	4.87%	\$ 1,010
2010	\$ 30,664	\$ 2,375	\$ 2,261	\$ -	\$	\$ 12,953	\$ 5,290	\$	\$ 53,543	4.87%	\$ 1,100
2009	\$ 26,341	\$ 2,593	\$ 2,359	\$ -	\$	\$ 14,108	\$ 6,041	\$	\$ 51,442	4.87%	\$ 1,050
2008	\$ 21,410	\$ 2,823	\$ 2,457	\$ -	\$	\$ 14,967	\$ 6,765	\$	\$ 48,422	4.56%	\$ 942
2007	\$ 22,215	\$ 3,099	\$ 2,555	\$ -	\$	\$ 6,235	\$ 7,462	\$	\$ 41,566	3.87%	\$ 803
2006	\$ 24,010	\$ 3,325	\$ 2,652	\$ -	\$	\$ 6,850	\$ 8,024	\$	\$ 44,861	4.14%	\$ 879
2005	\$ 25,375	\$ 2,899	\$ 2,750	\$ -	\$	\$ 7,650	\$ -	\$	\$ 38,674	3.52%	\$ 696
2004	\$ 22,220	\$ 3,259	\$ 2,848	\$ 74	\$	\$ 8,405	\$ -	\$	\$ 36,806	3.33%	\$ 658

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

**CITY OF MIDDLETOWN, OHIO**  
**Ratios of General Bonded Debt Outstanding for Governmental Activities & Business-Type Activities**  
**Last Ten Years**  
**(amounts expressed in thousands, except per capita amount)**  
**Table 12**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Funds</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value (1) of Property</b>	<b>Per Capita (2)</b>
2013	\$33,607	\$55	\$33,552	3.98%	\$690
2012	\$37,009	\$210	\$36,799	5.22%	\$760
2011	\$40,403	\$522	\$39,881	4.79%	\$825
2010	\$43,617	\$548	\$43,069	5.16%	\$896
2009	\$40,449	\$460	\$39,989	4.57%	\$825
2008	\$36,652	\$617	\$36,035	4.26%	\$713
2007	\$28,450	\$346	\$28,104	2.74%	\$550
2006	\$30,350	\$138	\$30,212	2.88%	\$595
2005	\$33,025	\$172	\$32,853	3.16%	\$640
2004	\$30,625	\$272	\$30,353	2.93%	\$593

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

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property (Table 7) for property value data

(2) Population data can be found in the Schedule of Demographic and Economic Statistics in Table 16.

CITY OF MIDDLETOWN, OHIO  
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
 As of December 31, 2013  
 (amounts expressed in thousands)  
 Table 13

Political Subdivision	General Bonded Debt	Percent Applicable to City	City's Share
Butler County	55,123	8.4	\$4,630
Warren County	<u>221</u>	1.6	<u>\$4</u>
Subtotal, overlapping debt			\$4,634
City of Middletown Direct Debt			<u>\$24,010</u>
Total direct and overlapping debt			<u><u>\$28,644</u></u>

Source: Butler and Warren County Auditor's Offices.

Butler County percentage determined by dividing the total assessed valuation of properties located within the city divided by the total assessed valuation of the county.

**CITY OF MIDDLETOWN, OHIO**  
**Legal Debt Margin Information**  
**Last Ten Years**  
**(amounts expressed in thousands)**  
**Table 14**

		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$	109,757	109,630	110,466	109,213	90,366	92,892	88,831	88,649	14,700	74,447
Total net debt applicable to limit		13,535	16,995	16,050	15,610	13,920	19,429	24,356	24,231	22,120	21,902
Legal debt margin	\$	96,222	92,635	94,416	93,603	76,446	73,463	64,475	64,418	(7,420)	52,545
Total net debt applicable to the limit as a percentage of debt limit		12.33%	15.50%	14.53%	14.29%	15.40%	20.92%	27.42%	27.33%	150.48%	29.42%
Assessed value											\$709,019
Add back: exempt real property											-
Total asses value											709,019
Debt limit (10.5%) of total asses value											74,447
Debt applicable to limit:											
General obligation bond											21,902
Less: Amount set aside for repayment of general obligation debt											(511)
Total net debt applicable to limit											21,391
Legal debt margin											53,056

Note: Under state finance law, the City of Middletown's outstanding general obligation debt should not exceed ten and one-half percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

**CITY OF MIDDLETOWN, OHIO**  
**Pledged-Revenue Coverage**  
**Last Ten Years**  
**Table 15**

Debt Service					
Collection Year	Tax Year	Special Assessment Collections	Principal	Interest & Fiscal Charges	Coverage
2013	2012	\$348,190	\$259,700	\$107,854	0.95
2012	2011	\$401,408	\$256,791	\$113,114	1.09
2011	2010	\$424,386	\$217,300	\$124,452	1.24
2010	2009	\$328,851	\$253,500	\$137,991	0.84
2009	2008	\$385,101	\$229,900	\$149,915	1.01
2008	2007	\$589,343	\$276,399	\$163,173	1.34
2007	2006	\$581,144	\$270,818	\$176,149	1.30
2006	2005	\$498,210	\$296,295	\$187,135	1.03
2005	2004	\$547,790	\$359,859	\$201,059	0.98
2004	2003	\$489,116	\$312,000	\$162,746	1.03

Note: Tax Year stated above is due the following year.

**CITY OF MIDDLETOWN, OHIO**  
**Demographic and Economic Statistics**  
**Last Ten Years**  
**Table 16**

Year	Population (1)	Personal Income (in 1,000's)	Per Capita Personal Income (1)	Median Age (1)	Education Level in Years of Formal Schooling (1)	School Enrollment (1)	Unemployment Rate (2)
2004	51,583	\$1,019,951	\$19,773	36.2	n/a	7,302	6.30
2005	51,187	\$1,005,006	\$19,634	34.5	n/a	7,198	6.00
2006	51,018	\$1,001,687	\$19,634	34.5	16 yrs - 13% 12 yrs - 67%	11,539	7.00
2007	51,739	\$1,015,844	\$19,634	34.5	16 yrs - 13% 12 yrs - 67%	11,539	6.00
2008	51,422	\$1,009,620	\$19,634	34.5	16 yrs - 13% 12 yrs - 67%	11,539	7.20
2009	49,000	\$1,006,607	\$20,543	36.4	16 yrs - 13% 12 yrs - 67%	11,366	11.20
2010	48,694	\$1,000,321	\$20,543	35.9	16 yrs - 13% 12 yrs - 72.6%*	11,755	10.80
2011	48,962	\$965,335	\$19,716	38.0	16 yrs - 13% 12 yrs - 74.3%*	11,111	10.10
2012	48,702	\$965,335	\$19,911	38.5	16 yrs - 15.1% 12 yrs - 78.6%*	10,776	8.60
2013	48,702	\$969,706	\$19,911	38.5	16 yrs - 13% 12 yrs - 78.6%*	10,776	7.80

Data Sources:

(1) US Census Bureau

(2) State Department of Labor

\*denotes data from Ohio Department of Education

Note: Population, median age, and personal income information are based on the 2000 Census. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

**CITY OF MIDDLETOWN, OHIO**  
**Principal Employers**  
**Current Year and Nine Years Ago**  
**Table 17**

Employer	2013		Percentage of Total City Employment
	Employees	Rank	
AK Steel	2,333	1	11.7%
Atrium Medical Center	2,013	2	10.1%
Crown Services 36 LLC	1,375	3	6.9%
CBS Personnel Services, LLC	1,064	4	5.3%
Onesource Employee Management LLC	911	5	4.6%
Middletown City School District	868	6	4.4%
CM Temporary Services, Inc.	704	7	3.5%
Miami University	599	8	3.0%
Belcan Services Group II	567	9	2.8%
City of Middletown	535	10	2.7%
Employer	2004		Percentage of Total City Employment
	Employees	Rank	
AK Steel	3,498	1	36.3%
Middletown Regional Hospital	1,470	2	15.3%
Robert Lee Brown, Inc.	1,451	3	15.1%
Middletown City School District	986	4	10.2%
McGraw/Kokosing	511	5	5.3%
City of Middletown	427	6	4.4%
Jefferson Smurfit Corporation	343	7	3.6%
Miami University	261	8	2.7%
Bay West Paper Corporation	214	9	2.2%
Aeronca	189	10	2.0%

**CITY OF MIDDLETOWN, OHIO**  
**Full-time City Government Employees by Function**  
**Last Ten Years**  
**Table 18**

<b>Function</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
General government	47	42	44	40	40	40	38	38	34	32
Public safety										
Police										
Officers	90	89	86	80	80	80	80	80	72	72
Civilians	45	45	40	36	37	37	37	37	34	32
Fire										
Firefighters & officers	87	87	84	84	84	84	84	81	72	72
Civilians	1	1	1	1	1	1	1	1	1	1
Other	33	28	33	35	32	32	26	26	26	26
Highways and streets										
Maintenance	17	18	17	15	15	15	15	15	15	15
Leisure Time Activities	10	7	7	8	8	8	7	7	7	7
Community Environment	2	7	7	6	4	7	8	9	6	4
Public health & welfare	7	6	6	5	5	4	4	4	3	3
Water	32	33	32	32	32	31	31	31	31	31
Sewer	34	34	35	35	32	31	32	32	32	32
Storm Water	0	0	0	4	4	6	6	7	7	7
Golf Course	8	8	8	7	7	6	6	5	5	5
Transit	9	8	8	8	8	8	7	6	5	4
Parking	0	0	0	0	0	0	0	0	0	0
Internal Services	10	10	10	10	9	9	9	8	7	7
Total	432	423	418	406	398	399	391	387	357	350

**CITY OF MIDDLETOWN, OHIO**  
**Operating Indicators by Function**  
**Last Ten Years**  
**Table 19**

<b>Function</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Fire</b>										
Number of fire responses	718	604	916	660	695	566	1,888	1,996	2,073	6,048
Average response time (minutes)	4.2	4.3	4.3	4.7	4.9	4.5	4.6	4.6	5.2	5.2
Emergency medical calls	6,159	6,557	6,700	6,954	7,807	7,969	8,158	8,513	8,400	8,185
<b>Police</b>										
Calls for service	42,547	42,563	47,348	42,830	42,135	46,727	43,696	49,312	45,247	45,287
Number of arrests	7,525	8,223	8,370	7,799	7,235	8,106	8,417	8,030	8,036	7,919
Response time for priority calls (minutes)	5.4	5.5	5.7	5.6	5.6	5.8	5.2	5.4	5.4	5.8
Traffic accidents	1,965	1,877	1,892	1,822	1,790	1,562	1,630	1,547	1,466	1,400
Average daily jail population	55	58	53	49	50	49	51	47	53	56
<b>Recreation and leisure</b>										
Community center admissions	8,042	9,125	8,548	6,208	9,244	10,179	12,011	21,900	n/a	n/a
<b>Transit</b>										
Unlinked passenger trips	194,079	233,750	253,587	250,142	247,979	198,333	210,397	219,596	204,362	153,824
<b>Water</b>										
Average daily water pumpage (million gallons per day)	8.12	8.23	8.00	8.36	7.55	7.38	7.68	7.32	8.84	7.93
Number of water accounts	19,877	19,877	19,877	19,649	19,060	19,381	19,200	19,031	19,179	19,200
<b>Sewer</b>										
Average daily flow (million gallons per day)	14.1	16.5	16.2	15.6	17.9	16.1	16.6	20.7	16.3	16.4
Sewer mains cleaned (feet)	98,502	19,217	21,475	36,590	188,504	153,442	180,895	127,397	154,512	26,723

**CITY OF MIDDLETOWN, OHIO**  
**Capital Asset Statistics by Function**  
**Last Ten Years**  
**Table 20**

<b>Function</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Public safety:										
Fire stations	5	5	5	5	5	5	5	5	5	5
Police stations	1	1	1	1	1	1	1	1	1	1
Highways and streets:										
Streets (miles)	231	231	231	231	239	240	240	240	242	242
Traffic Lights	110	114	110	110	112	113	111	111	111	111
Water:										
Water mains (miles)	338	340	340	340	343	343	343	343	343	343
Sewer:										
Sanitary & storm (miles)	309	311	311	311	319	320	320	320	320	320
Leisure & recreation:										
Parks	36	36	36	36	36	36	36	36	36	36
Swimming pools	2	0	0	1	1	0	0	0	0	0
Community Centers	1	1	1	1	1	1	1	1	1	1
Golf Courses (public)	1	1	1	1	1	1	1	1	1	1