

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2014



CITY OF MIDDLETOWN, OHIO

CITY OF MIDDLETOWN, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2014

Prepared by
Finance Department

Michelle Greis, CPA
Finance Director

CITY OF MIDDLETOWN, OHIO
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INTRODUCTORY SECTION



CITY OF
MIDDLETOWN

June 27, 2015

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, 2014, 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 controls 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, organizational chart, list of elected officials and a Certificate of Achievement for Excellence in Financial Reporting for the 2014 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'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, 2013, City Council adopted the 2014 fiscal year permanent appropriation measure.

The City maintains budgetary control on a non-GAAP budgetary basis by fund/division along with a personnel category and a category labeled other (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.

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 economic downturn. We, like most government agencies, responded with cuts in expenditures while still delivering services that are important to the citizens. Unfortunately, the global economy also affected governments at all levels. In turn, the State cut revenue sources to local governments 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 forced us to become creative in some of our approaches and programs. 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. Some programs are administered differently, and unfortunately, some functions were cut. The Weatherwax Golf Course was sold, the Section 8 Housing Assistance Program was turned over to the counties, the transit system operation is overseen by Butler County Regional Transit Association, budgets have been cut, employees have been laid off, some vacant positions have not been filled, and we have used the fund balance reserves to help with this economic downturn. The 2015 General Fund was budgeted with a 3.9% decrease from the 2014 budget. While our local economy is beginning to stabilize, the Financial Plan is cautiously optimistic. Staff is continuously working on other solutions to alleviate the financial conditions and to ensure that management of resources is the best for the community.

Although the economic situation has been challenging, we are seeing investments occur in Middletown which gives us good news for the long term of our economy. The current unemployment rate is down and local businesses have also been investing in Middletown. These investments include:

- AK Steel, the City's largest employer, announced that a \$36 million dollar Research and Innovation Center will be built near I-75 and an additional fifteen positons are expected to be added by the end of 2018.
- Quaker Chemical Company has purchased a new warehouse in Middletown and plans a three-phased expansion valued at \$16 million in plant and equipment, as well as a creation of about twenty-five new jobs.

- Downtown projects are in the works for the redevelopment of the former Manchester Inn, a microbrewery in the Sonshine building, apartments and retail area in the historical Goetz Tower, the former Bank One building will be transformed into an art gallery, and the Sorg Opera House is being refurbished.
- A River Center project, a proposed recreation hub along the Great Miami River on the edge of downtown, received \$1 million in state capital funding.
- Nicholas Place, a new \$20 million, 216-unit multi-family apartment complex is expected to break ground later this summer. It will be the first new market-rate multi-family complex built in the city in nearly 30 years.
- Construction of a new middle school, high school and sports arena are in the preliminary stages thanks to Middletown residents who passed a \$55 million bond issue and a 0.26-mill permanent improvement levy.
- Covenant Village is now under construction. This new rehabilitative and therapeutic center will create about 150 new jobs in the next few years.
- NTE Energy is constructing a \$500 million natural gas electric generating facility that will generate about 200 full time temporary construction jobs and about twenty-five permanent positions upon completion for ongoing operations and maintenance.

The unemployment rate has lowered from 2013 to 2014 indicating progress:

UNEMPLOYMENT RATE (%)			
Yearly Average			
	<u>Middletown</u>	<u>Ohio</u>	<u>U. S.</u>
2013	7.4%	7.5%	7.4%
2014	5.4%	5.7%	6.2%

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, began in 2013 and expires in five years. The majority of property tax revenues are used by the City's General Fund.

Assessed values and cash receipts, including State reimbursements of rollback and homestead exemptions, for the past five years are as follows:

<u>Levy</u>	<u>Collection</u>	<u>Assessed</u>	<u>Property Tax</u>
<u>Year</u>	<u>Year</u>	<u>Value</u>	<u>(cash basis)</u>
2009	2010	\$846,008,420	\$ 5,095,104
2010	2011	\$844,276,100	\$ 4,717,967
2011	2012	\$713,306,190	\$ 4,197,383
2012	2013	\$709,019,160	\$ 4,168,420
2013	2014	\$709,019,160	\$ 4,187,579

The City levies a 1.75% local earnings tax on all businesses and on all persons employed in the City of Middletown. The 1.75% 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>	
2010	\$19,875,722
2011	\$20,295,858
2012	\$19,659,982
2013	\$19,949,274
2014	\$20,560,181

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 2014 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, 2013.

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 2014 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 and staff was essential in the successful preparation and issuance of this report.

Respectfully submitted,

DEPARTMENT OF FINANCE



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, 2013

A handwritten signature in black ink, appearing to read "Jeffrey R. Evans".

Executive Director/CEO

CITY OF MIDDLETOWN, OHIO

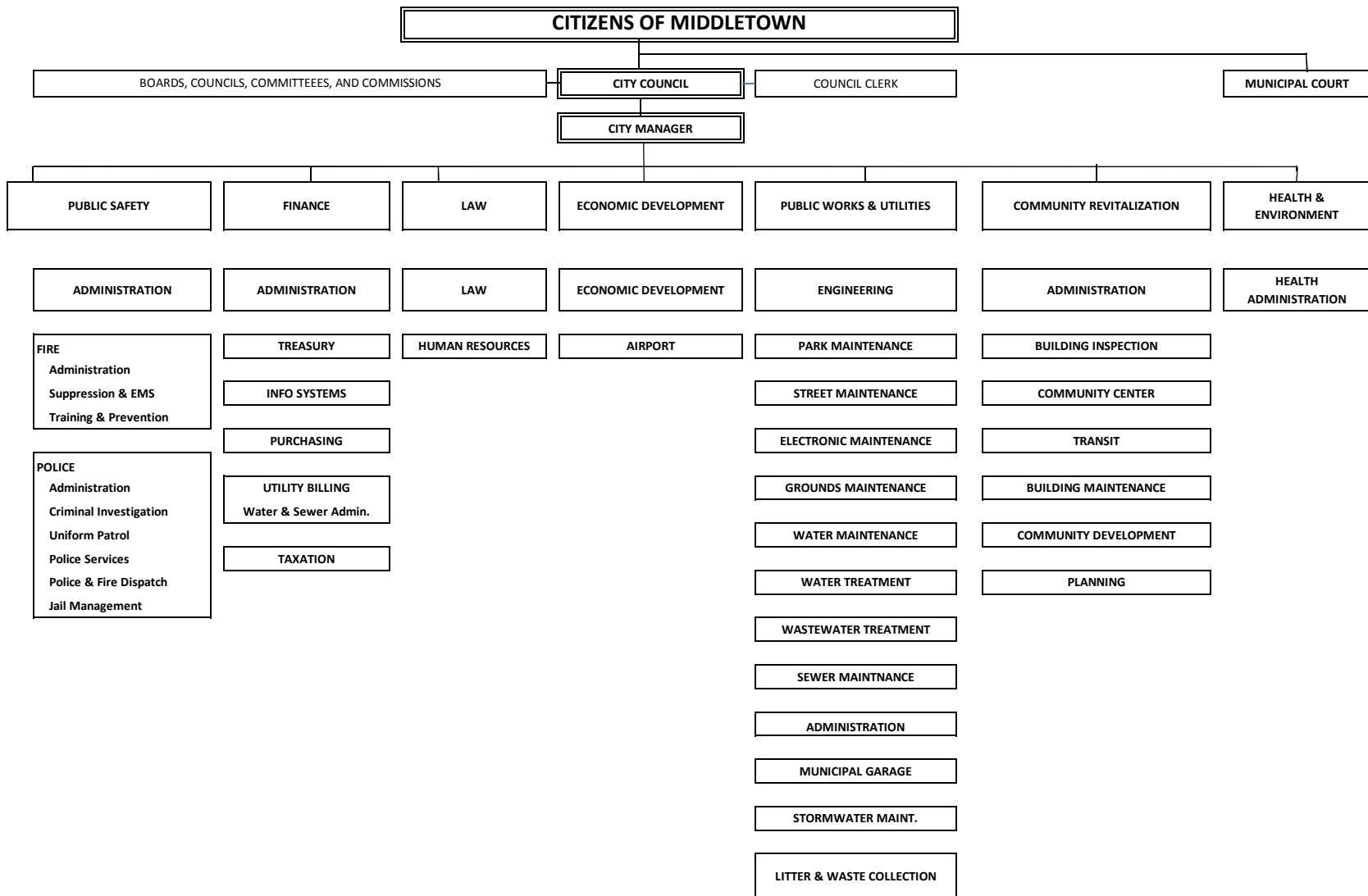
Principal Officials **January 1, 2014**

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



CITY OF MIDDLETOWN
ORGANIZATIONAL CHART
2015

FINANCIAL SECTION

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, 2014, 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, 2014, 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 schedules, 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 and schedules 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 and schedules 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 26, 2015 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 26, 2015

CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2014

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, 2014. 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 68).

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.

A. Reporting the City as a Whole

Government-wide statements

The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities. 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 also 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

CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2014

measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net position is only one indicator of its *financial health*. Consideration should be given to additional items such as changes in the City's property tax base, changes in City operations, 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, the City Health Department and general government support departments.
- 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, as well as other sources, 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, 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.

**CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
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- 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 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 2014, 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 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.

II. THE CITY AS A WHOLE

A. Net position at year-end

As of December 31, 2014, the City held about \$207.6 million in assets. Approximately \$142.6 million of this is property, plant, and equipment. About \$65.0 million is other assets which include cash and investments, receivable income such as income taxes, property taxes, and special assessments, as well as funds due from the state and federal governments. In 2014, the City realized a decrease of \$10.9 million in capital assets which are explained later in this section (V. CAPITAL ASSET AND DEBT ADMINISTRATION beginning on page 15).

The City had a total of \$54.0 million in liabilities. The majority of which are accrued wages and benefits, payments due to others, debt and interest payments.

The following table presents a condensed summary of the City's overall financial position at December 31, 2014 and 2013 (in thousands).

CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2014

Table 1
Net Position
(in thousands)

	Governmental		Business-Type		Total	
	Activities		Activities		2014	2013 Restated
	2014	2013	2014	2013 Restated		
Current and other assets	\$ 39,988	49,252	25,037	18,352	65,025	67,604
Capital assets	<u>80,137</u>	<u>86,135</u>	<u>62,462</u>	<u>67,337</u>	<u>142,599</u>	<u>153,472</u>
Total assets	120,125	135,387	87,499	85,689	207,624	221,076
Deferred outflows of resources	329	390	56	78	385	468
Non current liabilities	32,967	36,627	15,027	13,107	47,994	49,734
Other liabilities	<u>4,054</u>	<u>3,885</u>	<u>1,909</u>	<u>1,956</u>	<u>5,963</u>	<u>5,841</u>
Total liabilities	37,021	40,512	16,936	15,063	53,957	55,575
Deferred inflows of resources	4,594	4,667	-	-	4,594	4,667
Net position						
Net investment in capital assets	54,102	57,244	51,744	54,786	105,846	112,030
Restricted	12,896	22,026	-	-	12,896	22,026
Unrestricted	<u>11,840</u>	<u>11,328</u>	<u>18,876</u>	<u>15,917</u>	<u>30,716</u>	<u>27,245</u>
Total net position	78,838	90,598	70,620	70,703	149,458	161,301
Beginning net position	90,598	95,863	70,703	69,621	161,302	165,484
Net increase (decrease)	<u>(11,760)</u>	<u>(5,265)</u>	<u>(83)</u>	<u>1,082</u>	<u>(11,843)</u>	<u>(4,183)</u>
Ending net position	\$ <u>78,838</u>	<u>90,598</u>	<u>70,620</u>	<u>70,703</u>	<u>149,458</u>	<u>161,302</u>

Governmental activities net position has decreased over the past three years: \$11,760 in 2014, \$5,265 in 2013, and \$1,937 in 2012. 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. During this economic shortfall, the City used cash balances for operating expenses. The City took measures to cut expenditures with decreased services and layoffs of staff in anticipation of these shortfalls.

Business type activities total net position decreased in 2014 by \$83. The loss on the sale of the golf course was over \$3.0 million, however, the increased charges for the utility funds helped offset this decrease. This is the first decrease for business type activities since 2006. Over the past seven years, the lowest increase was \$1,082 in 2013 and the largest increase was \$3,297 in 2008.

B. Governmental and Business-type Activities during 2014

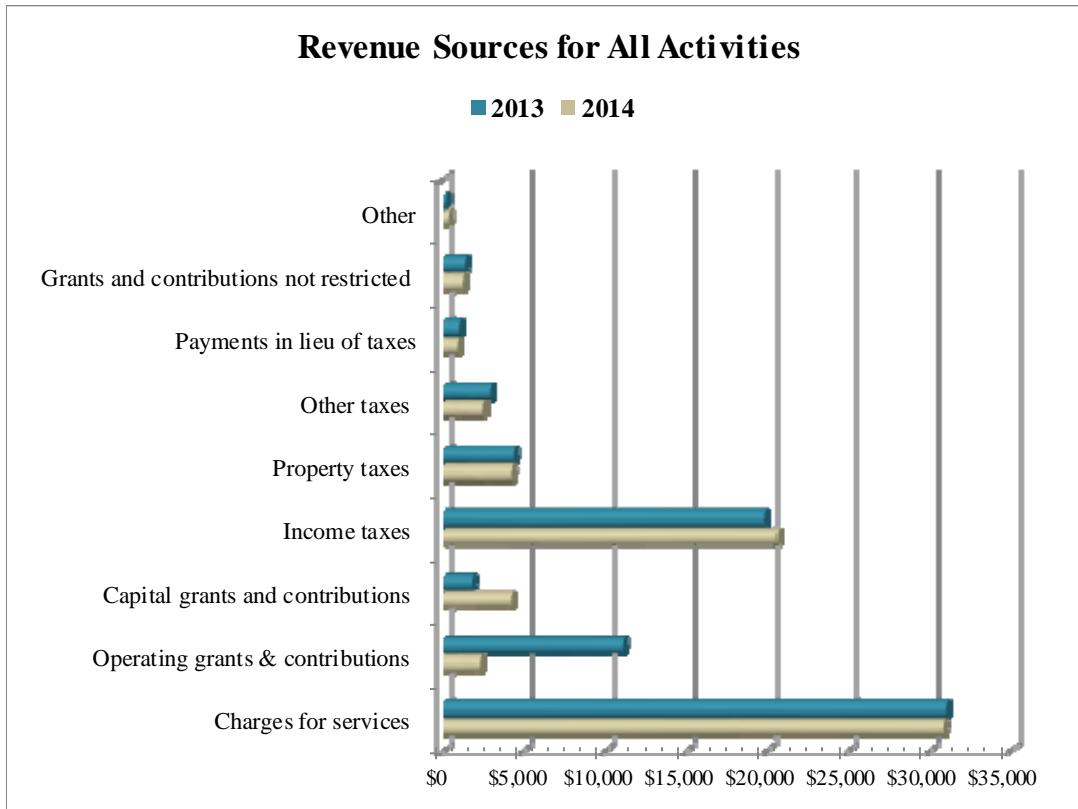
Table 2, on the following page, (in thousands) presents a condensed summary of the City's activities during 2014 and 2013 and the resulting changes in net position.

CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2014

Table 2
Statement of Activities
(in thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	2014	2013	2014	2013 Restated	2014	2013 Restated
Revenues						
<u>Program revenues:</u>						
Charges for services	\$ 8,827	9,285	22,145	21,861	30,972	31,146
Operating grants & contributions	922	9,843	1,509	1,404	2,431	11,247
Capital grants and contributions	<u>3,079</u>	<u>1,753</u>	<u>129</u>	<u>163</u>	<u>3,208</u>	<u>1,916</u>
Total program revenues	12,828	20,881	23,783	23,428	36,611	44,309
<u>General revenues:</u>						
Income taxes	20,560	19,811	137	138	20,697	19,949
Property taxes	4,331	4,468	0	0	4,331	4,468
Other taxes	2,575	2,972	0	0	2,575	2,972
Payments in lieu of taxes	982	1,079	0	0	982	1,079
Grants and contributions not restricted	1,317	1,466	0	0	1,317	1,466
Investment earnings	96	41	28	18	124	59
Other	<u>179</u>	<u>46</u>	<u>106</u>	<u>136</u>	<u>285</u>	<u>182</u>
Total general revenues	<u>30,040</u>	<u>29,883</u>	<u>271</u>	<u>292</u>	<u>30,311</u>	<u>30,175</u>
Total revenues	42,868	50,764	24,054	23,720	66,922	74,484
Expenses						
Public safety	23,586	24,164	0	0	23,586	24,164
Public health	405	367	0	0	405	367
Leisure activities	1,698	1,069	0	0	1,698	1,069
Community environment	11,557	16,561	0	0	11,557	16,561
Highways and streets	8,171	7,662	0	0	8,171	7,662
General government	6,190	5,142	0	0	6,190	5,142
Interest on long-term debt	1,078	1,229	0	0	1,078	1,229
Water	0	0	7,326	7,184	7,326	7,184
Sewer	0	0	8,892	7,689	8,892	7,689
Transit	0	0	1,489	1,559	1,489	1,559
Golf Course	0	0	352	1,540	352	1,540
Solid Waste	0	0	2,934	2,827	2,934	2,827
Storm Water	0	0	1,282	1,303	1,282	1,303
Airport	<u>0</u>	<u>0</u>	<u>460</u>	<u>372</u>	<u>460</u>	<u>372</u>
Parking	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenses	<u>52,685</u>	<u>56,194</u>	<u>22,735</u>	<u>22,474</u>	<u>75,420</u>	<u>78,668</u>
Increase/(decrease) in net position before transfers and special item	(9,817)	(5,430)	1,319	1,246	(8,498)	(4,184)
Transfers	(1,942)	165	1,942	(165)	0	0
Special Item	0	0	(3,345)	0	(3,345)	0
Increase/(decrease) in net position	(11,760)	(5,265)	(83)	1,081	(11,843)	(4,184)
Beginning net position, restated	<u>90,598</u>	<u>95,863</u>	<u>70,703</u>	<u>69,622</u>	<u>161,301</u>	<u>165,485</u>
Ending net position	\$ <u>78,838</u>	<u>90,598</u>	<u>70,620</u>	<u>70,703</u>	<u>149,458</u>	<u>161,301</u>

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As evident in the chart above, operating grants and contributions is the largest factor for the reduction of revenue from 2014 compared to 2013. Grants have been the largest factor for fluctuations over the past seven years. Capital grants fluctuate each year according to projects and programs.

Capital grants and contributions for governmental activities accounted for \$3,079 in 2014, \$1,753 in 2013 and \$8,524 in 2012. These grants are for street improvement projects.

The largest decrease occurred in operating grants (decrease of \$8,921 in 2014) for governmental activities. The public safety grants expired in September 2014 and the administration of the Housing Assistance Grant (typically a \$9 million yearly budget) was turned over to the counties in October 2014. In turn, the largest decreases in expenses are (\$5,004) community environment and (\$578) public safety.

Unrestricted grants and contributions decreased \$149 in 2014 compared to a decrease of \$183 in 2013. 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 \$4,965 in 2008 to \$4,331 in 2014. Although 2013 had an increase of \$387 for property taxes, approximately \$700 is for the Senior Services Fund which was implemented in 2013 with passage of the Senior Citizens Levy.

Income tax receipts of \$20,697 for 2014 were at a ten year high (3.7% over 2013). In 2009, income tax collections were \$18,942 which represented the lowest collection in the previous ten years.

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Other taxes (motor vehicle and gas taxes) have decreased \$397 in 2014 and compared to \$315 increase in 2013 from the previous year.

Total expenses decreased \$3,248 in 2014, \$943 in 2013, and \$889 in 2012 due to lay-offs, reduction of grant expenditures and the sale of the golf course.

1) Governmental activities during 2014

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 24% for the cost of services with program revenues in 2014. In 2013, 37% was recouped while 46% was recouped in 2012.

Table 3
Governmental Activities
(in thousands)

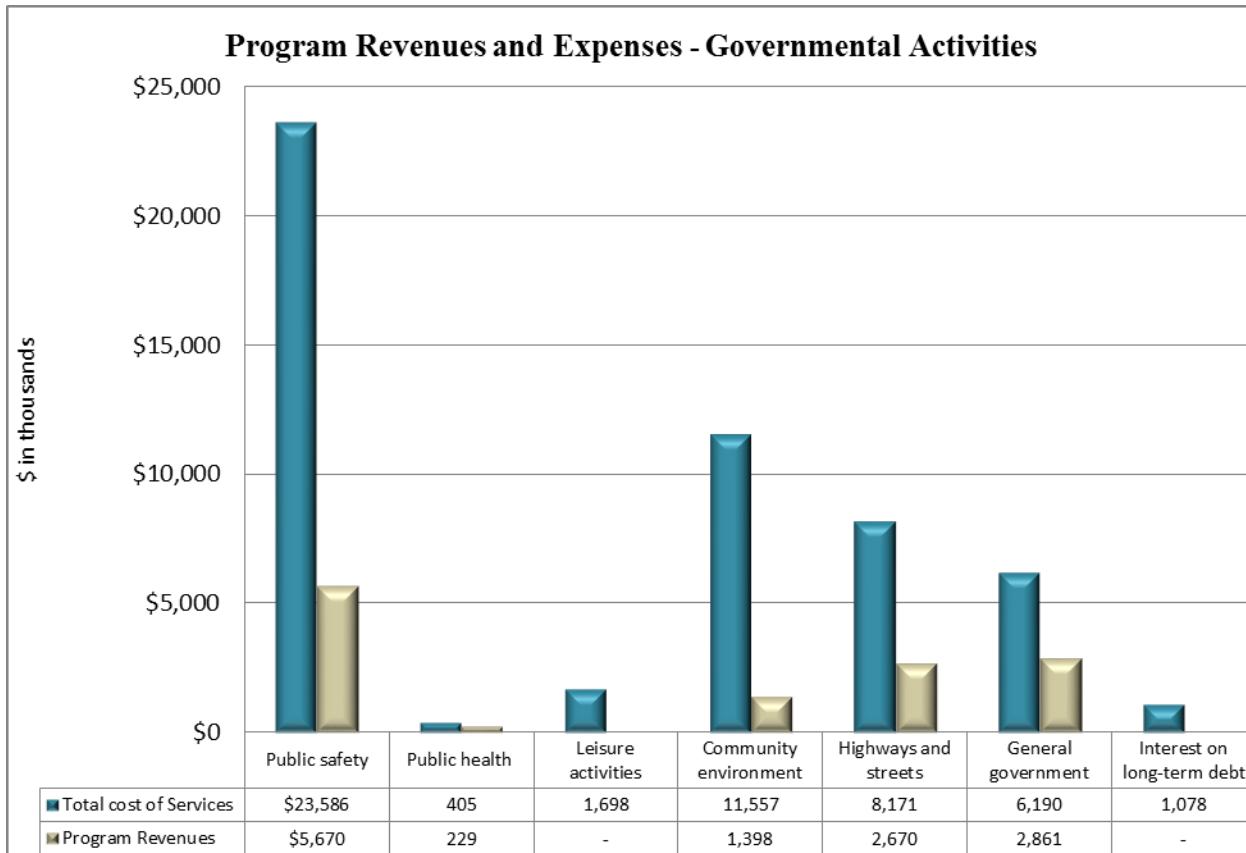
	<u>Total cost of Services</u>	<u>Program Revenues</u>	<u>Revenues as a % of Total Costs</u>	<u>Net Cost of Services</u>
Public safety	\$ 23,586	\$ 5,670	24%	\$ 17,916
Public health	405	229	57%	176
Leisure activities	1,698	-	0%	1,698
Community environment	11,557	1,398	12%	10,159
Highways and streets	8,171	2,670	33%	5,501
General government	6,190	2,861	46%	3,329
Interest on long-term debt	1,078	-	0%	1,078
Total	<u>\$ 52,685</u>	<u>\$ 12,828</u>	<u>24%</u>	<u>\$ 39,857</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 for most of the year. Local income tax receipts and other general revenues were used to fund the remaining costs of this service.

Public health funding covered 57% of their activities in 2014 and 55% of their activities in 2013. In 2012, most grant programs were cut due to the reduction in personnel.

Community Environment, which relies heavily upon federal and state grants, covered 12% of its activities in 2014 and 68% of its costs with program revenues in 2013. Community environment includes the Housing Assistance, Community Development, Neighborhood Stabilization Program, and Home Funds. The transfer of the Housing Assistance grants to the counties had the largest impact for this decrease of 56% in a one year period.

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Highways and streets activities for 2014 was funded with program revenues totaling 33% in 2014 compared to 11% in 2013. 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. Grants are also a large factor for fluctuations for this activity.

Leisure activities did not receive any program revenues in 2014 compared to 1% in 2013. The Community Center activities were contracted out in 2014.

2) Business-type activities during 2014

The City attempts to break even on its business-type activities. All activities except Golf, Airport and Transit had operating surpluses in 2014. All activities except Golf and Transit had operating surpluses in 2013. The surpluses are used to accumulate earnings for future capital investments and debt payments.

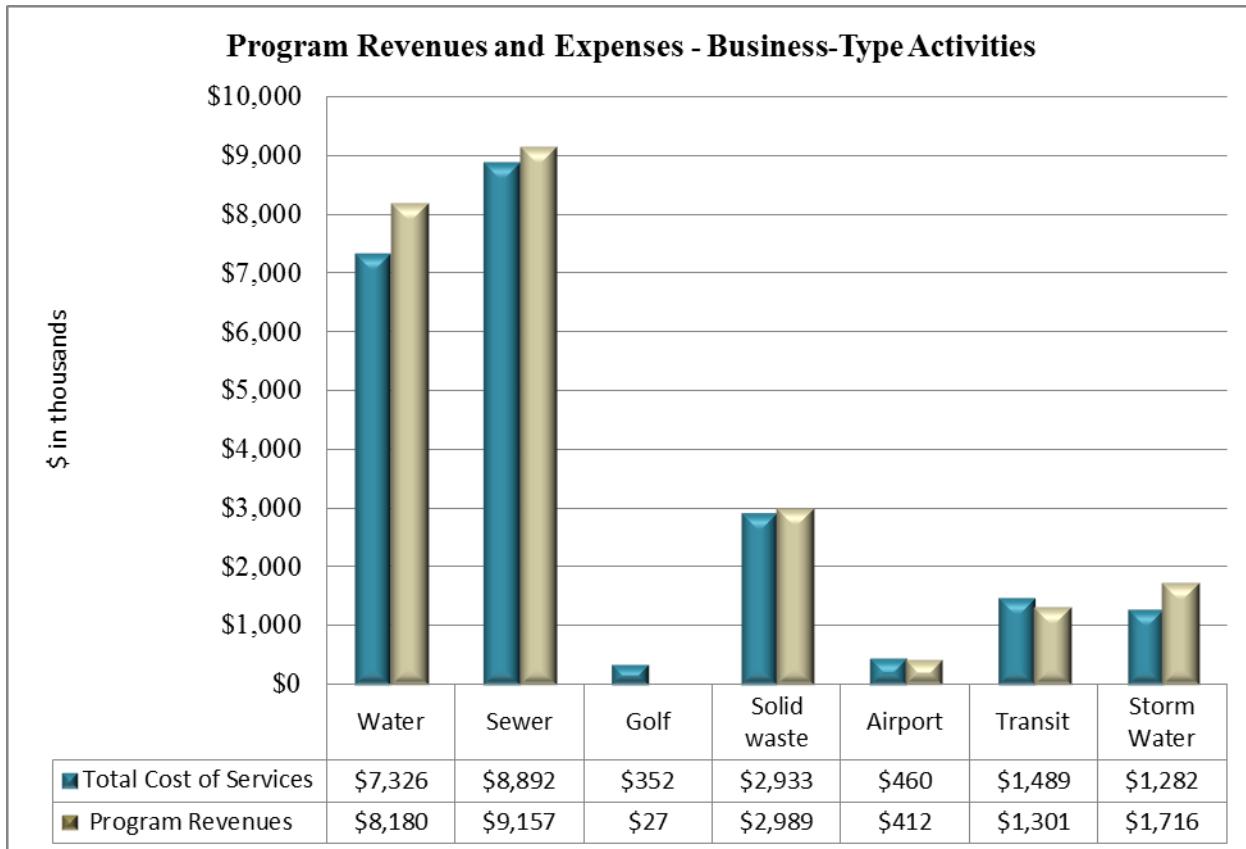
The following table (in thousands) summarizes the business-type activities during 2014:

CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2014

Table 4
Business-type Activities
(in thousands)

	<u>Total Cost of Services</u>	<u>Program Revenues</u>	<u>Revenues as % of Total Costs</u>	<u>Net Revenue from Operations</u>
Water	\$7,326	\$8,180	112%	\$854
Sewer	\$8,892	\$9,157	103%	\$265
Golf	\$352	\$27	8%	(\$325)
Solid waste	\$2,934	\$2,989	102%	\$55
Airport	\$460	\$412	90%	(\$48)
Transit	\$1,489	\$1,301	87%	(\$188)
Storm Water	\$1,282	\$1,716	134%	\$434
Total	<u>\$22,735</u>	<u>\$23,782</u>	<u>105%</u>	<u>\$1,047</u>

The transit and airport funds rely upon grants and taxes to supplement their services. Water rates increased 5% in 2014 resulting in 8% increase in net revenue from operations. Generally, the Golf Fund's revenue covered the cost of daily operations but not enough to fund the debt service owed for past renovations. This was a huge factor in selling the Golf Course this past year.



CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2014

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-seven governmental funds, four of which are considered major funds. Assets of those four funds comprise approximately 63.5% of the total governmental funds' assets of \$36,502. The following table (in thousands) summarizes the activities of these four major funds.

Table 5
Financial Highlights
Major Governmental Funds
(in thousands)

		General Fund	Housing Assistance	Special Assessment Debt Service	Capital Improvements
Total assets	\$	17,723	1,002	3,051	1,411
Total liabilities		(2,339)	(2)	-	(249)
Deferred inflow of resources		(6,420)	-	(2,796)	(642)
Fund balance		<u>8,964</u>	<u>1,000</u>	<u>255</u>	<u>520</u>
Unassigned fund balance	\$	<u>7,751</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues	\$	26,462	6,503	356	2,752
Expenditures		(25,294)	(6,832)	(291)	(2,299)
Other financing sources/uses		<u>(2,009)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$	<u>(841)</u>	<u>(329)</u>	<u>65</u>	<u>453</u>

General Fund. The fund balance at the end of 2014 was \$8,964, \$9,805 in 2013 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 \$841 was primarily due to forgiveness of a \$2,000 loan to the golf course prior to the sale in 2014. The change of (\$1,219) in 2013 was 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 was transferred to the counties during the last quarter of 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. In 2014, this fund received state and federal grants for street improvements.

CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
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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
(in thousands)

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Golf Fund</u>	<u>Solid Waste Fund</u>
Total assets	\$ 31,677	39,308	43	1,008
Total deferred outflows of resources	56	-	-	-
Total liabilities	<u>(6,942)</u>	<u>(8,288)</u>	<u>(1)</u>	<u>(294)</u>
Total net position	<u>24,791</u>	<u>31,020</u>	<u>42</u>	<u>714</u>
Unrestricted net position	<u>3,769</u>	<u>6,181</u>	<u>42</u>	<u>291</u>
Operating revenues	7,823	9,167	50	3,000
Operating expenses	(7,152)	(8,567)	(307)	(2,933)
Net non-operating revenues (expenses)	217	(320)	(45)	-
Net contributions and transfers	(34)	(34)	2,009	-
Loss from discontinued operations	<u>-</u>	<u>-</u>	<u>(3,345)</u>	<u>-</u>
Net change in net position	<u>\$ 854</u>	<u>246</u>	<u>(1,638)</u>	<u>67</u>

Water Fund. Water Fund rates are set to cover the fund's operating cost and to accumulate cash resources for future capital expenditures. Water rates were increased 5% in 2014. The change in net position is \$854 for 2014 while the change in 2013 was \$78. The largest factor for this increase is due to increased water rates and \$400 in operating grants for wellfield area. In 2013, the operating grants were \$95 and in 2012, the operating grants total \$615.

Sewer Fund. The Sewer Fund ended 2014 with a positive change in net position of \$246 and \$507 in 2013. The lower net change in net position for 2014 was mainly attributed to increased operating expenses due to additional sewer maintenance performed in 2014. The balance in the fund is to be used for large capital projects and infrastructure improvements.

Golf Fund. The City Golf Course was sold in 2014 creating a \$3,345 loss from discontinued operations.

Solid Waste Fund. Although assets increased, so did the operating expenses resulting in \$67 net change compared to \$122 for 2013.

**CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2014**

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 \$191 in 2014 compared to \$672 in 2013 (page 161). This change is due to increased health care costs. 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 days.

The Municipal Garage Fund ended the year with net position of \$7,811 in 2014 compared to \$7,184 in 2013 and \$6,955 in 2012. Funds are being set aside for future vehicle purchases according to a multi-year plan developed by the fleet manager.

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 \$26,402 was amended to \$26,429 with supplemental appropriations. The General Fund's actual expenditures on a budget basis were \$24,767.

Original 2014 appropriations were increased during the year by \$6,742 for all funds. Supplemental appropriations included the following:

- Transfer monies to other funds (\$1,436)
- Additional capital outlay and improvements (\$5,409)
- Demolition and remediation projects (\$950)
- Payment of debt prior to sale of golf course (\$593)
- Additional purchases of supplies (\$449)
- Additional contractual services (\$1,120)
- Additional personnel costs (\$425)
- Reimbursements (\$63)
- Deappropriation of funds for inactivity (-\$3,703)

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 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.

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FOR THE YEAR ENDED DECEMBER 31, 2014

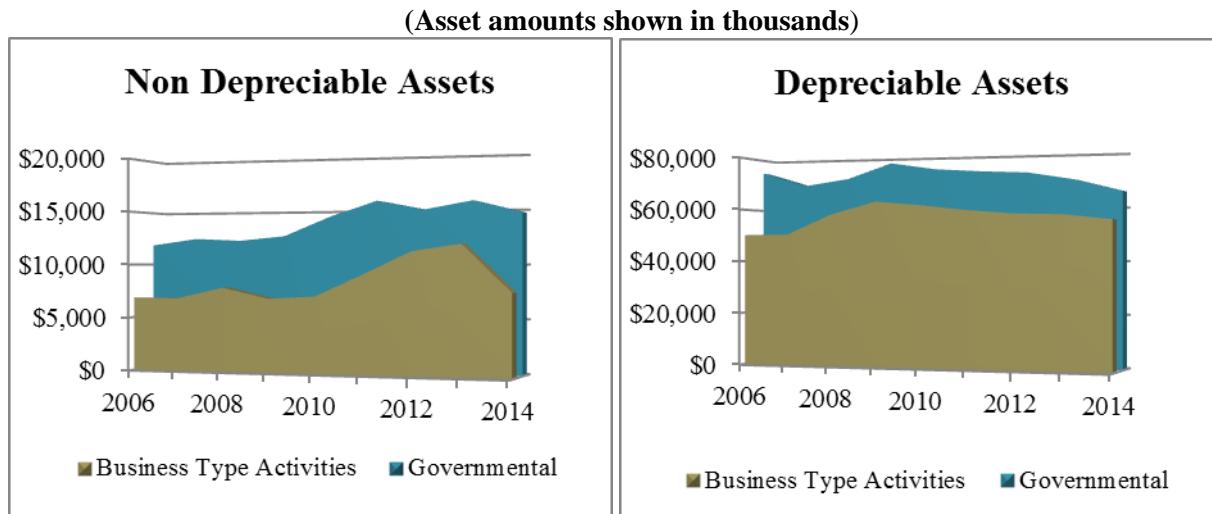


Table 7
Capital Assets at Year-End
(Net of Depreciation)
(in thousands)

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	<u></u>
Land	\$ 12,448	3,635	16,083
Land improvements	364	37	401
Buildings	12,550	13,143	25,693
Equipment	5,592	2,370	7,962
Infrastructure	46,935	39,386	86,321
Construction in Progress	2,248	3,891	6,139
Total	<u>80,137</u>	<u>62,462</u>	<u>142,599</u>

The City had approximately \$142,599 in capital assets at year end of 2014. The decrease of \$10,873 from 2013 is due to a variety of factors.

- 1) Governmental activities non-depreciable assets:
 - a. Land – Total of capital assets at year end was \$12,448, a decrease of \$727 from 2013. Four downtown properties, two neighborhood stabilization properties, and one park were sold recently. Sebald Park, which is located outside the city and valued at \$612, was sold to MetroParks of Butler County. This park has been leased and maintained by Metro Parks over the past few years. The downtown properties were part of an acquisition for property attained for the Cincinnati State Technical and Community College.

CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2014

- b. Construction in progress – total for 2014 is \$2,248. All current projects are reported in the Capital Improvement Fund for various street projects. The current projects are: Oxford State Road design, Towne Boulevard right-of-way acquisition, Interstate 75 and State Route 122 interchange, and the local paving program for 2014. Phase 1 & 2 of the Yankee Road Improvements have been placed in service at a total cost of \$2,180. Phase 1 & 2 include street improvements from Oxford State Road to the City limits to accommodate heavy truck traffic in conjunction with the recent business expansions on Yankee Road.
- 2) Governmental activities for depreciable assets:
 - a. Buildings - In 2014, a decrease of \$219 was realized in conjunction with the sale of the four downtown properties (see non-depreciable assets above). The Greentree Health Science Academy construction change order was finalized and placed in service adding \$231 to the building assets.
 - b. Equipment – The Municipal Garage purchased four pieces of equipment totaling \$255 and disposed of four vehicles. Old Police mobile data terminals and various outdated printers and copiers were disposed of causing a decrease of \$218.
 - c. Infrastructure – an additional \$2,180 was added from construction in progress for Yankee Road. The Gateway Enhancement Project added \$333 with improvements at Interstate 75 and State Route 122, and \$91 was added with various paving projects.
- 3) Business-type activities non-depreciable assets:
 - a. Land – The Weatherwax Golf Course was sold in May 2014, causing a large decrease in land (\$3,612).
 - b. Construction in progress – current projects are:
 - Airport entrance road realignment - \$80
 - Central Avenue utilities - \$45
 - Water Treatment plants energy improvements - \$655
 - Oxford State Road Design - \$31
 - Towne Blvd. right-of-way acquisition - \$100
 - Yankee Road – phase 3 improvements - \$185
 - Power systems improvements at Wastewater Treatment plant - \$79
 - North interceptor sewer rehabilitation - \$1,762
 - New well/abandonment of wells 17 & 18 - \$5
 - Secondary clarifiers - \$306
 - Utility main replacement program for 2014 - \$643
- 4) Business type activities depreciable assets:
 - a. Buildings and building improvements - In 2014, a decrease of \$710 was realized with the sale of the golf course buildings
 - b. Land improvements – Golf course land improvements was eliminated causing a \$2,484 decrease
 - c. Equipment –
 - \$85 was added for water meters
 - \$109 blower replacement purchase
 - \$17 for a bobcat off road utility vehicle purchase
 - Deletion of \$335 for golf course equipment

**CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2014**

d. Infrastructure –

- Yankee Road improvements (phase 1 & 2) totaled \$1,906 (formerly construction in progress)
- \$208 for grit tank and gravity thickener at the wastewater treatment plant
- \$75 for the Gateway Enhancements
- \$50 for Thorn Hill/Locust Lane project (water main)
- \$191 for 2014 ODOT paving program – city share (water lines)
- \$20 for Main Street storm water rehabilitation
- \$12 for Wellington Road drainage and culvert

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

B. Debt

In 2014, the City defeased the 2008 Golf Course bond issues by creating a separate irrevocable trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt matures in December 2016. As of December 31, 2014, the amount of defeased debt outstanding amounted to \$335,026.

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

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

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%. The 2015 budget supports these priorities as well as the core services our citizens expect.

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.

Significant statistics for the 2015 budget include:

- A new performance based incentive program for all employees in place of cost of living raises.
- Income tax revenue is projected to increase 1.5% in 2015.
- Addition of new positions for communications and economic development
- Restructuring of public safety to better service the public and reduce expenses
- Tax Increment Financing Funds will generate \$500,000 in debt payments relieving the General Fund for these payments.
- Goals have been set for each City department. These goals have touched on a variety of areas such as the relationship with the Middletown City Schools, the heroin epidemic, economic development, housing, and neighborhood revitalization.

**CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2014**

The 2015 budget will focus on a number of areas such as improving the city's internal and external image, rebuilding its neighborhoods, a more focused effort in economic development, strengthening the community's quality of life as well as overall performance to better deliver public services to the city.

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

Michelle Greis
Finance Director

CITY OF MIDDLETOWN, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equity in pooled cash, deposits and investments	\$ 22,781,323	\$ 19,781,484	\$ 42,562,807
Receivables (net of allowance for uncollectibles):			
Income taxes	5,050,000	-	5,050,000
Property taxes	4,623,808	-	4,623,808
Payments in lieu of taxes	566,000	-	566,000
Estate taxes	22,104	-	22,104
Accounts	563,984	2,079,620	2,643,604
Interest	150,512	-	150,512
Loans	1,228,083	276,495	1,504,578
Intergovernmental	3,048,600	332,632	3,381,232
Special assessments	3,194,809	84,244	3,279,053
Inventory of supplies	756,104	485,958	1,242,062
Internal balances	(1,996,618)	1,996,618	-
Capital assets, net			
Non-depreciable	14,695,929	7,526,386	22,222,315
Depreciable	65,440,668	54,936,041	120,376,709
Total assets	120,125,306	87,499,478	207,624,784
Deferred outflows of resources			
Deferred charge on refunding	328,644	55,994	384,638
Total deferred outflows of resources	328,644	55,994	384,638
Liabilities			
Accounts payable and other current liabilities	1,592,045	607,937	2,199,982
Accrued wages and benefits	1,491,986	181,584	1,673,570
Other accrued liabilities	765,817	55,583	821,400
Accrued interest payable	80,941	39,047	119,988
Due to other governments	123,499	1,496	124,995
Due to other individuals	-	746,830	746,830
Unearned revenue	-	276,495	276,495
Non current liabilities:			
Due within one year	4,223,958	1,949,749	6,173,707
Due in more than one year	28,742,807	13,077,195	41,820,002
Total liabilities	37,021,053	16,935,916	53,956,969
Deferred inflows of resources			
Revenues levied for the next year	4,594,313	-	4,594,313
Total deferred inflows of resources	4,594,313	-	4,594,313
Net Position			
Net investment in capital assets	54,101,580	51,743,262	105,844,842
Restricted for capital projects	1,153,280	-	1,153,280
Restricted for debt service	3,868,557	-	3,868,557
Restricted for housing assistance	1,000,193	-	1,000,193
Restricted for community development	2,884,588	-	2,884,588
Restricted for public safety	1,676,331	-	1,676,331
Restricted for roads	2,167,221	-	2,167,221
Restricted for other purposes	146,610	-	146,610
Unrestricted	11,840,224	18,876,294	30,716,518
Total net position	\$ 78,838,584	\$ 70,619,556	\$ 149,458,140

See accompanying notes to the basic financial statements.

CITY OF MIDDLETOWN, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Public safety	\$ 23,585,694	\$ 4,850,176	\$ 819,372	\$ -	\$ (17,916,146)	\$ -	\$ (17,916,146)
Public health and welfare	405,291	209,044	20,403	-	(175,844)		(175,844)
Leisure time activities	1,698,148	-	-	-	(1,698,148)		(1,698,148)
Community environment	11,556,658	687,582	82,620	628,076	(10,158,380)		(10,158,380)
Highways and streets	8,171,335	218,762	-	2,450,629	(5,501,944)		(5,501,944)
General government	6,189,863	2,861,113	-	-	(3,328,750)		(3,328,750)
Interest on long-term debt	1,078,465	-	-	-	(1,078,465)		(1,078,465)
Total governmental activities	<u>\$ 52,685,454</u>	<u>\$ 8,826,677</u>	<u>\$ 922,395</u>	<u>\$ 3,078,705</u>	<u>\$ (39,857,677)</u>		<u>\$ (39,857,677)</u>
Business-type activities:							
Water	\$ 7,326,276	\$ 7,780,233	\$ 400,243	\$ -	\$ -	\$ 854,200	\$ 854,200
Sewer	8,891,975	9,157,217	-	-	-	265,242	265,242
Golf Course	352,028	27,316	-	-	-	(324,712)	(324,712)
Solid Waste	2,933,290	2,989,200	-	-	-	55,910	55,910
Airport	460,167	324,600	87,561	-	-	(48,006)	(48,006)
Transit	1,489,274	150,598	1,021,289	129,286	-	(188,101)	(188,101)
Storm Water	1,282,198	1,716,219	-	-	-	434,021	434,021
Total business-type activities	<u>\$ 22,735,208</u>	<u>\$ 22,145,383</u>	<u>\$ 1,509,093</u>	<u>\$ 129,286</u>	<u>\$ -</u>	<u>\$ 1,048,554</u>	<u>\$ 1,048,554</u>
Total	<u>\$ 75,420,662</u>	<u>\$ 30,972,060</u>	<u>\$ 2,431,488</u>	<u>\$ 3,207,991</u>	<u>\$ (39,857,677)</u>	<u>\$ 1,048,554</u>	<u>\$ (38,809,123)</u>
General revenues:							
Taxes:							
Income taxes					\$ 20,560,181	\$ 137,000	\$ 20,697,181
Property taxes					4,331,220	-	4,331,220
Other taxes					2,574,725	-	2,574,725
Payments in lieu of taxes					981,585	-	981,585
Grants and contributions not restricted to specific programs					1,316,892	-	1,316,892
Investment earnings					96,135	27,999	124,134
Miscellaneous					179,167	106,029	285,196
Transfers					(1,942,013)	1,942,013	-
Special item - loss on discontinued operations - Note 22					-	(3,345,282)	(3,345,282)
Total general revenues, transfers and special item					<u>\$ 28,097,892</u>	<u>(1,132,241)</u>	<u>\$ 26,965,651</u>
Change in net position					(11,759,785)	(83,687)	(11,843,472)
Net position beginning of year, restated					90,598,369	70,703,243	161,301,612
Net position end of year					<u>\$ 78,838,584</u>	<u>\$ 70,619,556</u>	<u>\$ 149,458,140</u>

See accompanying notes to the basic financial statements.

CITY OF MIDDLETOWN, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	General	Housing Assistance
Assets:		
Cash and equity in pooled cash, deposits and investments	\$ 8,096,722	\$ 601,431
Receivables (net of allowance for uncollectibles):		
Income taxes	5,050,000	-
Property taxes	2,822,399	-
Estate taxes	22,104	-
Accounts	349,947	-
Loans	-	250,000
Interest	-	150,512
Payments in lieu of taxes	-	-
Special assessments	-	-
Due from other funds	754,785	-
Due from other governments	602,203	-
Inventory of supplies	24,768	-
Total assets	\$ 17,722,928	\$ 1,001,943
Liabilities:		
Accounts payable	\$ 288,277	\$ 1,750
Accrued wages and benefits	1,386,831	-
Other accrued liabilities	610,992	-
Due to other funds	52,279	-
Due to other governments	-	-
Total liabilities	2,338,379	1,750
Deferred inflows of resources:		
Revenues levied for the next year and unavailable revenue	6,420,351	-
Total deferred inflows of resources	6,420,351	-
Fund balances:		
Nonspendable	779,553	-
Restricted	33,497	1,000,193
Committed	-	-
Assigned	400,000	-
Unassigned	7,751,148	-
Total fund balances	8,964,198	1,000,193
Total liabilities, deferred inflows of resources and fund balances	\$ 17,722,928	\$ 1,001,943

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
\$ 255,028	\$ 104,363	\$ 7,729,139	\$ 16,786,683
-	-	-	5,050,000
-	603,627	1,197,782	4,623,808
-	-	-	22,104
-	-	207,989	557,936
-	-	978,083	1,228,083
-	-	-	150,512
-	-	566,000	566,000
2,795,693	-	399,116	3,194,809
-	-	-	754,785
-	702,916	1,743,481	3,048,600
-	-	494,386	519,154
\$ 3,050,721	\$ 1,410,906	\$ 13,315,976	\$ 36,502,474
\$ -	\$ 8,171	\$ 223,298	\$ 521,496
-	-	89,137	1,475,968
-	103,437	51,388	765,817
-	138,000	652,406	842,685
-	-	123,499	123,499
-	249,608	1,139,728	3,729,465
2,795,693	641,689	3,301,493	13,159,226
2,795,693	641,689	3,301,493	13,159,226
-	-	415,799	1,195,352
255,028	519,609	5,702,835	7,511,162
-	-	2,909,559	2,909,559
-	-	-	400,000
-	-	(153,438)	7,597,710
255,028	519,609	8,874,755	19,613,783
\$ 3,050,721	\$ 1,410,906	\$ 13,315,976	\$ 36,502,474

CITY OF MIDDLETOWN, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2014

Total governmental fund balances	\$ 19,613,783
<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.	80,136,597
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	3,052,000
Intergovernmental and other receivables	5,512,913
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.	3,191,635
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	(21,906,844)
Special assessment bonds	(2,149,347)
Long-term notes	(2,056,916)
Compensated absences	(4,682,008)
Pension obligation payable	(1,870,378)
Accrued interest on long-term debt	(80,941)
Premium on bonds	(250,554)
Deferred outflows of resources:	
Deferred charge on refunding	<u>328,644</u>
Net position of governmental activities	<u><u>\$ 78,838,584</u></u>



CITY OF MIDDLETON, OHIO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR YEAR ENDED DECEMBER 31, 2014

	General	Housing Assistance
Revenues:		
Property taxes	\$ 2,587,929	\$ -
Municipal income taxes	15,819,305	-
Payment in lieu of taxes	-	-
Intergovernmental revenues	1,845,989	6,502,926
Charges for services	4,389,619	-
Fees, licenses, and permits	295,175	-
Fines and forfeits	192,247	-
Special assessments	-	-
Investment income	90,738	-
Miscellaneous	1,240,964	-
Total revenues	26,461,966	6,502,926
Expenditures:		
Current		
Public safety	18,354,203	-
Public health and welfare	-	-
Leisure time activities	868,712	-
Community environment	1,296,410	6,832,114
Highways and streets	17,610	-
General government	3,563,736	-
Miscellaneous	1,193,142	-
Debt service		
Principal retirement	-	-
Interest and fiscal charges	-	-
Total expenditures	25,293,813	6,832,114
Excess of revenues over (under) expenditures	1,168,153	(329,188)
Other financing sources (uses):		
Transfers-in	-	-
Transfers-out	(2,009,411)	-
Issuance of special assessment bonds	-	-
Total other financing sources (uses)	(2,009,411)	-
Net change in fund balances	(841,258)	(329,188)
Fund balance, beginning of year	9,805,456	1,329,381
Fund balance, end of year	\$ 8,964,198	\$ 1,000,193

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
\$ -	\$ 633,474	\$ 1,089,138	\$ 4,310,541
-	-	4,756,376	20,575,681
-	-	981,585	981,585
-	2,087,671	5,598,223	16,034,809
-	5,622	198,220	4,593,461
-	-	-	295,175
-	-	1,690,919	1,883,166
355,628	-	390,477	746,105
-	49	5,348	96,135
-	25,391	1,007,361	2,273,716
355,628	2,752,207	15,717,647	51,790,374
-	33,943	5,462,853	23,850,999
-	-	389,487	389,487
-	18,224	-	886,936
-	-	3,504,196	11,632,720
-	2,230,715	2,333,686	4,582,011
-	6,871	124,529	3,695,136
-	9,699	750,872	1,953,713
198,643	-	3,130,424	3,329,067
92,231	-	973,182	1,065,413
290,874	2,299,452	16,669,229	51,385,482
64,754	452,755	(951,582)	404,892
-	-	67,398	67,398
-	-	-	(2,009,411)
-	-	445,947	445,947
-	-	513,345	(1,496,066)
64,754	452,755	(438,237)	(1,091,174)
190,274	66,854	9,312,992	20,704,957
\$ 255,028	\$ 519,609	\$ 8,874,755	\$ 19,613,783

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, 2014**

Net change in fund balances - total governmental funds \$ (1,091,174)

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, net	2,831,893
Depreciation expense	(7,943,113)
Loss on disposal	(887,622)

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

Income taxes	(15,500)
Intergovernmental and other revenues	(8,907,192)

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

Amortization of bond premiums	34,215
-------------------------------	--------

Deferred outflows of resources:

Amortization of deferred charge on refunding	(61,217)
--	----------

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	(445,947)
Bond principal retirement	2,362,067
Loan principal retirement	967,000

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

13,950

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	649,745
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.

635,369

Change in net position of governmental activities

\$ (11,759,785)



CITY OF MIDDLETOWN, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014

Business Type Activities - Enterprise Funds

	Water	Sewer	Golf Course
Assets			
Current assets:			
Equity in pooled cash and investments			
Receivables	\$ 9,521,037	\$ 7,121,318	\$ 43,283
Accounts	796,704	939,395	-
Loans	276,495	-	-
Due from other funds	-	-	-
Intergovernmental	229,557	-	-
Special Assessments	-	84,244	-
Inventory of supplies	323,502	162,456	-
Total current assets	11,147,295	8,307,413	43,283
Noncurrent assets:			
Capital assets:			
Construction in progress	701,668	2,258,726	-
Land	1,302,664	152,500	-
Land improvements	5,875	26,581	-
Infrastructure assets	29,036,303	45,074,631	-
Buildings	13,056,550	12,328,429	-
Equipment	6,106,636	10,302,245	-
Less: Accumulated depreciation	(29,679,757)	(39,142,450)	-
Total capital assets (net of accumulated depreciation)	20,529,939	31,000,662	-
Total noncurrent assets	20,529,939	31,000,662	-
Total assets	31,677,234	39,308,075	43,283
Deferred outflows of resources:			
Deferred charge on refunding	55,994	-	-
Total deferred outflows of resources	55,994	-	-
Liabilities			
Current liabilities:			
Accounts payable	129,352	115,912	-
Accrued wages and benefits	71,312	78,153	-
Other accrued liabilities	19,295	20,343	883
Accrued interest payable	11,631	23,013	-
Due to other funds	9,018	6,025	-
Due to other governments	1,496	-	-
Due to individuals	746,830	-	-
General obligation bonds payable	352,184	395,000	-
Lease obligation payable	450,938	450,938	-
Unearned revenue	276,495	-	-
Compensated absences (short term portion)	93,583	103,435	-
Total current liabilities	2,162,134	1,192,819	883
Long-term liabilities:			
General obligation bonds payable	4,127,282	6,444,107	-
Lease obligation	547,468	547,468	-
Compensated absences	104,829	103,205	-
Total long-term liabilities	4,779,579	7,094,780	-
Total liabilities	6,941,713	8,287,599	883
Net position			
Net investment in capital assets	18,065,103	24,001,339	-
Unrestricted	6,726,412	7,019,137	42,400
Total net position	\$ 24,791,515	\$ 31,020,476	\$ 42,400

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	
\$ 429,642	\$ 2,666,204	\$ 19,781,484	\$ 5,994,640	
155,156	188,365	2,079,620	6,048	
-	-	276,495	-	
-	-	-	133,733	
-	103,075	332,632	-	
-	-	84,244	-	
-	-	485,958	236,950	
584,798	2,957,644	23,040,433	6,371,371	
382,600	930,310	3,890,704	-	
8,500	1,797,918	3,635,682	195,750	
12,300	325,598	366,554	-	
74,652	6,031,271	80,154,505	-	
-	3,265,569	28,725,200	521,872	
-	3,627,767	20,036,648	11,549,243	
(55,333)	(5,469,326)	(74,346,866)	(9,499,019)	
422,719	10,509,107	62,462,427	2,767,846	
422,719	10,509,107	62,462,427	2,767,846	
1,007,517	13,466,751	85,502,860	9,139,217	
-	-	55,994	-	
-	-	55,994	-	
289,679	72,994	607,937	1,070,549	
-	32,119	181,584	16,018	
448	14,614	55,583	-	
-	4,403	39,047	-	
-	30,790	45,833	-	
-	-	1,496	-	
-	-	746,830	-	
-	75,000	822,184	-	
-	-	901,876	-	
-	-	276,495	-	
1,655	27,016	225,689	18,094	
291,782	256,936	3,904,554	1,104,661	
-	1,180,006	11,751,395	-	
-	-	1,094,936	-	
1,988	20,842	230,864	32,624	
1,988	1,200,848	13,077,195	32,624	
293,770	1,457,784	16,981,749	1,137,285	
422,719	9,254,101	51,743,262	2,767,846	
291,028	2,754,866	16,833,843	5,234,086	
\$ 713,747	\$ 12,008,967	\$ 68,577,105	\$ 8,001,932	
Adjustment to reflect consolidation of internal service fund activities		2,042,451		
Total net position from above		68,577,105		
Net position of business-type activities	\$	70,619,556		

CITY OF MIDDLETOWN, OHIO
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES OF NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

Business Type Activities - Enterprise Funds

	Water	Sewer	Golf Course
Operating revenues:			
Charges for services	\$ 7,780,233	\$ 9,157,217	\$ 27,316
Other operating revenue	42,568	9,405	22,912
Total operating revenues	7,822,801	9,166,622	50,228
Operating expenses:			
Personal services	2,208,353	2,347,088	76,256
Contractual services	2,111,206	2,280,114	32,890
Commodities	802,235	563,394	117,614
Depreciation	1,337,899	1,678,717	79,719
Other operating expenses	692,305	1,697,567	716
Total operating expenses	7,151,998	8,566,880	307,195
Operating income (loss)	670,803	599,742	(256,967)
Non-operating revenues (expenses):			
Interest revenue	20,619	5,454	-
Interest expense and fiscal charges	(203,604)	(325,095)	(44,833)
Operating grants	400,243	-	-
Income taxes	-	-	-
Gain on sale or disposal of capital assets	-	-	-
Total non-operating revenues (expenses)	217,258	(319,641)	(44,833)
Income (loss) before contributions and transfers	888,061	280,101	(301,800)
Capital contributions	-	-	-
Transfers-in	-	-	2,009,411
Transfers-out	(33,699)	(33,699)	-
Income (loss) from continuing operations	854,362	246,402	1,707,611
Loss from discontinued operations See Note 22	-	-	(3,345,282)
Change in net position	854,362	246,402	(1,637,671)
Total net position, beginning of year, restated	23,937,153	30,774,074	1,680,071
Total net position, end of year	\$ 24,791,515	\$ 31,020,476	\$ 42,400

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

				Governmental
				Activities -
Business Type Activities - Enterprise Funds				
		Non Major		
Solid Waste Disposal	Enterprise Funds	Totals		Internal Service Funds
\$ 2,989,200 10,898	\$ 2,191,417 20,246	\$ 22,145,383 106,029	\$ 8,035,856 11,603	
3,000,098	2,211,663	22,251,412	8,047,459	
51,597 2,875,592 - 2,357 3,744	972,520 1,300,365 54,691 458,671 392,565	5,655,814 8,600,167 1,537,934 3,557,363 2,786,897	408,047 5,691,313 1,003,499 803,626 9,851	
2,933,290	3,178,812	22,138,175	7,916,336	
66,808	(967,149)	113,237	131,123	
- - - - -	1,926 (52,827) 1,108,850 137,000 -	27,999 (626,359) 1,509,093 137,000 -	4,983 - - - 10,525	
-	1,194,949	1,047,733	15,508	
66,808	227,800	1,160,970	146,631	
- - -	129,286 - -	129,286 2,009,411 (67,398)	- - -	
66,808	357,086	3,232,269	146,631	
-	-	(3,345,282)	-	
66,808	357,086	(113,013)	146,631	
646,939	11,651,881	68,690,118	7,855,301	
\$ 713,747	\$ 12,008,967	\$ 68,577,105	\$ 8,001,932	
Adjustment to reflect consolidation of Internal Service Fund Activities		\$ 29,326		
Changes in net position of enterprise funds		<u>(113,013)</u>		
Changes in net position of business-type activities		\$ (83,687)		

CITY OF MIDDLETOWN, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR YEAR ENDED DECEMBER 31, 2014

Business Type Activities - Enterprise Funds							Governmental Activities -
	Water	Sewer	Golf Course	Solid Waste Disposal	Non Major Enterprise Funds	Totals	Internal Service Funds
Cash flows from operating activities:							
Cash received from customers	\$ 7,744,761	\$ 9,109,195	\$ 27,316	\$ 2,988,196	\$ 2,181,818	\$ 22,051,286	\$ -
Cash payments to suppliers for goods and services	(3,487,092)	(4,446,493)	(100,726)	(2,801,586)	(1,469,487)	(12,305,384)	(6,578,267)
Cash payments to employees for services	(1,832,013)	(1,948,962)	(100,448)	(41,979)	(850,348)	(4,773,750)	(333,398)
Miscellaneous revenues	57,907	14,617	22,912	10,898	20,246	126,580	-
Cash received from interfund services provided	-	-	-	-	-	-	8,159,303
Cash payments for interfund services used	(480,886)	(464,167)	(11,822)	(12,093)	(475,984)	(1,444,952)	(67,648)
Net cash provided (used) by operating activities	2,002,677	2,264,190	(162,768)	143,436	(593,755)	3,653,780	1,179,990
Cash flows from non-capital financing activities:							
Operating grants	170,686	-	-	-	1,137,253	1,307,939	-
Interfund loan receipts/(payments)	-	-	(2,009,461)	-	-	(2,009,461)	-
Transfers-in from other funds	-	-	2,009,411	-	-	2,009,411	-
Transfers-out to other funds	(33,699)	(33,699)	-	-	-	(67,398)	-
Income taxes received	-	-	-	-	137,000	137,000	-
Net cash provided (used) by non-capital financing activities	136,987	(33,699)	(50)	-	1,274,253	1,377,491	-
Cash flows from capital and related financing activities:							
Proceeds from issuance of bonds	3,370,000	915,000	-	-	-	4,285,000	-
Premium from issuance of bonds	203,465	55,742	-	-	-	259,207	-
Sale of capital assets	-	-	1,383,568	-	-	1,383,568	19,525
Purchase of capital assets	(1,061,049)	(1,454,583)	-	-	(895,969)	(3,411,601)	(294,562)
Interest expense and fiscal charges	(192,140)	(333,955)	(43,306)	-	(54,938)	(624,339)	-
Repayment of debt principal	(163,296)	(335,000)	(688,306)	-	(70,000)	(1,256,602)	-
Repayment of capital lease obligation	(434,669)	(434,669)	(450,828)	-	-	(1,320,166)	-
Capital contributions	-	-	-	-	129,286	129,286	-
Net cash used by capital and related financing activities	1,722,311	(1,587,465)	201,128	-	(891,621)	(555,647)	(275,037)
Cash flows from investing activities:							
Interest income	20,619	5,454	-	-	1,926	27,999	4,983
Net cash provided by investing activities	20,619	5,454	-	-	1,926	27,999	4,983
Net change in cash and cash equivalents	3,882,594	648,480	38,310	143,436	(209,197)	4,503,623	909,936
Cash and pooled investments, beginning of year	5,638,443	6,472,838	4,973	286,206	2,875,401	15,277,861	5,084,704
Cash and pooled investments, end of year	\$ 9,521,037	\$ 7,121,318	\$ 43,283	\$ 429,642	\$ 2,666,204	\$ 19,781,484	\$ 5,994,640

continued

CITY OF MIDDLETOWN, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR YEAR ENDED DECEMBER 31, 2014

	Business Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds	
	Water	Sewer	Golf Course	Solid Waste Disposal	Non Major Enterprise Funds	Totals	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 670,803	\$ 599,742	\$ (256,967)	\$ 66,808	\$ (967,149)	\$ 113,237	\$ 131,123
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	1,337,899	1,678,717	79,719	2,357	458,671	3,557,363	803,626
Changes in assets and liabilities:							
Decrease (increase) in accounts receivable (net)	(35,472)	(48,022)	-	(1,003)	(9,599)	(94,096)	76,898
Decrease (increase) in special assessment receivable (net)	-	5,212	-	-	-	5,212	-
Decrease (increase) in inventory of supplies	17,772	25,717	67,716	-	-	111,205	25,313
Decrease (increase) in due from other funds	-	-	-	-	-	-	34,946
Increase (decrease) in accounts payable	(32,163)	(17,006)	(12,695)	71,720	(76,900)	(67,044)	101,848
Increase (decrease) in accrued wages and benefits	18,787	19,658	(6,490)	-	7,186	39,141	1,546
Increase (decrease) in other accrued liabilities	(4,698)	(4,772)	(11,716)	(89)	(3,959)	(25,234)	-
Increase (decrease) in due to other funds	(1,172)	715	-	-	(2,057)	(2,514)	-
Increase (decrease) in compensated absences payable	(7,393)	4,229	(22,335)	3,643	52	(21,804)	4,690
Increase (decrease) in due to other governments	112	-	-	-	-	112	-
Increase (decrease) in due to individuals	38,202	-	-	-	-	38,202	-
Total adjustments	1,331,874	1,664,448	94,199	76,628	373,394	3,540,543	\$ 1,048,867
Net cash provided (used) by operating activities	\$ 2,002,677	\$ 2,264,190	\$ (162,768)	\$ 143,436	\$ (593,755)	\$ 3,653,780	\$ 1,179,990

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

CITY OF MIDDLETOWN, OHIO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2014

	Total Agency Funds
Assets:	
Cash and equity in pooled cash, deposits and investments	\$ 116,420
Cash with fiscal and escrow agent	294,412
Total assets	<u>\$ 410,832</u>
Liabilities:	
Due to other governments	\$ 279,537
Due to individuals	57,414
Unapportioned monies	73,881
Total liabilities	<u>\$ 410,832</u>

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

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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.

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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, 2014.

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."

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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 2014, 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:

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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,

CITY OF MIDDLETOWN
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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, 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	\$0	\$2,009,411
Non Major Governmental Funds	\$67,398	\$0
Enterprise Funds:		
Water Fund	\$0	\$33,699
Sewer Fund	\$0	\$33,699
Golf Fund	\$2,009,411	\$0
TOTAL	\$2,076,809	\$2,076,809

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A brief description of all transfers include:

- \$67,398 in 2014 for anticipated computer replacements, and
- \$2,009,411 to the Golf Fund for past advances in anticipation of sale of the golf course.

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, 2014, the total liability of the City for compensated absences was \$5,189,279.

CITY OF MIDDLETOWN
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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 2014.

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 2014 increased the original 2014 Appropriation Resolution by \$6,742,123 for all budgeted funds. The majority of these supplemental appropriations are due to the following factors:

- \$922,000 for capital improvements focused on energy saving measures at the Wastewater Treatment Plan;
- \$950,000 for demolitions associated with the Moving Ohio Forward Grant;
- \$525,000 to pay off bond principal for the golf course in anticipation of the sale of the course;

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- \$455,000 to permit draws on the USEPA grant prior to close out of the grant on June 30, 2014;
- \$553,000 for negotiations and implementation of the long term control plan with US EPA;
- \$410,500 for the purchase of road salt that doubled in cost in 2014;
- \$356,000 for airport facility improvements;
- \$391,800 for completion of Yankee Road widening;
- \$355,000 to fund retirement pay outs anticipated for 2014;
- \$299,300 for storm water capital improvements;
- \$766,000 from the Income Tax Fund to other funds in anticipation of increased income tax revenue; and
- \$200,000 from the Public Safety Levy Fund to the General fund in anticipated increased revenue.

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 2014 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 2014, 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, 2013, reflect an "Appropriation for prior year encumbrances."

**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, 2014, are comprised of the following:

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Deposits	
Petty Cash	\$7,575
Certificate of Deposit	\$10,144,895
Demand deposit accounts	<u>9,379,087</u>
Subtotal deposits	\$19,531,557
 Investments	
Money Market Funds	\$9,302,077
U.S. Government and Agency	\$11,707,322
STAR Ohio	<u>\$2,432,683</u>
Subtotal investments	<u>\$23,442,082</u>
Total	<u>\$42,973,639</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, 54.0% (\$10,894,895) of the City's bank balance of \$20,186,788 was covered by Federal Deposit Insurance Corporation (FDIC) and the remaining was covered by pooled collateral.

The City's investments at December 31, 2014 are summarized as follows:

	<u>Fair Value</u>	<u>Average Maturity Years</u>
US Treasury Bills	\$9,142,923	0.27
US Treasury Notes	\$2,564,399	0.79
STAR Ohio	\$2,432,683	n/a
US Money Market Funds	<u>\$9,302,077</u>	n/a
	<u>\$23,442,082</u>	

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
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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 5705.39, the City's appropriations were greater than estimated resources resulting in deficit budgetary fund balances in the following funds:

Governmental Funds

- *Nuisance Abatement Fund - \$99,201*
- *Main Street Special Assessment Fund - \$19,087*

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, 2014 (using the current financial resource measurement focus), the following funds had deficit fund balances:

- *Conservancy District - \$71,633*
- *2011 Sidewalk, Curb & Gutter - \$55,146*
- *Main Street Special Assessment - \$26,659*

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During 2014, 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

- *Community Development Fund – (\$193,847)*
- *Capital Improvement Fund – (\$765,555)*

The City estimates that previously anticipated receipts that were not collected in 2014 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 2014 taxes were collected was \$709,019,000. The full tax rate for all City operations for the fiscal year ended December 31, 2014, 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, 2014. 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 December 31, nor are they intended to finance 2014 operations. The receivable is therefore offset by a credit to deferred inflow of resources.

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

CITY OF MIDDLETOWN
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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, 2014 was as follows:

GOVERNMENTAL ACTIVITIES				
<i>Capital Asset</i>	<i>Beginning Balance</i>	<i>Increase</i>	<i>Decrease</i>	<i>Ending Balance</i>
Capital assets, not being depreciated:				
Land	\$13,174,658	\$8,130	(\$734,710)	\$12,448,078
Construction in progress	\$2,646,483	\$1,591,150	(\$1,989,782)	\$2,247,851
Total capital assets, not being depreciated	\$15,821,141	\$1,599,280	(\$2,724,492)	\$14,695,929
Capital assets, being depreciated:				
Land improvements	\$786,331	\$0	\$0	\$786,331
Buildings	\$29,399,752	\$231,219	(\$219,042)	\$29,411,929
Equipment	\$23,374,620	\$387,688	(\$473,012)	\$23,289,296
General infrastructure	\$184,627,629	\$2,603,488	\$0	\$187,231,117
Total capital assets, being depreciated	\$238,188,332	\$3,222,395	(\$692,054)	\$240,718,673
Totals at Historical Cost	\$254,009,473	\$4,821,675	(\$3,416,546)	\$255,414,602
Less accumulated depreciation:				
Land improvements	\$390,376	\$31,571	\$0	\$421,947
Buildings	\$16,077,216	\$855,548	(\$70,630)	\$16,862,134
Equipment	\$16,818,581	\$1,346,819	(\$468,512)	\$17,696,888
General infrastructure	\$134,587,861	\$5,709,175	\$0	\$140,297,036
Total depreciation	\$167,874,034	\$7,943,113	(\$539,142)	\$175,278,005
Capital Assets, Net	\$86,135,439	(\$3,121,438)	(\$2,877,404)	\$80,136,597

Depreciation was charged to governmental functions as follows:

Community environment	\$365,537
General Government	\$1,276,407
Leisure	\$198,418
Public health and welfare	\$17,321
Public safety	\$521,400
Streets and highways	\$5,564,030
Total	\$7,943,113

CITY OF MIDDLETOWN
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<i>BUSINESS-TYPE ACTIVITIES</i>				
<i>Capital Asset</i>	<i>Restated</i> <i>Beginning</i> <i>Balance</i>	<i>Increase</i>	<i>Decrease</i>	<i>Ending</i> <i>Balance</i>
Capital assets, not being depreciated:				
Land	\$7,247,232	\$0	(\$3,611,550)	\$3,635,682
Construction in progress	\$3,153,179	\$2,753,413	(\$2,015,888)	\$3,890,704
Total capital assets, not being depreciated	\$10,400,411	\$2,753,413	(\$5,627,438)	\$7,526,386
Capital assets, being depreciated:				
Land improvements	\$2,850,499	\$0	(\$2,483,945)	\$366,554
Buildings	\$29,435,231	\$0	(\$710,031)	\$28,725,200
Equipment	\$20,779,602	\$211,416	(\$954,370)	\$20,036,648
General infrastructure	\$77,691,845	\$2,462,660	\$0	\$80,154,505
Total capital assets, being depreciated	<u>\$130,757,177</u>	<u>\$2,674,076</u>	<u>(\$4,148,346)</u>	<u>\$129,282,907</u>
Totals at Historical Cost	<u>\$141,157,588</u>	<u>\$5,427,489</u>	<u>(\$9,775,784)</u>	<u>\$136,809,293</u>
Less accumulated depreciation:				
Land improvements	\$2,457,813	\$65,864	(\$2,194,651)	\$329,026
Buildings	\$15,206,230	\$803,996	(\$428,487)	\$15,581,739
Equipment	\$16,866,734	\$1,207,957	(\$407,908)	\$17,666,783
General infrastructure	\$39,289,772	\$1,479,546	\$0	\$40,769,318
Total depreciation	<u>\$73,820,549</u>	<u>\$3,557,363</u>	<u>(\$3,031,046)</u>	<u>\$74,346,866</u>
Total capital assets, being depreciated, net	<u>\$56,936,628</u>	<u>(\$883,287)</u>	<u>(\$1,117,300)</u>	<u>\$54,936,041</u>
Capital Assets, Net	<u>\$67,337,039</u>	<u>\$1,870,126</u>	<u>(\$6,744,738)</u>	<u>\$62,462,427</u>

Depreciation was charged to Enterprise Funds as follows:

Water	\$1,337,899
Sewer	\$1,678,717
Storm	\$176,405
Solid Waste	\$2,357
Golf	\$79,719
Airport	\$134,525
Transit	\$147,741
Total	<u>\$3,557,363</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 2014, 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 2014 member contribution rates were 10.0% of earnable salary for members in state and local classifications. The 2014 employer contribution rate for state and local employers was 14.0% of earnable salary.

The City of Middletown's contribution to OPERS for the years ending December 31, 2012, 2013, and 2014 were \$1,652,518, \$1,658,124, and \$1,523,780 respectively, equal to the required contributions billed to the City by OPERS.

CITY OF MIDDLETOWN
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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. That report is also avail at www.op-f.org, OP&F's website.

From January 1, 2014 through July 1, 2014, plan members are required to contribute 10.75% of their annual covered salary. From July 2, 2014 through December 31, 2014, plan members were required to contribute 11.50% of their annual covered salary. Throughout 2014, 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, 2012, 2013, and 2014 were \$2,477,716, and \$1,975,075, and \$2,537,205 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, 2014, 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 \$1,008,102.

Year	Beginning of Fiscal Year Liability	Current Year Claims & Changes In Estimate	Claims Payments	Balance At Fiscal Year End
2013	\$545,768	\$4,310,174	\$4,209,019	\$646,923
2014	\$646,923	\$5,315,208	\$4,954,029	\$1,008,102

CITY OF MIDDLETOWN
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NOTE 10 - LONG TERM OBLIGATIONS

Long-term obligation of the City as of December 31, 2014 are as follows:

A. GOVERNMENTAL ACTIVITIES

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Principal Due Within One Year	Interest Paid in 2014
1994 Street Improvements	\$5,000	\$0	\$5,000	\$0	\$0	\$322
1995-1 Street Improvements	\$25,000	\$0	\$10,000	\$15,000	\$15,000	\$1,563
1995-2 Street Improvements	\$16,000	\$0	\$8,000	\$8,000	\$8,000	\$992
1996 Street Improvements	\$45,000	\$0	\$15,000	\$30,000	\$15,000	\$2,790
1996 Sewer Imp.-Dick's Creek	\$36,312	\$0	\$9,078	\$27,234	\$13,617	\$2,251
1996 Sewer Imp.-Cin/Dayton Rd.	\$3,688	\$0	\$922	\$2,766	\$1,383	\$229
1997 Sophie Street Improvements	\$65,000	\$0	\$15,000	\$50,000	\$15,000	\$3,575
1997 Dix Road Improvements	\$60,000	\$0	\$15,000	\$45,000	\$15,000	\$3,360
1998 Lewis Street Improvements	\$25,000	\$0	\$5,000	\$20,000	\$5,000	\$1,344
1999 Marshall Road Improvements	\$185,000	\$0	\$25,000	\$160,000	\$30,000	\$9,888
2000 Burbank Street Improvements	\$90,000	\$0	\$10,000	\$80,000	\$10,000	\$6,030
2001 Illinois/Longfellow Improve.	\$111,241	\$0	\$10,853	\$100,388	\$10,853	\$6,452
2001 Dick's Creek	\$57,687	\$0	\$5,628	\$52,059	\$5,628	\$3,346
2001 Oxford State Rd Water Line	\$36,072	\$0	\$3,519	\$32,553	\$3,519	\$2,092
2001 Oxford State Rd Intersection	\$29,000	\$0	\$3,000	\$26,000	\$3,000	\$1,697
2004 Roosevelt Ave. Improvements	\$390,000	\$0	\$25,000	\$365,000	\$30,000	\$21,263
2006 Towne Blvd. Improvements	\$450,000	\$0	\$15,000	\$435,000	\$15,000	\$19,163
2007 Cincinnati Dayton Rd Sewer	\$115,000	\$0	\$7,000	\$108,000	\$7,000	\$5,379
2007 Fiesta Storm Sewer	\$2,043	\$0	\$643	\$1,400	\$700	\$99
2009 Sidewalk, Curb, & Gutter	\$20,000	\$0	\$10,000	\$10,000	\$10,000	\$400
2010 Sidewalk, Curb, & Gutter	\$195,000	\$0	\$60,000	\$135,000	\$65,000	\$7,800
2014 Jefferson Road	\$0	\$119,372	\$0	\$119,372	\$4,372	\$0
2014 S Main St Lighting	\$0	\$196,520	\$0	\$196,520	\$16,520	\$0
2014 S Main St Sidewalk, Curb & Gutter	\$0	\$130,055	\$0	\$130,055	\$25,055	\$0
Total Special Assessment Bonds	\$1,962,043	\$445,947	\$258,643	\$2,149,347	\$324,647	\$100,035

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Principal Due Within One Year	Interest Paid in 2014
<i>General Obligation Bonds:</i>						
2008 Street Improvements	\$441,693	\$0	\$141,720	\$299,973	\$148,806	\$14,001
2008 Downtown Improvements	\$4,398,575	\$0	\$676,704	\$3,721,871	\$692,816	\$156,740
2006 Towne Blvd/SR 122/I-75	\$555,000	\$0	\$35,000	\$520,000	\$40,000	\$23,395
2006 Towne Blvd. Extension	\$1,800,000	\$0	\$170,000	\$1,630,000	\$175,000	\$75,219
SR 122/I-75 Interchange	\$5,555,000	\$0	\$260,000	\$5,295,000	\$270,000	\$227,423
2010 Downtown Parking Flat Lot	\$745,000	\$0	\$85,000	\$660,000	\$90,000	\$19,488
2010 Greentree Health Science Academy	\$4,890,000	\$0	\$220,000	\$4,670,000	\$220,000	\$260,613
2013 Court of Appeals	\$2,335,000	\$0	\$211,150	\$2,123,850	\$213,200	\$61,265
2013 MRH Land	\$3,290,000	\$0	\$303,850	\$2,986,150	\$306,800	\$86,524
Premiums	\$284,769	\$0	\$34,215	\$250,554	\$0	\$0
Total General Obligation Bonds	\$24,295,037	\$0	\$2,137,639	\$22,157,398	\$2,156,622	\$924,668
HUD Section 108 Loan	\$967,000	\$0	\$967,000	\$0	\$0	\$1,094
Long-term Notes	\$2,056,916	\$0	\$0	\$2,056,916	\$0	\$35,996
Compensated Absences	\$5,377,781	\$13,586	\$658,641	\$4,732,726	\$1,644,948	\$0
Police & Fire Pension						
Unfunded Accrued Liability	\$1,968,119	\$0	\$97,741	\$1,870,378	\$97,741	\$0
Total Governmental Activities	\$36,626,896	\$2,516,449	\$4,119,664	\$32,966,765	\$4,223,958	\$1,061,793

CITY OF MIDDLETOWN
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DECEMBER 31, 2014

B. BUSINESS TYPE ACTIVITIES

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Principal Due Within One Year	Interest Paid in 2014
<i><u>General Obligation Bonds:</u></i>						
2008 Golf Course	\$493,306	\$0	\$493,306	\$0	\$0	\$15,637
2008 Water	\$1,061,423	\$0	\$163,296	\$898,127	\$167,184	\$37,823
2003 Golf	\$195,000	\$0	\$195,000	\$0	\$0	\$9,358
2008 Airport	\$1,300,000	\$0	\$70,000	\$1,230,000	\$75,000	\$54,938
2008 Sewer	\$6,090,000	\$0	\$335,000	\$5,755,000	\$345,000	\$257,150
2014 Wastewater Energy Improvements	\$0	\$915,000	\$0	\$915,000	\$50,000	\$9,280
2014 Water Energy Improvements	\$0	\$3,370,000	\$0	\$3,370,000	\$185,000	\$34,069
Premium	\$172,083	\$259,207	\$25,838	\$405,452	\$0	\$0
Total General Obligation Bonds Payable	\$9,311,812	\$4,544,207	\$1,282,440	\$12,573,579	\$822,184	\$418,254
Lease Obligation	\$3,316,978	\$0	\$1,320,166	\$1,996,812	\$901,876	\$132,483
Compensated Absences	\$478,357	\$8,623	\$30,427	\$456,553	\$225,689	\$0
Total Business Type Activities	\$13,107,147	\$4,552,830	\$2,633,033	\$15,026,944	\$1,949,749	\$550,737

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 an \$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. This lease was paid off in 2014 preceding the sale of the golf course.

The City's legal debt margin was approximately \$50,241,000 at December 31, 2014. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2014 are as follows:

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
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GOVERNMENTAL ACTIVITIES			
Police and Fire Pension Debt Schedule 12/31/14			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	\$52,217	\$45,524	\$97,741
2020-2024	\$261,085	\$227,620	\$488,705
2025-2029	\$261,085	\$227,620	\$488,705
2030-2034	\$216,017	\$188,246	\$404,263
Total	\$999,272	\$871,106	\$1,870,378

GOVERNMENTAL ACTIVITIES					
General Obligation and Assessment Bonds Schedule 12/31/14					
	General Obligation Bonds			Assessment Bonds	
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2015	\$2,156,622	\$865,144	\$3,021,766	\$324,647	\$106,153
2016	\$2,218,152	\$803,789	\$3,021,941	\$305,700	\$88,960
2017	\$2,116,152	\$738,461	\$2,854,613	\$217,000	\$74,866
2018	\$2,184,348	\$672,842	\$2,857,190	\$192,000	\$64,725
2019	\$2,251,570	\$593,007	\$2,844,577	\$197,000	\$55,901
2020-2024	\$6,580,000	\$1,953,449	\$8,533,449	\$721,000	\$157,521
2025-2029	\$3,715,000	\$810,106	\$4,525,106	\$147,000	\$21,618
2030-2034	\$685,000	\$65,982	\$750,982	\$45,000	\$7,613
Total	\$21,906,844	\$6,502,780	\$28,409,624	\$2,149,347	\$577,357
					\$2,726,704

BUSINESS TYPE ACTIVITIES			BUSINESS TYPE ACTIVITIES				
General Obligation Bonds Schedule - 12/31/14			Lease Obligation Schedule 12/31/14				
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$822,184	\$468,562	\$1,290,746	2015	\$901,876	\$58,372	\$960,248
2016	\$843,016	\$444,779	\$1,287,795	2016	\$935,630	\$24,617	\$960,247
2017	\$878,848	\$420,381	\$1,299,229	2017	\$159,306	\$733	\$160,039
2018	\$895,652	\$390,871	\$1,286,523	Total	\$1,996,812	\$83,722	\$2,080,534
2019	\$923,427	\$356,817	\$1,280,244				
2020-2024	\$4,165,000	\$1,297,763	\$5,462,763				
2025-2029	\$3,640,000	\$375,451	\$4,015,451				
Total	\$12,168,127	\$3,754,624	\$15,922,751				

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
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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.

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 in 2013 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. This loan was paid off in May 2014.

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 matured on March 29, 2015 at which time, the City issued long-term general obligation debt to retire the note. See Note 21 for more information.

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, 2014, the amount of defeased debt outstanding amounted to \$5,315,000.

In 2014, the City defeased the 2008 Golf Course bond issues by creating a separate irrevocable trust fund containing U.S. Government securities. The earnings from the investments are sufficient to fully service the defeased debt until the debt matures in December 2016. 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, 2014, the amount of defeased debt outstanding amounted to \$335,026.

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
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NOTE 12 - INTERFUND RECEIVABLES AND PAYABLES

The City's interfund receivables and payables at the end of 2014 were comprised of operating advances from the General Fund to other operating funds (\$754,785) and payments to the Municipal Garage Fund by the City operating funds for December 2014 services (\$133,733).

Inter-fund balances as of December 31, 2014 are as follows:

Fund	Receivables	Payables
Governmental Funds:		
General Fund	\$754,785	\$52,279
Capital Improvements Fund		\$138,000
Non major government funds	\$0	\$652,406
Total governmental funds	\$754,785	\$842,685
Enterprise Funds:		
Water	\$0	\$9,018
Sewer	\$0	\$6,025
Non major business type activities	\$0	\$30,790
Total enterprise funds	\$0	\$45,833
Internal Service Funds		
Internal service funds	\$133,733	\$0
Total internal service funds	\$133,733	\$0
Total all funds	\$888,518	\$888,518

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.

For the period January 1, 2014, to December 31, 2014, 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.

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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 member recipients 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 ten 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. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible member recipients. Authority to establish and amend health care coverage 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.

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 earnable salary of active members. In 2014, state and local employers contributed at a rate of 14.00% of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB plan.

CITY OF MIDDLETOWN
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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 postemployment health care. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 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.

B. City Contributions

The City's actual contributions that were used to fund postemployment benefits were \$217,596, \$117,988, and \$472,124 for 2014, 2013 and 2012.

C. 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 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.

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.

CITY OF MIDDLETOWN
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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.opf.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 .5% from January 1, 2014 through December 31, 2014. 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, 2014, 2013, and 2012 were \$59,155, \$308,502, and \$732,449, respectively.

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

CITY OF MIDDLETOWN
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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, 2014, PEP retained \$350,000 for casualty claims and \$100,000 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, 2014 and 2013:

<u>Casualty & Property Coverage</u>	<u>2014</u>	<u>2013</u>
Assets	\$35,402,177	\$34,411,883
Liabilities	(\$12,363,257)	(\$12,760,194)
Net position - Unrestricted	<u>\$23,038,920</u>	<u>\$21,651,689</u>

At December 31, 2014 and 2013, the liabilities above included incurred claims payable. The assets above also include unpaid claims to be billed to approximately 488 member governments in the future, as of December 31, 2014 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. At December 31, 2014, the city's share of these unpaid claims collectible in future years is approximately \$665,934.

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.

Contributions to PEP	
2010	\$533,108
2011	\$586,979
2012	\$583,046
2013	\$603,544
2014	\$594,402

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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 & ENCUMBRANCE COMMITMENTS

A. Contractual Commitments

As of December 31, 2014, the City has entered into the following major contracts and agreements for the purpose of infrastructure improvements or services related to the operations of the city:

Vendor	Purpose	Amount Remaining
Perfection Group	Energy improvements at treatment plants	\$3,710,582
Rack & Ballauer Excavating	Street and storm sewer improvements	\$933,715
Kirk Brothers Co. Inc.	Wastewater Treatment equipment replacement	\$661,250
Brown & Caldwell Ohio LLC	Long term control plan	\$467,430
Kleingers and Associates	Street design and construction	\$161,459
Howell Contractors Inc.	North interceptor sewer repairs	\$160,710
Barrett Paving Materials Inc	Street paving	\$148,721
Cardno ATC	Demolition	\$84,462
JK Muerer Corp	Airport entrance road realignment	\$84,210
Hazen and Sawyer	Consulting services	\$71,415
	Total	<u>\$6,483,954</u>

B. Encumbrance Commitments

At December 31, 2014, the City had encumbrance commitments of \$525,794 in the General Fund, \$60,000 in the Housing Assistance Fund, \$869,918 in the Capital Improvements Fund and \$1,348,081 for all other Governmental Funds.

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

**CITY OF MIDDLETOWN
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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 paid this loan in full to the Department of Housing and Urban Development in 2014.

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, 2014 include:

- \$9,425,000 demand revenue bonds issued on behalf of Fenwick High School in 2003,
- \$179,325,000 hospital facilities revenue bonds issued on behalf of Atrium Medical Center.

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.

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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

A fifteen-year bond was issued to retire the outstanding \$2,056,916 Industrial Development Revenue Note, Series 2013 in March 2015. The outstanding note was issued to assist in financing the cost of land, known as the Bender Tract, which is held for development purposes.

On June 17, 2015 the City issued \$2,045,000 in Special Obligation Industrial Development Revenue Bonds. The bonds were issued for the purpose of paying costs of acquiring approximately 15 acres of real estate for use as a site for a new 120,000 square foot research and innovation center for AK Steel Holding Corporation.

NOTE 22 – DISCONTINUED OPERATIONS AND SPECIAL ITEM

In 2014, the City discontinued its golf course operations. The capital assets related to the golf course were sold to a third party. As a result of discontinuing the golf course, a loss from discontinued operations of \$3,345,282 has been recorded as a special item in the financial statements.

NOTE 23 – RESTATMENT OF BEGINNING NET POSITION

The City is restating the balance of beginning net position to correct for an error and adjust the reported balance of capital assets at December 31, 2013 to the actual amount owned by the City.

Reporting Unit	12/31/13 Total Net Position, As Previously Reported	Correction of an Error (Adjustment to Capital Assets)	12/13/13 Total Net Position, Restated
Business-Type Activities	72,147,614	(1,444,371)	70,703,243
Water Fund	25,381,524	(1,444,371)	23,937,153

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 24 – 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:

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	24,768				415,799	440,567
Interfund loans	754,785					754,785
Total Nonspendable	779,553	-	-	-	415,799	1,195,352
Restricted for						
Capital improvements			519,609		118,413	638,022
Debt service		255,028			1,475	256,503
TIF agreements					817,836	817,836
Housing assistance	1,000,193				2,872	1,003,065
Senior Services					1	1
Community development				2,375,611		2,375,611
Public health				21,400		21,400
Public safety	33,497				1,523,588	1,557,085
Roads					841,639	841,639
Total Restricted	33,497	1,000,193	255,028	519,609	5,702,835	7,511,162
Committed						
Capital improvements				797,566		797,566
Debt service				8,642		8,642
Recreation				92,293		92,293
Purchase of capital assets				2,011,058		2,011,058
Total Committed	-	-	-	-	2,909,559	2,909,559
Assigned						
Purchase commitments	400,000				-	400,000
Total Assigned	400,000	-	-	-	-	400,000
Unassigned (deficit)	7,751,148				(153,438)	7,597,710
Total Fund Balances	8,964,198	1,000,193	255,028	519,609	8,874,755	19,613,783



CITY OF MIDDLETOWN, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
FOR YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property taxes	\$ 2,684,000	\$ 2,684,000	\$ 2,587,930	\$ (96,070)
Municipal income taxes	13,977,539	14,360,479	14,825,252	464,773
Intergovernmental revenue	2,157,697	2,157,697	2,095,614	(62,083)
Charges for services	4,527,572	4,527,572	4,294,408	(233,164)
Fees, licenses, and permits	286,890	286,890	293,169	6,279
Fines and forfeits	261,025	261,025	177,653	(83,372)
Interest earnings	73,027	73,027	12,127	(60,900)
Miscellaneous	1,267,038	1,652,149	1,313,406	(338,743)
Total revenues	25,234,788	26,002,839	25,599,559	(403,280)
Expenditures:				
Current				
Community Environment				
Community revitalization administration				
Personal services	218,054	218,054	153,421	64,633
Other	16,500	16,500	10,948	5,552
Community development				
Personal services	361,709	361,709	355,900	5,809
Street lighting				
Other	776,785	784,726	658,661	126,065
Total community environment	1,373,048	1,380,989	1,178,930	202,059
Leisure Time Activities				
Community center				
Personal services	108,145	12,145	2,286	9,859
Other	72,431	168,019	123,647	44,372
Parks maintenance				
Personal services	433,209	439,459	443,790	(4,331)
Other	297,127	297,163	280,364	16,799
Total leisure time activities	910,912	916,786	850,087	66,699

continued

CITY OF MIDDLETOWN, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
FOR YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Public Safety				
Fire administration				
Personal services	198,821	198,821	190,623	8,198
Other	11,289	11,289	4,727	6,562
Fire operations				
Personal services	6,422,817	6,422,817	6,092,540	330,277
Other	822,558	820,668	703,879	116,789
Fire prevention/training				
Personal services	221,088	221,088	190,670	30,418
Other	7,686	7,686	5,690	1,996
Police administration				
Personal services	253,636	253,636	248,702	4,934
Other	97,000	97,000	81,999	15,001
Criminal investigation				
Personal services	1,463,383	1,463,383	1,445,044	18,339
Other	20,000	20,000	16,698	3,302
Uniform patrol				
Personal services	5,299,258	5,299,258	5,067,291	231,967
Other	1,029,593	1,034,033	973,063	60,970
Police services				
Personal services	331,487	331,487	308,657	22,830
Other	8,700	8,700	6,933	1,767
Police and fire dispatch				
Personal services	998,323	998,323	953,063	45,260
Other	70,500	70,500	62,015	8,485
Jail management				
Personal services	834,105	834,105	777,761	56,344
Other	320,752	320,752	317,048	3,704
Building inspection and services				
Personal services	171,599	171,599	168,121	3,478
Other	104,760	104,760	102,657	2,103
Building maintenance				
Personal services	196,129	196,129	194,582	1,547
Other	174,641	174,641	172,149	2,492
Total public safety	19,058,125	19,060,675	18,083,912	976,763

continued

CITY OF MIDDLETOWN, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
FOR YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
General Government				
City council				
Personal services	122,213	122,213	98,789	23,424
Other	50,589	42,589	42,367	222
City manager				
Personal services	230,502	250,502	241,003	9,499
Other	16,235	16,232	15,011	1,221
Finance administration				
Personal services	190,463	190,463	184,271	6,192
Other	25,170	25,170	24,640	530
Treasurer				
Personal services	194,776	187,776	182,230	5,546
Other	7,790	14,790	8,533	6,257
Information systems				
Personal services	421,318	421,318	338,749	82,569
Other	83,007	83,007	65,229	17,778
Personnel				
Personal services	178,448	182,991	152,917	30,074
Other	160,522	169,825	131,480	38,345
Law				
Personal services	372,911	372,911	357,193	15,718
Other	90,083	90,212	89,636	576
Purchasing				
Personal services	49,602	49,602	47,794	1,808
Other	2,815	2,815	1,395	1,420
Planning				
Personal services	114,632	114,632	114,446	186
Other	99,422	99,422	74,397	25,025
Economic development				
Personal services	271,199	271,199	263,951	7,248
Other	85,748	84,248	84,004	244
Engineering				
Personal services	411,774	411,774	403,057	8,717
Other	125,532	116,567	121,032	(4,465)
Total general government	3,304,751	3,320,258	3,042,124	278,134

continued

CITY OF MIDDLETOWN, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
FOR YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Miscellaneous				
Non-departmental				
Personal services	23,110	23,110	27,782	(4,672)
Other	1,732,175	1,727,296	1,584,308	142,988
Total miscellaneous	1,755,285	1,750,406	1,612,090	138,316
Total expenditures	26,402,121	26,429,114	24,767,143	1,661,971
Excess of revenues over (under) expenditures	(1,167,333)	(426,275)	832,416	1,258,691
Other financing sources (uses)				
Transfers-In	45,000	385,111	397,349	12,238
Advances Out	-	-	(138,000)	(138,000)
Advance Write Off			2,009,411	
Transfers-out	(400,000)	(400,000)	(2,009,411)	(1,609,411)
Other sources	-	-	476,522	476,522
Total other financing sources (uses)	(355,000)	(14,889)	735,871	(1,258,651)
Net change in fund balance	(1,522,333)	(441,164)	1,568,287	40
Fund balance, beginning of year	5,525,070	5,525,070	5,525,070	-
Appropriation for prior year encumbrances	482,299	482,299	482,299	-
Fund balance, end of the year	\$ 4,485,036	\$ 5,566,205	\$ 7,575,656	\$ 40

See notes to the required supplementary information.

CITY OF MIDDLETOWN, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
HOUSING ASSISTANCE FUND
FOR YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ 9,190,830	\$ 7,190,830	\$ 6,483,526	\$ (707,304)
Miscellaneous	70,000	2,070,000	-	(2,070,000)
Total revenues	9,260,830	9,260,830	6,483,526	(2,777,304)
Expenditures:				
Current				
Community Environment				
Other	9,260,830	7,275,830	6,908,439	367,391
Total expenditures	9,260,830	7,275,830	6,908,439	367,391
Excess of revenues over (under) expenditures	-	1,985,000	(424,913)	(2,409,913)
Other financing sources (uses):				
Other uses	-	-	(50,341)	(50,341)
Total other financing sources (uses)	-	-	(50,341)	(50,341)
Net change in fund balance	-	1,985,000	(475,254)	(2,460,254)
Fund balance, beginning of the year	1,001,685	1,001,685	1,001,685	-
Appropriation for prior year encumbrances	15,000	15,000	15,000	-
Fund balance, end of the year	\$ 1,016,685	\$ 3,001,685	\$ 541,431	\$ (2,460,254)

See notes to the required supplementary information.

CITY OF MIDDLETON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2014

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:

	General Fund	Housing Assistance
GAAP basis (as reported)	(\$841,258)	(\$329,188)
Adjustments: revenue and other sources	\$2,020,875	(\$19,400)
Expenditures and other uses	914,464	(66,666)
Encumbrances	(\$525,794)	(\$60,000)
Budget basis	\$1,568,287	(\$475,254)

**CITY OF MIDDLETOWN
FUND DESCRIPTIONS
DECEMBER 31, 2014**

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 TRUST 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, 2014**

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.

POOL FUND

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

HOME PROGRAM FUND

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

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 MIDDLETON
FUND DESCRIPTIONS
DECEMBER 31, 2014**

Non Major Special Revenue Funds continued:

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.

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.

**CITY OF MIDDLETOWN
FUND DESCRIPTIONS
DECEMBER 31, 2014**

Non Major Debt Service Funds continued:

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.

GREENTREE 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. No budget was adopted for this fund in 2014.

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.

**CITY OF MIDDLETOWN
FUND DESCRIPTIONS
DECEMBER 31, 2014**

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.

2010 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. No budget was appropriated in 2014 for this fund.

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.

CENTRAL AVE SIDEWALK, CURB AND GUTTER FUND

To accumulate costs for repairs and/or replacement of curb and sidewalk in designated areas of Central Avenue. Property owners will be 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 2015, thus no statements or schedules are presented.

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 canceled, thus, no statements or schedules are presented.

**CITY OF MIDDLETOWN
FUND DESCRIPTIONS
DECEMBER 31, 2014**

Non Major Capital Project Funds continued:

2014 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, 2014

	Non Major Special Revenue Funds	Non Major Debt Service Funds	Non Major Capital Project Funds	Total Non Major Governmental Funds
Assets:				
Cash and equity in pooled cash, deposits and investments	\$ 3,820,320	\$ 826,478	\$ 3,082,341	\$ 7,729,139
Receivables (net of allowance for uncollectibles):				
Property taxes	1,197,782	-	-	1,197,782
Accounts	207,989	-	-	207,989
Loans	978,083	-	-	978,083
Special assessments	399,116	-	-	399,116
Payment in lieu of taxes	-	566,000	-	566,000
Due from other governments	1,734,624	8,857	-	1,743,481
Inventory of supplies	494,386	-	-	494,386
Total assets	\$ 8,832,300	\$ 1,401,335	\$ 3,082,341	\$ 13,315,976
Liabilities:				
Accounts payable	\$ 216,810	\$ -	\$ 6,488	\$ 223,298
Accrued wages and benefits	89,137	-	-	89,137
Other accrued liabilities	51,388	-	-	51,388
Due to other funds	423,260	-	229,146	652,406
Due to other governments	123,499	-	-	123,499
Total liabilities	904,094	-	235,634	1,139,728
Deferred inflows:				
Revenues levied for the next year and unavailable revenue	2,726,636	574,857	-	3,301,493
Total deferred inflows	2,726,636	574,857	-	3,301,493
Fund balances:				
Nonspendable	415,799	-	-	415,799
Restricted	4,765,111	817,836	119,888	5,702,835
Committed	92,293	8,642	2,808,624	2,909,559
Unassigned	(71,633)	-	(81,805)	(153,438)
Total fund balances	5,201,570	826,478	2,846,707	8,874,755
Total liabilities, deferred inflows and fund balances	\$ 8,832,300	\$ 1,401,335	\$ 3,082,341	\$ 13,315,976

CITY OF MIDDLETON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Non Major Special Revenue Funds	Non Major Debt Service Funds	Non Major Capital Project Funds	Total Non Major Governmental Funds
Revenues:				
Property taxes	\$ 1,089,138	\$ -	\$ -	\$ 1,089,138
Municipal income taxes	2,968,433	1,779,943	8,000	4,756,376
Payment in lieu of taxes	-	981,585	-	981,585
Intergovernmental revenues	5,045,082	480,613	72,528	5,598,223
Charges for services	198,220	-	-	198,220
Fines and forfeits	1,690,919	-	-	1,690,919
Special assessments	282,272	-	108,205	390,477
Investment income	2,990	-	2,358	5,348
Miscellaneous	510,227	288,332	208,802	1,007,361
Total revenues	11,787,281	3,530,473	399,893	15,717,647
Expenditures:				
Current				
Public safety	5,462,853	-	-	5,462,853
Public health and welfare	389,487	-	-	389,487
Community environment	3,111,871	-	392,325	3,504,196
Highways and streets	2,333,686	-	-	2,333,686
General government	-	-	124,529	124,529
Miscellaneous	200,941	549,931	-	750,872
Debt service				
Principal retirement	967,000	2,163,424	-	3,130,424
Interest and fiscal charges	2,054	935,132	35,996	973,182
Total expenditures	12,467,892	3,648,487	552,850	16,669,229
Excess of revenues over (under) expenditures	(680,611)	(118,014)	(152,957)	(951,582)
Other financing sources (uses):				
Transfers-in	-	-	67,398	67,398
Issuance of special assessments bonds	-	-	445,947	445,947
Total other financing sources (uses)	-	-	513,345	513,345
Net change in fund balances	(680,611)	(118,014)	360,388	(438,237)
Fund balance, beginning of year	5,882,181	944,492	2,486,319	9,312,992
Fund balance, end of the year	\$ 5,201,570	\$ 826,478	\$ 2,846,707	\$ 8,874,755

CITY OF MIDDLETON, OHIO
COMBINING BALANCE SHEET
NON MAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2014

	Auto & Gas Tax	Acquisition for Parks	Health Fund	Emergency Medical Services	Urban Development Action Grant	Court Computer- ization
Assets:						
Cash and equity in pooled cash, deposits and investments	\$ 706,910	\$ 74,347	\$ 77,260	\$ 73,708	\$ 177,024	\$ 63,005
Receivables (net of allowance for uncollectibles):						
Property taxes	-	-	-	-	-	-
Accounts	452	-	6,099	-	-	5,329
Loans	-	-	-	-	46,400	-
Special assessments	-	-	-	-	-	-
Due from other governments	1,170,183	-	-	-	-	-
Inventory of supplies	415,799	-	-	-	-	-
Total assets	\$ 2,293,344	\$ 74,347	\$ 83,359	\$ 73,708	\$ 223,424	\$ 68,334
Liabilities:						
Accounts payable	\$ 47,326	\$ -	\$ 23,932	\$ -	\$ 12,000	\$ 30,390
Accrued wages and benefits	36,604	-	9,660	-	-	-
Other accrued liabilities	9,734	-	28,217	-	-	-
Due to other funds	33,934	-	-	-	-	-
Due to other governments	-	-	150	-	-	-
Total liabilities	127,598	-	61,959	-	12,000	30,390
Deferred inflows:						
Revenues levied for the next year and unavailable revenue	908,308	-	-	-	-	-
Total deferred inflows	908,308	-	-	-	-	-
Fund balances:						
Nonspendable	415,799	-	-	-	-	-
Restricted	841,639	-	21,400	73,708	211,424	37,944
Committed	-	74,347	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	1,257,438	74,347	21,400	73,708	211,424	37,944
Total liabilities, deferred inflows and fund balances	\$ 2,293,344	\$ 74,347	\$ 83,359	\$ 73,708	\$ 223,424	\$ 68,334

Law Enforcement Trust	Mandatory Drug Fine	Probation Services	Indigent Driver Alcohol Treatment	Enforcement Education	Civic Development	Municipal Court	Police Grant	Court IDIAM
\$ 1,916	\$ 149,198	\$ 268,445	\$ 5,197	\$ 54,814	\$ 243,752	\$ 328,795	\$ 184,947	\$ 31,698
-	-	-	-	-	-	-	-	-
-	20,350	9,906	1,179	164	59,286	93,266	-	615
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	44,260	-
-	-	-	-	-	-	-	-	-
\$ 1,916	\$ 169,548	\$ 278,351	\$ 6,376	\$ 54,978	\$ 303,038	\$ 422,061	\$ 229,207	\$ 32,313
 \$ -	 \$ 8,566	 \$ -	 \$ 160	 \$ -	 \$ 2,621	 \$ 8,573	 \$ 1,644	 \$ 1,644
-	-	1,913	-	-	-	40,960	-	-
-	999	660	-	-	-	11,778	-	-
-	412	-	-	-	-	1,275	-	-
-	-	-	-	-	-	-	-	-
 - 9,977	 2,573	 160	 -	 2,621	 62,586	 1,644	 1,644	 - 44,260
 - -	 - -	 - -	 - -	 - -	 - -	 - -	 - -	 - -
 1,916	 159,571	 275,778	 6,216	 54,978	 300,417	 359,475	 183,303	 30,669
 1,916	 159,571	 275,778	 6,216	 54,978	 300,417	 359,475	 183,303	 30,669
 \$ 1,916	 \$ 169,548	 \$ 278,351	 \$ 6,376	 \$ 54,978	 \$ 303,038	 \$ 422,061	 \$ 229,207	 \$ 32,313

(continued)

CITY OF MIDDLETON, OHIO
COMBINING BALANCE SHEET
NON MAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2014

	Court Special Projects	Pool Fund	Home Program	Community Develop- ment	Community Development Escrow	Community Development Police Pension
Assets:						
Cash and equity in pooled cash, deposits and investments	\$ 189,030	\$ 17,946	\$ 31,331	\$ -	\$ 550,623	\$ 98,215
Receivables (net of allowance for uncollectibles):						
Property taxes	-	-	-	-	-	204,189
Accounts	10,893	-	-	-	-	-
Loans	-	-	-	-	931,683	-
Special assessments	-	-	-	-	-	-
Due from other governments	-	-	150,000	300,000	-	12,055
Inventory of supplies	-	-	-	-	-	-
Total assets	\$ 199,923	\$ 17,946	\$ 181,331	\$ 300,000	\$ 1,482,306	\$ 314,459
Liabilities:						
Accounts payable	\$ 12,163	\$ -	\$ 21,470	\$ 30,728	\$ -	\$ -
Accrued wages and benefits	-	-	-	-	-	-
Other accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	50,000	237,639	-	-
Due to other governments	-	-	-	-	-	-
Total liabilities	12,163	-	71,470	268,367	-	-
Deferred inflows:						
Revenues levied for the next year and unavailable revenue	-	-	106,989	-	-	216,244
Total deferred inflows	-	-	106,989	-	-	216,244
Fund balances:						
Nonspendable	-	-	-	-	-	-
Restricted	187,760	-	2,872	31,633	1,482,306	98,215
Committed	-	17,946	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	187,760	17,946	2,872	31,633	1,482,306	98,215
Total liabilities, deferred inflows and fund balances	\$ 199,923	\$ 17,946	\$ 181,331	\$ 300,000	\$ 1,482,306	\$ 314,459

Fire Pension	Neighborhood Stabilization Program	Conservancy District	Nuisance Abatement	Senior Services	HUD Section 108 Loan	Totals
\$ 54,055	\$ 111,095	\$ 51,716	\$ 273,530	\$ 1	\$ 1,762	\$ 3,820,320
204,189	-	109,137	-	680,267	-	1,197,782
-	-	-	450	-	-	207,989
-	-	-	-	-	-	978,083
-	-	-	399,116	-	-	399,116
12,055	-	5,653	-	40,418	-	1,734,624
-	78,587	-	-	-	-	494,386
\$ 270,299	\$ 189,682	\$ 166,506	\$ 673,096	\$ 720,686	\$ 1,762	\$ 8,832,300
\$ -	\$ 11,446	\$ -	\$ 4,147	\$ -	\$ -	\$ 216,810
-	-	-	-	-	-	89,137
-	-	-	-	-	-	51,388
-	100,000	-	-	-	-	423,260
-	-	123,349	-	-	-	123,499
-	111,446	123,349	4,147	-	-	904,094
216,244	-	114,790	399,116	720,685	-	2,726,636
216,244	-	114,790	399,116	720,685	-	2,726,636
-	-	-	-	-	-	415,799
54,055	78,236	-	269,833	1	1,762	4,765,111
-	-	-	-	-	-	92,293
-	-	(71,633)	-	-	-	(71,633)
54,055	78,236	(71,633)	269,833	1	1,762	5,201,570
\$ 270,299	\$ 189,682	\$ 166,506	\$ 673,096	\$ 720,686	\$ 1,762	\$ 8,832,300

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, 2014

	Auto & Gas Tax	Acquisition for Parks	Health Fund	Emergency Medical Services	Urban Development	Court Computer- ization
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Municipal income taxes	330,000	-	115,000	-	-	-
Intergovernmental revenues	2,442,465	-	20,403	-	-	-
Charges for services	-	-	198,220	-	-	-
Fines and forfeits	-	-	-	-	-	70,366
Special assessments	-	-	-	-	-	-
Interest earnings	507	-	-	-	94	-
Miscellaneous	90,364	-	16,253	1,275	-	-
Total revenues	2,863,336	-	349,876	1,275	94	70,366
Expenditures:						
Current						
Public safety	537,108	-	-	-	-	60,340
Public health and welfare	-	-	389,487	-	-	-
Community environment	-	-	-	-	144,990	-
Highways and streets	2,333,686	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Debt service						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	2,870,794	-	389,487	-	144,990	60,340
Net change in fund balances	(7,458)	-	(39,611)	1,275	(144,896)	10,026
Fund balance, beginning of year	1,264,896	74,347	61,011	72,433	356,320	27,918
Fund balance, end of the year	\$ 1,257,438	\$ 74,347	\$ 21,400	\$ 73,708	\$ 211,424	\$ 37,944

Law Enforcement Trust	Mandatory Drug Fine	Probation Services	Indigent Driver Alcohol Treatment	Enforcement Education	Civic Development	Municipal Court	Police Grant	Court IDIAM
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	18,578	-	-	-	300,000	-	-
-	-	-	-	-	-	-	53,397	-
-	74,674	109,853	16,379	4,267	-	1,265,604	-	5,150
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	134	-
-	25,632	-	-	-	277,698	4,727	-	-
-	118,884	109,853	16,379	4,267	277,698	1,570,331	53,531	5,150
 - 142,834	 111,192	 23,280	 2,435	 -	 1,496,904	 3,541	 1,644	
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	185,783	-	-	-
-	-	-	-	-	-	-	-	-
- 142,834	111,192	23,280	2,435	185,783	1,496,904	3,541	1,644	
- (23,950)	- (1,339)	- (6,901)	- 1,832	- 91,915	- 73,427	- 49,990	- 3,506	
1,916	183,521	277,117	13,117	53,146	208,502	286,048	133,313	27,163
\$ 1,916	\$ 159,571	\$ 275,778	\$ 6,216	\$ 54,978	\$ 300,417	\$ 359,475	\$ 183,303	\$ 30,669

(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, 2014

	Court Special Projects	Pool Fund	Home Program	Community Development	Community Development Escrow	Police Pension
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 193,689
Municipal income taxes	-	-	-	-	-	975,011
Intergovernmental revenues	-	-	369,581	726,044	-	26,409
Charges for services	-	-	-	-	-	-
Fines and forfeits	144,560	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Interest earnings	-	-	-	87	2,168	-
Miscellaneous	-	-	-	-	52,035	-
Total revenues	144,560	-	369,581	726,131	54,203	1,195,109
Expenditures:						
Current						
Public safety	66,970	-	-	-	-	1,410,818
Public health and welfare	-	-	-	-	-	-
Community environment	-	-	342,974	666,786	-	-
Highways and streets	-	-	-	-	-	-
Miscellaneous	-	-	-	-	9,338	2,910
Debt service						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	66,970	-	342,974	666,786	9,338	1,413,728
Net change in fund balances	77,590	-	26,607	59,345	44,865	(218,619)
Fund balance, beginning of year	110,170	17,946	(23,735)	(27,712)	1,437,441	316,834
Fund balance, end of the year	\$ 187,760	\$ 17,946	\$ 2,872	\$ 31,633	\$ 1,482,306	\$ 98,215

Fire Pension	Neighborhood Stabilization Program	Conservancy District	Nuisance Abatement	Senior Services	HUD Section 108 Loan	Totals
\$ 193,689	\$ -	\$ 84,842	\$ -	\$ 616,918	\$ -	\$ 1,089,138
1,214,422	-	34,000	-	-	-	2,968,433
26,409	309,234	11,862	956,209	84,491	-	5,045,082
-	-	-	-	-	-	198,220
-	-	-	66	-	-	1,690,919
-	-	-	282,272	-	-	282,272
-	-	-	-	-	-	2,990
-	38,697	-	450	-	3,096	510,227
1,434,520	347,931	130,704	1,238,997	701,409	3,096	11,787,281
1,605,787	-	-	-	-	-	5,462,853
-	-	-	-	-	-	389,487
-	307,644	124,726	823,343	701,408	-	3,111,871
-	-	-	-	-	-	2,333,686
2,910	-	-	-	-	-	200,941
-	-	-	-	-	967,000	967,000
-	-	-	-	-	2,054	2,054
1,608,697	307,644	124,726	823,343	701,408	969,054	12,467,892
(174,177)	40,287	5,978	415,654	1	(965,958)	(680,611)
228,232	37,949	(77,611)	(145,821)	-	967,720	5,882,181
\$ 54,055	\$ 78,236	\$ (71,633)	\$ 269,833	\$ 1	\$ 1,762	\$ 5,201,570

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income tax	\$ 330,000	\$ 330,000	\$ 330,000	\$ -
Intergovernmental revenue	2,372,530	2,372,530	2,349,210	(23,320)
Interest earnings	4,500	4,500	507	(3,993)
Rentals and leases	-	-	900	900
Miscellaneous	96,823	96,823	89,560	(7,263)
Total revenues	2,803,853	2,803,853	2,770,177	(33,676)
Expenditures:				
Current				
Public safety:				
Electronic Maintenance				
Personal Services	226,782	226,782	216,247	10,535
Other	368,869	478,192	448,159	30,033
Total public safety	595,651	704,974	664,406	40,568
Highways and streets:				
Street Maintenance				
Personal Services	797,196	797,196	742,988	54,208
Other	1,399,454	1,881,725	1,800,593	81,132
Grounds Maintenance				
Personal Services	147,221	148,421	145,563	2,858
Other	304,381	398,170	329,826	68,344
Total highways and streets	2,648,252	3,225,512	3,018,970	206,542
Total expenditures	3,243,903	3,930,486	3,683,376	247,110
Excess of revenues over (under) expenditures	(440,050)	(1,126,633)	(913,199)	213,434
Other sources	-	380,000	-	(380,000)
Total other financing sources (uses)	-	380,000	-	(380,000)
Net change in fund balance	(440,050)	(746,633)	(913,199)	(166,566)
Fund balance, beginning of the year	747,530	747,530	747,530	-
Appropriation for prior year encumbrances	202,438	202,438	202,438	-
Fund balance, end of the year	\$ 509,918	\$ 203,335	\$ 36,769	\$ (166,566)

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, 2014

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

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income taxes	\$ 115,000	\$ 115,000	\$ 115,000	\$ -
Intergovernmental revenue	19,096	19,096	19,733	637
Charges for services	198,539	198,539	192,792	(5,747)
Miscellaneous	15,000	15,000	16,253	1,253
Total revenues	347,635	347,635	343,778	(3,857)
Expenditures:				
Current				
Public health and welfare:				
Health State Subsidy				
Personal services	9,096	9,096	9,021	75
Health/Environment Admin.				
Personal services	291,476	296,976	291,562	5,414
Other	83,623	78,123	65,971	12,152
Total expenditures	384,195	384,195	366,554	17,641
Excess of revenues over/under expenditures	(36,560)	(36,560)	(22,776)	13,784
Other financing sources:				
Other sources	-	-	2,954	2,954
Total other financing sources	-	-	2,954	2,954
Net change in fund balance	(36,560)	(36,560)	(19,822)	16,738
Fund balance, beginning of the year	97,082	97,082	97,082	-
Fund balance, end of the year	\$ 60,522	\$ 60,522	\$ 77,260	\$ 16,738

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Miscellaneous	\$ -	\$ -	\$ 1,275	\$ 1,275
Total revenues	-	-	1,275	1,275
Expenditures:				
Current				
Public health				
Other	72,432	72,432	-	72,432
Total expenditures	72,432	72,432	-	72,432
Net change in fund balance	(72,432)	(72,432)	1,275	73,707
Fund balance, beginning of the year	72,433	72,433	72,433	-
Fund balance, end of the year	\$ 1	\$ 1	\$ 73,708	\$ 73,707

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Interest earnings	\$ 1,150	\$ 1,150	\$ 177	\$ (973)
Miscellaneous	41,900	41,900	21,134	(20,766)
Total revenues	43,050	43,050	21,311	(21,739)
Expenditures:				
Current				
Community environment				
Other	50,000	146,582	111,446	35,136
Total expenditures	50,000	146,582	111,446	35,136
Net change in fund balance	(6,950)	(103,532)	(90,135)	13,397
Fund balance, beginning of the year	137,566	137,566	137,566	-
Appropriation for prior year encumbrances	83,730	83,730	83,730	-
Fund balance, end of the year	\$ 214,346	\$ 117,764	\$ 131,161	\$ 13,397

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeitures	\$ 75,000	\$ 75,000	\$ 70,794	\$ (4,206)
Total revenues	75,000	75,000	70,794	(4,206)
Expenditures:				
Current				
Public safety				
Other	75,000	91,538	55,253	36,285
Total expenditures	75,000	91,538	55,253	36,285
Net change in fund balance	-	(16,538)	15,541	32,079
Fund balance, beginning of the year	30,926	30,926	30,926	-
Appropriation for prior year encumbrances	16,538	16,538	16,538	-
Fund balance, end of the year	\$ 47,464	\$ 30,926	\$ 63,005	\$ 32,079

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ 20,000	\$ 20,000	\$ -	\$ (20,000)
Total revenues	20,000	20,000	-	(20,000)
Expenditures:				
Current				
Public safety				
Other	20,000	20,000	-	20,000
Total expenditures	20,000	20,000	-	20,000
Net change in fund balance	-	-	-	-
Fund balance, beginning of the year	1,916	1,916	1,916	-
Fund balance, end of the year	\$ 1,916	\$ 1,916	\$ 1,916	\$ -

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ 85,000	\$ 85,000	\$ 72,902	\$ (12,098)
Miscellaneous	-	-	25,632	25,631
Total revenues	85,000	85,000	98,534	13,533
Expenditures:				
Current				
Public safety				
Other	179,952	183,050	141,384	41,666
Total expenditures	179,952	183,050	141,384	41,666
Excess of revenues over (under) expenditures	(94,952)	(98,050)	(42,850)	55,199
Other financing uses:				
Other uses	-	-	(5,894)	(5,894)
Total other financing sources	-	-	(5,894)	(5,894)
Net change in fund balance	(94,952)	(98,050)	(48,744)	49,305
Fund balance, beginning of the year	191,746	191,746	191,746	-
Appropriation for prior year encumbrances	3,098	3,098	3,098	-
Fund balance, end of the year	\$ 99,892	\$ 96,794	\$ 146,100	\$ 49,305

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ 125,000	\$ 125,000	\$ 108,518	\$ (16,482)
Total revenues	125,000	125,000	108,518	(16,482)
Expenditures:				
Current				
Public safety				
Personal Services	72,007	78,768	78,203	565
Other	67,500	69,008	42,568	26,440
Total expenditures	139,507	147,776	120,771	27,005
Net change in fund balance	(14,507)	(22,776)	(12,253)	10,523
Fund balance, beginning of the year	272,429	272,429	272,429	-
Appropriation for prior year encumbrances	8,269	8,269	8,269	-
Fund balance, end of the year	\$ 266,191	\$ 257,922	\$ 268,445	\$ 10,523

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ 20,000	\$ 20,000	\$ 16,116	\$ (3,884)
Total revenues	20,000	20,000	16,116	(3,884)
Expenditures:				
Current				
Public safety				
Other	30,000	30,000	25,047	4,953
Total expenditures	30,000	30,000	25,047	4,953
Net change in fund balance	(10,000)	(10,000)	(8,931)	1,069
Fund balance, beginning of the year	14,128	14,128	14,128	-
Fund balance, end of the year	\$ 4,128	\$ 4,128	\$ 5,197	\$ 1,069

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ 12,000	\$ 12,000	\$ 4,868	\$ (7,132)
Miscellaneous	-	0	129	129
Total revenues	12,000	12,000	4,997	(7,003)
Expenditures:				
Current				
Public safety				
Personal Services	5,623	5,623	-	5,623
Other	10,500	10,500	2,992	7,508
Total expenditures	16,123	16,123	2,992	13,131
Net change in fund balance		(4,123)	(4,123)	2,005
Fund balance, beginning of year		52,809	52,809	52,809
Fund balance, end of the year	\$ 48,686	\$ 48,686	\$ 54,814	\$ 6,128

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Miscellaneous	\$ 216,140	\$ 216,140	\$ 272,522	\$ 56,382
Total revenues	216,140	216,140	272,522	56,382
Expenditures:				
Current				
Miscellaneous				
Other	215,000	226,722	199,408	27,314
Total expenditures	215,000	226,722	199,408	27,314
Net change in fund balance	1,140	(10,582)	73,114	83,696
Fund balance, beginning of the year	149,826	149,826	149,826	-
Appropriation for prior year encumbrances	11,722	11,722	11,722	-
Fund balance, end of the year	\$ 162,688	\$ 150,966	\$ 234,662	\$ 83,696

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income tax	\$ 300,000	\$ 300,000	\$ 300,000	\$ -
Fines and forfeits	1,316,025	1,316,025	1,276,649	(39,376)
Miscellaneous	6,679	6,679	4,727	(1,952)
Total revenues	1,622,704	1,622,704	1,581,376	(41,328)
Expenditures:				
Current				
Public safety				
Personal Services	1,447,683	1,447,683	1,368,407	79,276
Other	175,583	175,583	115,156	60,427
Total expenditures	1,623,266	1,623,266	1,483,563	139,703
Net change in fund balance	(562)	(562)	97,813	98,375
Fund balance, beginning of the year	230,982	230,982	230,982	-
Fund balance, end of the year	\$ 230,420	\$ 230,420	\$ 328,795	\$ 98,375

CITY OF MIDDLETON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
POLICE GRANT FUND
FOR YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ 64,816	\$ 64,816	62,767	\$ (2,049)
Interest earnings	1,120	1,120	134	(986)
Total revenues	65,936	65,936	62,901	(3,035)
Expenditures:				
Current				
Public safety:				
Other				
Step Grant				
Personal Services	50,125	50,125	-	50,125
Other	590	590	-	590
OVI Grant				
Personal Services	13,837	13,837	-	13,837
Other	162	162	-	162
Body Armor Grant	-	6,766	6,766	-
JAG 2010 Grant	-	48,971	44,165	4,806
Byrne Memorial Grant	-	-	17,321	(17,321)
Total expenditures	64,714	120,451	68,252	52,199
Net change in fund balance	1,222	(54,515)	(5,351)	49,164
Fund balance, beginning of the year	162,766	162,766	162,766	-
Appropriation for prior year encumbrances	20,766	20,766	20,766	-
Fund balance, end of the year	\$ 184,754	\$ 129,017	178,181	\$ 49,164

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines & forfeits	\$ 11,000	\$ (14,000)	\$ 6,855	\$ 20,855
Total revenues	11,000	(14,000)	6,855	20,855
Expenditures:				
Current				
Public safety				
Other	25,000	-	-	-
Total expenditures	25,000	-	-	-
Net change in fund balance	(14,000)	(14,000)	6,855	20,855
Fund balance, beginning of the year	24,843	24,843	24,843	-
Fund balance, end of the year	\$ 10,843	\$ 10,843	\$ 31,698	\$ 20,855

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines & forfeits	\$ 150,000	\$ 150,000	\$ 145,374	\$ (4,626)
Total revenues	150,000	150,000	145,374	(4,626)
Expenditures:				
Current				
Public safety				
Other	175,000	175,000	54,807	120,193
Total expenditures	175,000	175,000	54,807	120,193
Net change in fund balance	(25,000)	(25,000)	90,567	115,567
Fund balance, beginning of the year	98,463	98,463	98,463	-
Fund balance, end of the year	\$ 73,463	\$ 73,463	\$ 189,030	\$ 115,567

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, 2014

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

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ 400,000	\$ 450,000	\$ 345,055	\$ (104,945)
Miscellaneous	-	-	6,572	6,572
Total revenues	400,000	450,000	351,627	(98,373)
Expenditures:				
Current				
Community environment				
Other	400,000	400,000	334,749	65,251
Total expenditures	400,000	400,000	334,749	65,251
Net change in fund balance		50,000	16,878	(33,122)
Fund balance, beginning of the year	14,453	14,453	14,453	-
Fund balance, end of the year	\$ 14,453	\$ 64,453	\$ 31,331	\$ (33,122)

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ 879,500	\$ 879,500	\$ 426,044	\$ (453,456)
Interest earnings	-	-	87	87
Miscellaneous	2,500	2,500	-	(2,500)
Total revenues	882,000	882,000	426,131	(455,869)
Expenditures:				
Current				
Community environment				
Other	861,500	861,500	720,375	141,125
Total expenditures	861,500	861,500	720,375	141,125
Net change in fund balance	20,500	20,500	(294,244)	(314,744)
Fund balance, beginning of the year	100,397	100,397	100,397	-
Fund balance, end of the year	\$ 120,897	\$ 120,897	\$ (193,847)	\$ (314,744)

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Interest earnings	\$ 4,500	\$ 4,500	\$ 2,168	\$ (2,332)
Miscellaneous	56,000	56,000	122,646	66,646
Total revenues	60,500	60,500	124,814	64,314
Expenditures:				
Current				
Community Environment	300,000	300,000	8,542	291,458
Miscellaneous	5,000	5,000	797	4,203
Total expenditures	305,000	305,000	9,339	295,661
Net change in fund balance	(244,500)	(244,500)	115,475	359,975
Fund balance, beginning of the year	435,148	435,148	435,148	-
Fund balance, end of the year	\$ 190,648	\$ 190,648	\$ 550,623	\$ 359,975

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property taxes	\$ 180,000	\$ 180,000	\$ 193,689	\$ 13,689
Intergovernmental revenue	26,400	26,400	26,409	9
Municipal income taxes	1,130,000	1,130,000	975,011	(154,989)
Total revenues	1,336,400	1,336,400	1,195,109	(141,291)
Expenditures:				
Current				
Public safety				
Miscellaneous	4,040	4,040	2,910	1,130
Public Safety	1,287,310	1,471,119	1,410,818	60,301
Total expenditures	1,291,350	1,475,159	1,413,728	61,431
Other financing sources (uses):				
Net change in fund balance	45,050	(138,759)	(218,619)	(79,860)
Fund balance, beginning of the year	316,834	316,834	316,834	
Fund balance, end of the year	\$ 361,884	\$ 178,075	\$ 98,215	\$ (79,860)

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property taxes	\$ 180,000	\$ 180,000	\$ 193,689	\$ 13,689
Intergovernmental revenue	26,400	26,400	26,409	9
Municipal income taxes	1,234,000	1,234,000	1,214,422	(19,578)
Total revenues	1,440,400	1,440,400	1,434,520	(5,880)
 Expenditures:				
Current				
Public safety				
Miscellaneous	4,040	4,040	2,910	1,130
Public Safety	1,404,485	1,605,787	1,605,787	-
Total expenditures	1,408,525	1,609,827	1,608,697	1,130
 Net change in fund balance	31,875	(169,427)	(174,177)	(4,750)
Fund balance, beginning of the year	228,232	228,232	228,232	-
Fund balance, end of the year	\$ 260,107	\$ 58,805	\$ 54,055	\$ (4,750)

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ 720,000	\$ 720,000	\$ 390,235	\$ (329,765)
Total revenues	720,000	720,000	390,235	(329,765)
Expenditures:				
Current				
Community environment				
Other	720,000	720,000	296,799	423,201
Total expenditures	720,000	720,000	296,799	423,201
Net change in fund balance	-	-	93,436	93,436
Fund balance, beginning of the year	17,659	17,659	17,659	-
Fund balance, end of the year	\$ 17,659	\$ 17,659	\$ 111,095	\$ 93,436

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income tax	\$ 34,000	\$ 34,000	\$ 34,000	\$ -
Property taxes	90,000	90,000	84,842	(5,158)
Intergovernmental revenue	14,000	14,000	11,862	(2,138)
Total revenues	138,000	138,000	130,704	(7,296)
Expenditures:				
Current				
Community environment				
Other	144,500	144,500	124,726	19,774
Total expenditures	144,500	144,500	124,726	19,774
Net change in fund balance	(6,500)	(6,500)	5,978	12,478
Fund balance, beginning of the year	45,738	45,738	45,738	-
Fund balance, end of the year	\$ 39,238	\$ 39,238	\$ 51,716	\$ 12,478

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special assessments	\$ 200,000	\$ 200,000	\$ 282,272	\$ 82,272
Intergovernmental	134,000	984,000	956,209	(27,791)
Fines and forfeitures	-	-	25	25
Miscellaneous	-	-	41	41
Total revenues	334,000	1,184,000	1,238,547	54,547
Expenditures:				
Current				
Community environment				
Other	230,000	1,211,000	931,016	279,984
Total expenditures	230,000	1,211,000	931,016	279,984
Net change in fund balance	104,000	(27,000)	307,531	334,531
Fund balance, beginning of the year	(103,201)	(103,201)	(103,201)	-
Appropriation for prior year encumbrances	31,000	31,000	31,000	-
Fund balance, end of the year	\$ 31,799	\$ (99,201)	\$ 235,330	\$ 334,531

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property taxes	\$ 620,000	\$ 620,000	\$ 616,918	\$ (3,082)
Intergovernmental revenue	180,000	180,000	84,491	(95,509)
Total revenues	800,000	800,000	701,409	(98,591)
Expenditures:				
Current				
Community environment				
Other	800,000	800,000	701,650	98,350
Total expenditures	800,000	800,000	701,650	98,350
Net change in fund balance			(241)	(241)
Fund balance, beginning of the year	242	242	242	-
Fund balance, end of the year	\$ 242	\$ 242	\$ 1	\$ (241)

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Miscellaneous revenue	\$ 38,500	\$ 11,100	\$ 2,135	\$ (8,965)
Total revenues	38,500	11,100	2,135	(8,965)
Expenditures:				
Current				
Community environment				
Other	38,500	11,100	1,093	10,007
Total expenditures	38,500	11,100	1,093	10,007
Net change in fund balance	-	-	1,042	1,042
Fund balance, beginning of the year	720	720	720	-
Fund balance, end of the year	\$ 720	\$ 720	\$ 1,762	\$ 1,042

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income tax	\$ 604,493	\$ 640,159	\$ 641,553	\$ 1,394
Total revenues	604,493	640,159	641,553	1,394
Expenditures:				
Current				
General government				
Personal services	521,283	521,283	490,441	30,842
Other	83,210	118,876	148,687	(29,811)
Total expenditures	604,493	640,159	639,128	1,031
Net change in fund balance	-	-	2,425	2,425
Fund balance, beginning of the year	25,000	25,000	25,000	-
Appropriation for prior year encumbrances	6,246	6,246	6,246	-
Fund balance, end of the year	\$ 31,246	\$ 31,246	\$ 33,671	\$ 2,425

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income tax	\$ 200,000	\$ 400,000	\$ 200,000	\$ (200,000)
Total revenues	200,000	400,000	200,000	(200,000)
Expenditures:				
Current				
Personal services:				
Public safety	200,000	500,000	489,594	10,406
Public health & welfare	25,000	25,000	-	25,000
Leisure time activities	20,000	20,000	19,054	946
Community environment	30,000	30,000	7,451	22,549
General government	170,000	200,000	33,079	166,921
Highways & streets		20,000	17,393	2,607
Miscellaneous		5,000	6,088	(1,088)
Total expenditures	445,000	800,000	572,659	227,341
Net change in fund balance	(245,000)	(400,000)	(372,659)	27,341
Fund balance, beginning of the year	447,703	447,703	447,703	-
Fund balance, end of the year	\$ 202,703	\$ 47,703	\$ 75,044	\$ 27,341



CITY OF MIDDLETON, OHIO
COMBINING BALANCE SHEET
NON MAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2014

	General Obligation Debt Service	East End - Towne Blvd Tax Increment Financing District	Downtown Tax Increment Financing District	Aeronca Tax Increment Financing District	Airport - Riverfront Tax Increment Financing District	Miller Road North Tax Increment Financing District
Assets						
Cash and equity in pooled cash, deposits and investments	\$ 8,642	\$ 362,305	\$ 21,621	\$ 4,423	\$ 5,385	\$ 64,371
Receivables (net of allowance for uncollectibles):						
Payments in lieu of taxes	-	264,000	10,000	-	1,000	9,000
Due from other governments	8,857	-	-	-	-	-
Total assets	\$ 17,499	\$ 626,305	\$ 31,621	\$ 4,423	\$ 6,385	\$ 73,371
Deferred inflows						
Revenues levied for the next year and unavailable revenue	\$ 8,857	\$ 264,000	\$ 10,000	\$ -	\$ 1,000	\$ 9,000
Total deferred inflows	8,857	264,000	10,000	-	1,000	9,000
Fund balances:						
Restricted	-	362,305	21,621	4,423	5,385	64,371
Committed	8,642	-	-	-	-	-
Total fund balance	8,642	362,305	21,621	4,423	5,385	64,371
Total deferred inflows and fund balance	\$ 17,499	\$ 626,305	\$ 31,621	\$ 4,423	\$ 6,385	\$ 73,371

Towne Mall Hospital Tax Increment Financing District	Renaissance North Tax Increment Financing District	Renaissance South Tax Increment Financing District	Manchester Road Tax Increment Financing District	Greentree Tax Increment Financing District	Made Industrial Park Tax Increment Financing	South Yankee Road Tax Increment Financing	Totals
\$ 176,622	\$ 97,762	\$ 61,869	\$ 378	\$ -	\$ 287	\$ 22,813	\$ 826,478
169,000	67,000	20,000	-	26,000	-	-	566,000 8,857
\$ 345,622	\$ 164,762	\$ 81,869	\$ 378	\$ 26,000	\$ 287	\$ 22,813	\$ 1,401,335

\$ 169,000	\$ 67,000	\$ 20,000	\$ -	\$ 26,000	\$ -	\$ -	\$ 574,857
169,000	67,000	20,000	-	26,000	-	-	574,857
176,622	97,762	61,869	378	-	287	22,813	817,836 8,642
176,622	97,762	61,869	378	-	287	22,813	826,478

\$ 345,622	\$ 164,762	\$ 81,869	\$ 378	\$ 26,000	\$ 287	\$ 22,813	\$ 1,401,335
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CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON MAJOR DEBT SERVICE FUNDS
FOR YEAR ENDED DECEMBER 31, 2014

	General Obligation Debt Service	East End - Towne Blvd Tax Increment Financing District	Downtown Tax Increment Financing District	Aeronca Tax Increment Financing District	Airport - Riverfront Tax Increment Financing District	Miller Road North Tax Increment Financing District
Revenues						
Municipal income taxes	\$ 1,779,943	\$ -	\$ -	\$ -	\$ -	\$ -
Payment in lieu of taxes	-	279,913	7,191	-	484	7,615
Intergovernmental	480,613	-	-	-	-	-
Miscellaneous revenues	288,332	-	-	-	-	-
Total revenues	2,548,888	279,913	7,191	-	484	7,615
Expenditures						
Debt service						
Principal retirement	1,758,424	205,000	15,000	-	-	-
Interest and fiscal charges	836,518	98,614	-	-	-	-
Miscellaneous	-	70,757	-	-	-	-
Total expenditures	2,594,942	374,371	15,000	-	-	-
Net change in fund balance	(46,054)	(94,458)	(7,809)	-	484	7,615
Fund balance, beginning of the year	54,696	456,763	29,430	4,423	4,901	56,756
Fund balance, end of the year	\$ 8,642	\$ 362,305	\$ 21,621	\$ 4,423	\$ 5,385	\$ 64,371

Towne Mall Hospital Tax Increment Financing District	Renaissance North Tax Increment Financing District	Renaissance South Tax Increment Financing District	Manchester Road Tax Increment Financing District	Greentree Tax Increment Financing District	Made Industrial Park Tax Increment Financing	South Yankee Road Tax Increment Financing	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,779,943
418,587	142,682	102,300	-	-	-	22,813	981,585
-	-	-	-	-	-	-	480,613
-	-	-	-	-	-	-	288,332
418,587	142,682	102,300	-	-	-	22,813	3,530,473
80,000	45,000	60,000	-	-	-	-	2,163,424
-	-	-	-	-	-	-	935,132
285,789	88,712	104,673	-	-	-	-	549,931
365,789	133,712	164,673	-	-	-	-	3,648,487
52,798	8,970	(62,373)	-	-	-	22,813	(118,014)
123,824	88,792	124,242	378	-	287	-	944,492
\$ 176,622	\$ 97,762	\$ 61,869	\$ 378	\$ -	\$ 287	\$ 22,813	\$ 826,478

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special assessments	\$ 380,000	\$ 380,000	\$ 355,628	\$ (24,372)
Miscellaneous	35,000	35,000	-	(35,000)
Total revenues	415,000	415,000	355,628	(59,372)
Expenditures:				
Debt service	403,595	403,595	290,874	112,721
Total expenditures	403,595	403,595	290,874	112,721
Net change in fund balance	11,405	11,405	64,754	53,349
Fund balance, beginning of the year	190,274	190,274	190,274	-
Fund balance, end of the year	\$ 201,679	\$ 201,679	\$ 255,028	\$ 53,349

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income taxes	\$ 1,779,943	\$ 1,779,943	\$ 1,779,943	\$ -
Intergovernmental	950	950	440,113	439,163
Miscellaneous	753,028	753,028	108,832	(644,196)
Total revenues	2,533,921	2,533,921	2,328,888	(205,033)
Expenditures:				
Current				
Miscellaneous				
Other	10,000	10,000	3,805	6,195
Debt service	2,529,040	2,529,040	2,371,137	157,903
Total expenditures	2,539,040	2,539,040	2,374,942	164,098
Net change in fund balance	(5,119)	(5,119)	(46,054)	(40,935)
Fund balance, beginning of the year	54,696	54,696	54,696	-
Fund balance, end of the year	\$ 49,577	\$ 49,577	\$ 8,642	\$ (40,935)

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 DISTRICT FUND
FOR YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ 319,680	\$ 319,680	\$ 279,913	\$ (39,767)
Total revenues	319,680	319,680	279,913	(39,767)
Expenditures:				
Current				
Miscellaneous				
Other	115,741	115,741	70,757	44,984
Debt service	300,000	300,000	303,614	(3,614)
Total expenditures	415,741	415,741	374,371	41,370
Net change in fund balance	(96,061)	(96,061)	(94,458)	1,603
Fund balance, beginning of the year	456,763	456,763	456,763	-
Fund balance, end of the year	\$ 360,702	\$ 360,702	\$ 362,305	\$ 1,603

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
DOWNTOWN TAX INCREMENT FINANCING DISTRICT FUND
FOR YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ 15,000	\$ 15,000	\$ 7,191	\$ (7,809)
Total revenues	15,000	15,000	7,191	(7,809)
Expenditures:				
Current				
Miscellaneous				
Other	450	450	-	450
Debt service	15,000	15,000	15,000	-
Total expenditures	15,450	15,450	15,000	450
Net change in fund balance	(450)	(450)	(7,809)	(7,359)
Fund balance, beginning of the year	29,430	29,430	29,430	-
Fund balance, end of the year	\$ 28,980	\$ 28,980	\$ 21,621	\$ (7,359)

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
AERONCA TAX INCREMENT FINANCING DISTRICT FUND
FOR YEAR ENDED DECEMBER 31, 2014

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

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
AIRPORT/RIVERFRONT TAX INCREMENT FINANCING DISTRICT FUND
FOR YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ 1,170	\$ 1,170	\$ 484	\$ (686)
Total revenues	1,170	1,170	484	(686)
Expenditures:				
Current				
Miscellaneous				
Other	35	35	-	35
Total expenditures	35	35	-	35
Net change in fund balance	1,135	1,135	484	(651)
Fund balance, beginning of the year	4,901	4,901	4,901	-
Fund balance, end of the year	\$ 6,036	\$ 6,036	\$ 5,385	\$ (651)

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 DISTRICT FUND
FOR YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ 8,000	\$ 8,000	\$ 7,615	\$ (385)
Total revenues	8,000	8,000	7,615	(385)
Expenditures:				
Current				
Miscellaneous				
Other	240	240	-	240
Total expenditures	240	240	-	240
Net change in fund balance	7,760	7,760	7,615	(145)
Fund balance, beginning of the year	56,756	56,756	56,756	-
Fund balance, end of the year	\$ 64,516	\$ 64,516	\$ 64,371	\$ (145)

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 DISTRICT FUND
FOR YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ 495,250	\$ 495,250	\$ 418,587	\$ (76,663)
Total revenues	495,250	495,250	418,587	(76,663)
Expenditures:				
Current				
Miscellaneous				
Other	381,438	381,438	285,789	95,649
Debt service	80,000	80,000	80,000	-
Total expenditures	461,438	461,438	365,789	95,649
Net change in fund balance	33,812	33,812	52,798	18,986
Fund balance, beginning of the year	123,824	123,824	123,824	-
Fund balance, end of the year	\$ 157,636	\$ 157,636	\$ 176,622	\$ 18,986

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
RENAISSANCE NORTH TAX INCREMENT FINANCING DISTRICT FUND
FOR YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ 224,850	\$ 224,850	\$ 142,682	\$ (82,168)
Total revenues	224,850	224,850	142,682	(82,168)
Expenditures:				
Current				
Miscellaneous				
Other	173,599	173,599	88,712	84,887
Debt service	45,000	45,000	45,000	-
Total expenditures	218,599	218,599	133,712	84,887
Net change in fund balance	6,251	6,251	8,970	2,719
Fund balance, beginning of the year	88,792	88,792	88,792	-
Fund balance, end of the year	\$ 95,043	\$ 95,043	\$ 97,762	\$ 2,719

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
RENAISSANCE SOUTH TAX INCREMENT FINANCING DISTRICT FUND
FOR YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ 44,500	\$ 102,300	\$ 102,300	-
Total revenues	44,500	102,300	102,300	-
Expenditures:				
Current				
Miscellaneous				
Other	41,595	104,695	104,673	22
Debt service	60,000	60,000	60,000	-
Total expenditures	101,595	164,695	164,673	22
Net change in fund balance	(57,095)	(62,395)	(62,373)	22
Fund balance, beginning of the year	124,242	124,242	124,242	-
Fund balance, end of the year	\$ 67,147	\$ 61,847	\$ 61,869	\$ 22

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
MANCHESTER ROAD TAX INCREMENT FINANCING DISTRICT FUND
FOR YEAR ENDED DECEMBER 31, 2014

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

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, 2014

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

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
SOUTH YANKEE ROAD TAX INCREMENT FINANCING FUND
FOR YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$	-	\$ 22,813	\$ 22,813
Total revenues		-	22,813	22,813
Expenditures:				
Current				
Miscellaneous				
Other		-		
Total expenditures		-	-	-
Net change in fund balance		-	22,813	22,813
Fund balance, beginning of the year		-		
Fund balance, end of the year	\$	-	\$ 22,813	\$ 22,813



CITY OF MIDDLETOWN, OHIO
COMBINING BALANCE SHEET
NON MAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2014

	East End Development	Downtown Improvements	Computer Replacement
Assets			
Cash and equity in pooled cash, deposits and investments	\$ 118,413	\$ 402,692	\$ 2,011,058
Total assets	\$ 118,413	\$ 402,692	\$ 2,011,058
Liabilities			
Accounts payable	\$ -	\$ 1,609	\$ -
Due to other funds	-	-	-
Total liabilities	-	1,609	-
Fund balances:			
Restricted	118,413	-	-
Committed	-	401,083	2,011,058
Unassigned	-	-	-
Total fund balances	118,413	401,083	2,011,058
Total liabilities and fund balances	\$ 118,413	\$ 402,692	\$ 2,011,058

Property Development	2010 Lefferson Road Sewer Special Assessment	2011 Sidewalk, Curb and Gutter	Main Street Special Assessment	Totals
\$ 401,362	\$ 1,475	-	\$ 147,341	\$ 3,082,341
\$ 401,362	\$ 1,475	-	\$ 147,341	\$ 3,082,341
\$ 4,879	\$ -	\$ 55,146	\$ 174,000	\$ 6,488
4,879	-	55,146	174,000	235,634
-	1,475	-	-	119,888
396,483	-	-	-	2,808,624
-	-	(55,146)	(26,659)	(81,805)
396,483	1,475	(55,146)	(26,659)	2,846,707
\$ 401,362	\$ 1,475	-	\$ 147,341	\$ 3,082,341

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON MAJOR CAPITAL PROJECT FUNDS
FOR YEAR ENDED DECEMBER 31, 2014

	East End Development	Downtown Improvements	Computer Replacement
Revenues			
Municipal income taxes	\$ -	\$ -	\$ 8,000
Intergovernmental revenues	-	-	-
Special Assessments	-	-	-
Investment income	111	373	1,874
Miscellaneous	-	92,356	46,018
Total revenues	111	92,729	55,892
Expenditures			
Current			
Community environment	-	140,349	-
General government	-	-	124,529
Debt service			
Interest and fiscal charges	-	35,996	-
Total expenditures	-	176,345	124,529
Excess of revenues over (under) expenditures	111	(83,616)	(68,637)
Other financing sources (uses)			
Transfers-in	-	-	67,398
Issuance of special assessment bonds	-	-	-
Total other financing sources (uses)	-	-	67,398
Net change in fund balances	111	(83,616)	(1,239)
Fund balance, beginning of year	118,302	484,699	2,012,297
Fund balance, end of the year	\$ 118,413	\$ 401,083	\$ 2,011,058

Property Development	2010 Lefferson Road Sewer Special Assessment		2011 Sidewalk, Curb and Gutter		Main Street Special Assessment		Totals
\$ - \$ 72,528 - - 59,328							\$ 8,000 72,528 108,205 2,358 208,802
	131,856	7,103	61,349		50,853		399,893
251,976 - - -							392,325 124,529 35,996
	251,976	-	-				552,850
(120,120) 7,103 61,349 50,853							(152,957)
- - 119,372							67,398 445,947
	-	119,372	-		326,575		513,345
(120,120) 126,475 61,349 377,428							360,388
516,603 (125,000) (116,495) (404,087) 2,486,319							
\$ 396,483 \$ 1,475 \$ (55,146) \$ (26,659) \$ 2,846,707							

CITY OF MIDDLETON, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
CAPITAL IMPROVEMENTS FUND
FOR YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property taxes	\$ 620,000	\$ 620,000	\$ 633,474	\$ 13,474
Intergovernmental revenue	4,187,000	5,109,000	1,343,146	(3,765,854)
Charges for services	3,000	3,000	5,622	2,622
Interest earnings	12,200	12,200	49	(12,151)
Miscellaneous	270,000	270,000	25,391	(244,609)
Total revenues	5,092,200	6,014,200	2,007,682	(4,006,518)
Expenditures:				
Current				
Leisure time activities				
Other	30,000	79,626	67,850	11,776
Highways and streets				
Other	3,740,000	4,996,475	3,040,836	1,955,639
Miscellaneous				
Other	30,000	37,689	56,993	(19,304)
Total expenditures	3,800,000	5,113,790	3,165,679	1,948,111
Excess of revenues over (under) expenditures	1,292,200	900,410	(1,157,997)	(2,058,407)
Other financing sources (uses):				
Advance	-	-	138,000	138,000
Other uses	-	-	(4,812)	(4,812)
Total other financing sources (uses)	-	-	133,188	133,188
Net change in fund balance	1,292,200	900,410	(1,024,809)	(1,925,219)
Fund balance, beginning of the year	(1,177,193)	(1,177,193)	(1,177,193)	-
Appropriation for prior year encumbrances	1,436,447	1,436,447	1,436,447	-
Fund balance, end of the year	\$ 1,551,454	\$ 1,159,664	\$ (765,555)	\$ (1,925,219)

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Interest earnings	\$ -	\$ -	\$ 110	\$ 110
Total revenues	-	-	110	110
Expenditures:				
Current				
Community environment				
Other	- -	- -	- -	- -
Total expenditures	- -	- -	- -	- -
Net change in fund balance	- -	- -	110	110
Fund balance, beginning of the year	115,810	115,810	115,810	-
Appropriation for prior year encumbrances	2,493	2,493	2,493	-
Fund balance, end of the year	\$ 118,303	\$ 118,303	\$ 118,413	\$ 110

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Interest earnings	\$ 4,500	\$ 4,500	\$ 373	\$ (4,127)
Miscellaneous	-	-	103,690	103,690
Total revenues	4,500	4,500	104,063	99,563
Expenditures:				
Current				
Community environment				
Other	116,700	147,955	144,542	3,413
Debt Service				
Interest & fiscal charges	36,000	36,000	35,996	4
Total expenditures	152,700	183,955	180,538	3,417
Net change in fund balance	(148,200)	(179,455)	(76,475)	102,980
Fund balance, beginning of the year	455,947	455,947	455,947	-
Appropriation for prior year encumbrances	21,255	21,255	21,255	-
Fund balance, end of the year	\$ 329,002	\$ 297,747	\$ 400,727	\$ 102,980

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income taxes	\$ 8,000	\$ 8,000	\$ 8,000	\$ -
Interest earnings	9,298	9,298	4,450	(4,848)
Miscellaneous	55,120	55,120	46,018	(9,102)
Total revenues	72,418	72,418	58,468	(13,950)
Expenditures:				
Current				
General government				
Other	475,000	558,786	186,743	372,043
Total expenditures	475,000	558,786	186,743	372,043
Excess of revenues under expenditures	(402,582)	(486,368)	(128,275)	358,093
Other financing sources:				
Transfers-in	67,398	67,398	67,398	-
Total other financing sources	67,398	67,398	67,398	-
Net change in fund balance	(335,184)	(418,970)	(60,877)	358,093
Fund balance, beginning of the year	1,936,863	1,936,863	1,936,863	-
Appropriation for prior year encumbrances	88,792	88,792	88,792	-
Fund balance, end of the year	\$ 1,690,471	\$ 1,606,685	\$ 1,964,778	\$ 358,093

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental	\$ 55,000	\$ 55,000	\$ 72,528	\$ 17,528
Miscellaneous	-	-	59,328	59,328
Total revenues	55,000	55,000	131,856	76,856
Expenditures:				
Current				
Community environment				
Other	130,300	324,458	346,154	(21,696)
Total expenditures	130,300	324,458	346,154	(21,696)
Net change in fund balance	(75,300)	(269,458)	(214,298)	55,160
Fund balance, beginning of the year	327,213	327,213	327,213	-
Appropriation for prior year encumbrances	193,041	193,041	193,041	-
Fund balance, end of the year	\$ 444,954	\$ 250,796	\$ 305,956	\$ 55,160

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special assessments	\$ -	\$ -	\$ 1,475	\$ 1,475
Total revenues	-	-	1,475	1,475
Expenditures:				
Current				
Debt Service				
Principal retirement	130,000	130,000	-	130,000
Total expenditures	130,000	130,000	-	130,000
Excess of revenues over/under expenditures	(130,000)	(130,000)	1,475	131,475
Other financing sources/uses:				
Proceeds from notes	130,000	130,000	-	(130,000)
Total other financing sources/uses	130,000	130,000	-	(130,000)
Net change in fund balance	-	-	1,475	1,475
Fund balance, beginning of the year	-	-	-	-
Fund balance, end of the year	\$ -	\$ -	\$ 1,475	\$ 1,475

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Miscellaneous	\$ -	\$ -	\$ 11,100	\$ 11,100
Special Assessments	- -	- -	39,753	39,753
Total revenues	-	-	50,853	50,853
Expenditures:				
Current				
Community environment	540,000	540,000	-	540,000
Total expenditures	540,000	540,000	-	540,000
Excess of revenues over/under expenditures	(540,000)	(540,000)	50,853	590,853
Other financing sources (uses):				
Other uses	- -	- -	(211,000)	(211,000)
Proceeds from notes	540,000	540,000	-	(540,000)
Proceeds from bonds	- -	- -	326,575	326,575
Total other financing sources	540,000	540,000	115,575	(424,425)
Net change in fund balance	- -	- -	166,428	166,428
Fund balance, beginning of the year	(165,709)	(165,709)	(165,709)	-
Appropriation for prior year encumbrances	146,622	146,622	146,622	-
Fund balance, end of the year	\$ (19,087)	\$ (19,087)	\$ 147,341	\$ 166,428

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, 2014

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

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
CENTRAL AVE. SIDEWALK, CURB AND GUTTER FUND
FOR YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special Assessments	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Current				
Community environment	500,000	-	-	-
Total expenditures	500,000	-	-	-
Excess of revenues over/under expenditures	(500,000)	-	-	-
Other financing sources/uses:				
Advance	500,000	-	-	-
Total other financing sources/(uses)	500,000	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of the year	-	-	-	-
Fund balance, end of the year	\$ -	\$ -	\$ -	\$ -

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, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special assessments	\$ 15,000	\$ -	\$ -	\$ -
Total revenues	15,000	-	-	-
Expenditures:				
Current				
Highways and streets	15,000	-	-	-
Other	15,000	-	-	-
Total expenditures	15,000	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of the year	-	-	-	-
Fund balance, end of the year	\$ -	\$ -	\$ -	\$ -

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
2014 SIDEWALK, CURB AND GUTTER FUND
FOR YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Miscellaneous revenue	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Current				
Highways and streets	500,000	-	-	-
Other	-	-	-	-
Total expenditures	500,000	-	-	-
Excess of revenues under expenditures	(500,000)	-	-	-
Other financing sources:				
Advance	500,000	-	-	-
Total other financing sources	500,000	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of the year	-	-	-	-
Fund balance, end of the year	\$ -	\$ -	\$ -	\$ -

**CITY OF MIDDLETOWN
FUND DESCRIPTIONS
DECEMBER 31, 2014**

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 WATER

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, 2014

Business Type Activities - Enterprise Funds

	Airport	Transit	Storm Water	Totals
Assets:				
Current assets:				
Equity in pooled cash, deposits and investments	\$ 454,834	\$ 261,670	\$ 1,949,700	\$ 2,666,204
Receivables (net of allowance for uncollectibles):				
Accounts	-	-	188,365	188,365
Intergovernmental	-	103,075	-	103,075
Total current assets	454,834	364,745	2,138,065	2,957,644
Noncurrent Assets:				
Capital assets:				
Construction in progress	80,290	-	850,020	930,310
Land	1,524,356	-	273,562	1,797,918
Land improvements	325,598	-	-	325,598
Infrastructure assets	624,895	-	5,406,376	6,031,271
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	(1,750,083)	(2,716,880)	(1,002,363)	(5,469,326)
Total capital assets (net of accumulated depreciation)	3,262,249	964,133	6,282,725	10,509,107
Total noncurrent assets	3,262,249	964,133	6,282,725	10,509,107
Total assets	3,717,083	1,328,878	8,420,790	13,466,751
Liabilities:				
Current liabilities:				
Accounts payable	8,243	49,546	15,205	72,994
Accrued wages and benefits	-	15,391	16,728	32,119
Other accrued liabilities	5,791	4,151	4,672	14,614
Accrued interest payable	4,403	-	-	4,403
Due to other funds	-	20,412	10,378	30,790
General obligation bonds payable	75,000	-	-	75,000
Compensated absences (short term)	-	10,628	16,388	27,016
Total current liabilities	93,437	100,128	63,371	256,936
Long-term liabilities:				
General obligation bonds payable	1,180,006	-	-	1,180,006
Compensated absences payable	-	6,572	14,270	20,842
Total long-term liabilities	1,180,006	6,572	14,270	1,200,848
Total liabilities	1,273,443	106,700	77,641	1,457,784
Net position:				
Net investment in capital assets	2,007,243	964,133	6,282,725	9,254,101
Unrestricted	436,397	258,045	2,060,424	2,754,866
Total net position	\$ 2,443,640	\$ 1,222,178	\$ 8,343,149	\$ 12,008,967

**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, 2014**

Business Type Activities - Enterprise Funds

	Airport	Transit	Storm Water	Totals
Operating revenues:				
Charges for services	\$ 324,600	\$ 150,598	\$ 1,716,219	\$ 2,191,417
Other operating revenue	125	3,158	16,963	20,246
Total operating revenues	324,725	153,756	1,733,182	2,211,663
Operating expenses:				
Personal services	-	425,882	546,638	972,520
Contractual services	204,398	880,234	215,733	1,300,365
Commodities	10,107	3,711	40,873	54,691
Depreciation	134,525	147,741	176,405	458,671
Other operating expenses	58,310	31,706	302,549	392,565
Total operating expenses	407,340	1,489,274	1,282,198	3,178,812
Operating income (loss)	(82,615)	(1,335,518)	450,984	(967,149)
Non-operating revenues (expenses):				
Interest revenue	-	-	1,926	1,926
Interest expense and fiscal charges	(52,827)	-	-	(52,827)
Operating grants	87,561	1,021,289	-	1,108,850
Income taxes	87,000	50,000	-	137,000
Total non-operating revenues (expenses)	121,734	1,071,289	1,926	1,194,949
Income (loss) before contributions	39,119	(264,229)	452,910	227,800
Capital contributions	-	129,286	-	129,286
Change in net position	39,119	(134,943)	452,910	357,086
Total net position, beginning of year	2,404,521	1,357,121	7,890,239	11,651,881
Total net position, end of year	\$ 2,443,640	\$ 1,222,178	\$ 8,343,149	\$ 12,008,967

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF CASH FLOWS
NON MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

Business Type Activities - Enterprise Funds

	Airport	Transit	Storm Water	Totals
Cash flows from operating activities:				
Cash received from customers	\$ 332,190	\$ 150,598	\$ 1,699,030	\$ 2,181,818
Cash payments to suppliers for goods and services	(278,270)	(714,819)	(476,398)	(1,469,487)
Cash payments to employees for services	-	(405,850)	(444,498)	(850,348)
Miscellaneous revenues	125	3,158	16,963	20,246
Cash payments for interfund services used	(96)	(304,198)	(171,690)	(475,984)
Net cash provided (used) by operating activities	53,949	(1,271,111)	623,407	(593,755)
Cash flows from non-capital financing activities:				
Operating grants	87,561	1,049,692	-	1,137,253
Income taxes received	87,000	50,000	-	137,000
Net cash provided by non-capital financing activities	174,561	1,099,692	-	1,274,253
Cash flows from capital and related financing activities:				
Purchase of capital assets	(34,588)	-	(861,381)	(895,969)
Interest expense	(54,938)	-	-	(54,938)
Repayment of debt principal	(70,000)	-	-	(70,000)
Capital contributions	-	129,286	-	129,286
Net cash provided (used) by capital and related financing activities	(159,526)	129,286	(861,381)	(891,621)
Cash flows from investing activities:				
Interest income	-	-	1,926	1,926
Net cash provided by investing activities	-	-	1,926	1,926
Net increase (decrease) in cash and cash equivalents	68,984	(42,133)	(236,048)	(209,197)
Cash and cash equivalents, beginning of year	385,850	303,803	2,185,748	2,875,401
Cash and cash equivalents, end of year	\$ 454,834	\$ 261,670	\$ 1,949,700	\$ 2,666,204

continued

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF CASH FLOWS
NON MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>(continued)</u>	Airport	Transit	Storm Water	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (82,615)	\$ (1,335,518)	\$ 450,984	\$ (967,149)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	134,525	147,741	176,405	458,671
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable (net)	7,590	-	(17,189)	(9,599)
Increase (decrease) in accounts payable	(5,543)	(79,558)	8,201	(76,900)
Increase (decrease) in accrued wages and benefits	-	3,849	3,337	7,186
Increase (decrease) in other accrued liabilities	-	(2,950)	(1,009)	(3,959)
Increase (decrease) in due to other funds	(8)	(5,426)	3,377	(2,057)
Increase (decrease) in compensated absences payable	-	751	(699)	52
Total adjustments	136,564	64,407	172,423	373,394
Net cash provided (used) by operating activities	\$ 53,949	\$ (1,271,111)	\$ 623,407	\$ (593,755)

**CITY OF MIDDLETOWN
FUND DESCRIPTIONS
DECEMBER 31, 2014**

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, 2014

	Municipal Garage	Employee Benefits Fund	Totals
Assets:			
Current assets:			
Equity in pooled cash, deposits and investments	\$ 4,795,935	\$ 1,198,705	\$ 5,994,640
Receivables (net of allowance for uncollectibles):			
Accounts	6,048	-	6,048
Due from other funds	133,733	-	133,733
Inventory of supplies	236,950	-	236,950
Total current assets	5,172,666	1,198,705	6,371,371
Capital assets:			
Land	195,750	-	195,750
Buildings	521,872	-	521,872
Equipment	11,549,243	-	11,549,243
Less: Accumulated depreciation	(9,499,019)	-	(9,499,019)
Net capital assets	2,767,846	-	2,767,846
Total assets	7,940,512	1,198,705	9,139,217
Liabilities:			
Current liabilities:			
Accounts payable	62,447	1,008,102	1,070,549
Accrued wages and benefits	16,018	-	16,018
Compensated absences payable	18,094	-	18,094
Total current liabilities	96,559	1,008,102	1,104,661
Long-term liabilities:			
Compensated absences payable	32,624	-	32,624
Total long-term liabilities	32,624	-	32,624
Total liabilities	129,183	1,008,102	1,137,285
Net position:			
Net investment in capital assets	2,767,846	-	2,767,846
Unrestricted	5,043,483	190,603	5,234,086
Total net position	\$ 7,811,329	\$ 190,603	\$ 8,001,932

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Municipal Garage	Employee Benefits Fund	Totals
Operating revenues:			
Charges for services	\$ 3,201,756	\$ 4,834,100	\$ 8,035,856
Other operating revenues	11,603	-	11,603
Total operating revenues	3,213,359	4,834,100	8,047,459
Operating expenses:			
Personal services	408,047	-	408,047
Contractual services	376,105	5,315,208	5,691,313
Commodities	1,003,499	-	1,003,499
Depreciation	803,626	-	803,626
Other operating expenses	9,851	-	9,851
Total operating expenses	2,601,128	5,315,208	7,916,336
Operating income (loss)	612,231	(481,108)	131,123
Non-operating revenues (expenses):			
Interest revenue	4,983	-	4,983
Gain on sale of equipment	10,525	-	10,525
Total non-operating revenues (expenses)	15,508	-	15,508
Change in net position	627,739	(481,108)	146,631
Total net position, beginning of the year	7,183,590	671,711	7,855,301
Total net position, end of the year	\$ 7,811,329	\$ 190,603	\$ 8,001,932

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Municipal Garage	Employee Benefits Fund	Totals
Cash flows from operating activities:			
Cash payments to suppliers for goods and services	\$ (1,624,238)	\$ (4,954,029)	\$ (6,578,267)
Cash payments to employees for services	(333,398)	-	(333,398)
Cash received from interfund services provided	3,259,952	4,899,351	8,159,303
Cash payments for interfund services used	(67,648)	-	(67,648)
Net cash provided (used) by operating activities	1,234,668	(54,678)	1,179,990
Cash flows from capital and related financing activities:			
Sale of capital assets	19,525	-	19,525
Purchase of capital assets	(294,562)	-	(294,562)
Net cash used by capital and related financing activities	(275,037)	-	(275,037)
Cash flows from investing activities:			
Interest income	4,983	-	4,983
Net cash provided by investing activities	4,983	-	4,983
Net increase in cash and cash equivalents	964,614	(54,678)	909,936
Cash and cash equivalents, beginning of year	3,831,321	1,253,383	5,084,704
Cash and cash equivalents, end of year	\$ 4,795,935	\$ 1,198,705	\$ 5,994,640

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>(continued)</u>	Municipal Garage	Employee Benefits Fund	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 612,231	\$ (481,108)	\$ 131,123
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	803,626	-	803,626
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	11,647	65,251	76,898
Decrease (increase) in due from other funds	34,946	-	34,946
Decrease (increase) in supplies inventory	25,313	-	25,313
Increase (decrease) in accounts payable	(259,331)	361,179	101,848
Increase (decrease) in accrued wages	1,546	-	1,546
Increase (decrease) in compensated absences	4,690	-	4,690
Total adjustments	622,437	426,430	1,048,867
Net cash provided (used) by operating activities	\$ 1,234,668	\$ (54,678)	\$ 1,179,990

**CITY OF MIDDLETOWN
AGENCY FUNDS
DECEMBER 31, 2014**

AGENCY FUNDS:

The City is responsible in a fiduciary capacity for other assets that can only be used for designated beneficiaries. The City has three 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, 2014

	Payroll Clearing	Municipal Court	Joint Economic Development District I	Totals
Assets:				
Cash and equity in pooled cash, deposits and investments	\$ -	\$ 45,645	\$ 70,775	\$ 116,420
Cash with fiscal and escrow agent	294,412	-	-	294,412
Total assets	294,412	45,645	70,775	410,832
Liabilities:				
Due to other governments	208,762	-	70,775	279,537
Due to individuals	51,652	5,762	-	57,414
Unapportioned monies	33,998	39,883	-	73,881
Total liabilities	\$ 294,412	\$ 45,645	\$ 70,775	\$ 410,832

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF CHANGES
IN FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

PAYROLL CLEARING				
	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets:				
Cash with fiscal and escrow agent	\$ 271,502	\$ 20,371,991	\$ 20,349,081	\$ 294,412
Total assets	271,502	20,371,991	20,349,081	294,412
 Liabilities:				
Due to other governments	202,512	2,421,314	2,415,064	208,762
Due to individuals	31,620	17,574,491	17,554,459	51,652
Unapportioned monies	37,370	376,186	379,558	33,998
Total liabilities	\$ 271,502	\$ 20,371,991	\$ 20,349,081	\$ 294,412

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF CHANGES
IN FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

MUNICIPAL COURT				
	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets:				
Cash and equity in pooled cash, deposits and investments	\$ 38,261	\$ 3,532,301	\$ 3,524,917	\$ 45,645
Total assets	38,261	3,532,301	3,524,917	45,645
Liabilities:				
Due to other governments	-	701,842	701,842	-
Due to individuals	4,159	825,969	824,366	5,762
Unapportioned monies	34,102	359,419	353,638	39,883
Total liabilities	\$ 38,261	\$ 1,887,230	\$ 1,879,846	\$ 45,645

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF CHANGES
IN FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

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	\$ 73,306	\$ 1,066,585	\$ 1,069,116	\$ 70,775
Total assets	73,306	1,066,585	1,069,116	\$ 70,775

Liabilities:

Due to other governments	73,306	1,066,585	1,069,116	70,775
Total liabilities	\$ 73,306	\$ 1,066,585	\$ 1,069,116	\$ 70,775

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
Financial Trends (Table 1 to Table 6) These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	171
Revenue Capacity (Table 7 to Table 11) These schedules contain information to help the reader assess one of the government's most significant local revenue sources, income tax and property taxes.	178
Debt Capacity (Table 12 to Table 16) 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.	183
Demographic and Economic Information (Table 17 and Table 18) These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	188
Operating Information (Table 19 to Table 21) 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.	190

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

Table 1

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental Activities:										
Net Investment in Capital Assets	\$ 54,102	57,244	57,866	56,729	59,237	59,504	58,169	59,871	62,823	68,722
Restricted	12,897	22,026	25,539	30,934	35,676	31,270	31,510	26,694	27,064	27,448
Unrestricted	11,840	11,328	12,210	9,940	7,454	10,494	10,366	6,963	4,930	3,605
Total Governmental Activities Net Position	\$ 78,839	90,598	95,615	97,603	102,367	101,268	100,045	93,528	94,817	99,775
Business-Type Activities:										
Net Investment in Capital Assets	\$ 51,744	56,230	54,343	51,637	49,711	49,139	49,847	41,709	40,483	41,012
Restricted	-	-	-	1,501	1,457	1,411	1,367	1,255	1,105	711
Unrestricted	18,876	15,918	16,775	14,811	14,166	13,247	10,779	15,702	15,650	12,658
Total Business-Type Activities Net Position	\$ 70,620	72,148	71,118	67,949	65,334	63,797	61,993	58,666	57,238	54,381
Primary Government:										
Net Investment in Capital Assets	\$ 105,845	113,474	112,209	108,366	108,948	108,643	108,016	101,580	103,306	109,734
Restricted	12,897	22,026	25,539	32,435	37,133	32,681	32,877	27,949	28,169	28,159
Unrestricted	30,716	27,246	28,985	24,751	21,620	23,741	21,145	22,665	20,580	16,263
Total Primary Government Net Position	\$ 149,458	162,746	166,733	165,552	167,701	165,065	162,038	152,194	152,055	154,156

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

Table 2

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental activities:										
Community environment	\$ 11,557	16,561	14,555	16,739	13,318	14,621	15,950	11,736	11,402	11,022
General government	6,190	5,142	6,240	6,364	6,161	6,489	4,073	4,233	4,639	4,674
Leisure	1,698	1,069	1,210	1,164	947	1,150	1,250	1,565	1,096	1,661
Public health	405	367	983	781	941	1,094	1,490	1,031	1,262	1,247
Public safety	23,586	24,164	24,639	24,646	23,951	24,250	23,701	23,498	22,691	22,420
Highways and streets	8,171	7,662	9,557	8,565	9,776	9,509	7,965	10,318	9,787	4,196
Interest on long-term debt	1,078	1,229	1,402	1,447	1,241	1,179	1,028	1,497	1,522	1,506
Total governmental activities expenses	52,685	56,194	58,586	59,706	56,335	58,292	55,457	53,878	52,399	46,726
Business-type activities:										
Water	7,326	7,184	6,564	6,427	7,627	5,867	7,588	7,510	8,027	6,002
Sanitary Sewer	8,892	7,688	7,206	7,216	7,172	7,092	7,374	6,730	6,928	5,640
Golf	352	1,540	1,489	1,446	1,604	1,488	1,563	1,713	1,653	1,881
Solid Waste	2,933	2,827	2,690	2,667	2,616	2,547	2,496	2,748	2,442	2,280
Non major enterprise funds	3,232	3,234	3,154	3,021	2,432	3,292	2,314	2,203	2,037	1,810
Total business-type activities expenses	22,735	22,473	21,103	20,777	21,451	20,286	21,335	20,904	21,087	17,613
Total primary government expenses	\$ 75,420	78,667	79,689	80,483	77,786	78,578	76,792	74,782	73,486	64,339
Program Revenue										
Governmental activities:										
Charges for services:										
Community environment	\$ 688	880	926	890	550	192	347	501	896	777
General government	2,861	2,682	2,700	2,625	2,382	2,704	2,980	2,296	1,744	2,329
Highways and streets	219	337	228	569	16	-	-	449	498	-
Leisure	-	16	4	2	2	1	162	79	45	18
Public health	209	192	216	236	191	167	184	-	204	205
Public safety	4,850	5,179	4,936	4,660	4,350	3,990	3,967	3,686	2,297	2,836
Operating grants & contributions	922	9,843	9,386	11,932	13,472	13,682	12,827	11,332	12,241	14,421
Capital grants & contributions	3,079	1,752	8,524	3,551	2,716	7,423	4,203	2,405	3,047	1,560
Total governmental activities program revenue	\$ 12,828	20,881	26,920	24,465	23,679	28,159	24,670	20,748	20,972	22,146

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

Table 2

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Business-type activities:										
Charges for services:										
Water	\$ 7,780	7,384	7,752	6,852	6,500	6,038	6,866	6,598	6,980	6,655
Sanitary Sewer	9,157	8,228	8,257	8,137	7,831	7,210	7,930	6,673	7,122	5,574
Golf course	27	1,161	1,165	1,152	1,358	1,408	1,393	1,629	1,635	1,716
Solid Waste	2,989	2,938	2,923	2,812	2,861	2,825	2,817	3,153	2,596	2,454
Other business-type activities	2,192	2,150	2,064	2,057	1,910	2,078	2,007	1,842	1,994	267
Operating grants & contributions	1,509	1,404	1,437	1,712	2,481	1,101	1,257	1,115	2,639	1,139
Capital grants & contributions	129	163	355	337	322	754	1,119	473	172	151
Total business-type activities program revenue	23,783	23,428	23,953	23,059	23,263	21,414	23,389	21,483	23,138	17,956
Total primary government program revenue	\$ 36,611	44,309	50,873	47,524	46,942	49,573	48,059	42,231	44,110	40,102
Net (Expense)/Revenue										
Governmental activities	\$ (39,857)	(35,313)	(31,666)	(35,241)	(32,656)	(30,133)	(30,787)	(33,130)	(31,427)	(24,580)
Business-type activities	1,048	955	2,850	2,282	1,812	1,128	2,054	579	2,051	343
Total primary government net expense	(38,809)	(34,358)	(28,816)	(32,959)	(30,844)	(29,005)	(28,733)	(32,551)	(29,376)	(24,237)
General Revenues and Other Changes in Net										
Governmental activities:										
Income taxes	\$ 20,560	19,811	19,828	19,425	20,345	18,942	19,921	17,921	17,695	18,009
Property taxes	4,331	4,468	4,081	4,158	4,480	4,534	4,965	5,644	5,920	5,941
Other taxes	2,575	2,972	2,657	2,808	2,949	2,427	2,248	3,694	3,382	3,046
Grants/contributions not restricted	1,317	1,466	1,649	3,005	4,852	3,666	3,349	1,014	807	6
Investment earnings	96	41	(78)	124	111	(151)	686	2,327	967	485
Miscellaneous	1,161	1,125	1,478	895	942	1,823	6,135	1,241	3,143	3,196
Transfers	(1,942)	165	64	62	77	58	-	-	55	56
Total governmental activities general revenues	28,098	30,048	29,679	30,477	33,756	31,299	37,304	31,841	31,969	30,739
Business-type activities:										
Income taxes	\$ 137	138	190	170	190	344	466	300	270	338
Grants/contributions not restricted	-	-	-	-	-	-	-	-	-	-
Investment earnings	28	18	123	123	189	323	694	549	591	291
Transfers	1,942	(165)	(64)	102	(77)	96	-	-	(55)	(56)
Miscellaneous	106	136	69	(62)	115	(58)	113	-	-	-
Total business type activities general revenues	2,213	127	318	333	417	705	1,273	849	806	573
Total primary government general revenues	\$ 30,311	30,175	29,997	30,810	34,173	32,004	38,577	32,690	32,775	31,312
Special item	\$ (3,345)	-	-	-	(692)	-	-	(5,500)	-	-
Changes in Net Position										
Governmental activities	\$ (11,759)	(5,265)	(1,987)	(4,764)	1,100	1,166	6,517	(1,289)	(4,958)	6,159
Business-type activities	(84)	1,082	3,168	2,615	1,537	1,833	3,327	1,428	2,857	916
Total primary government	\$ (11,843)	(4,183)	1,181	(2,149)	2,637	2,999	9,844	139	(2,101)	7,075

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

Fiscal Year	Income Tax	Property Tax	Other Taxes	Total
2014	\$ 20,560	\$ 4,331	\$ 2,575	\$ 27,466
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

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

Table 4

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund										
Reserved, nonspendable, restricted, committed or assigned	\$ 1,213	3,896	3,583	4,881	343	326	311	211	229	732
Unreserved, unassigned	7,751	5,909	7,441	6,955	11,697	10,977	11,229	8,864	6,792	6,527
Total General Fund	\$ 8,964	9,805	11,024	11,836	12,040	11,303	11,540	9,075	7,021	7,259
All Other Governmental Funds										
Reserved, nonspendable, restricted or committed	\$ 10,803	11,821	13,133	13,877	10,682	3,764	4,476	3,148	5,138	4,457
Unreserved, undesignated, unassigned reported in:										
Capital project funds	(82)	(646)	(1,263)	(1,372)	(138)	2,499	6,021	3,552	1,823	4,258
Debt service funds	-	-	-	-	892	82	1,123	720	317	327
Special revenue funds	(72)	(275)	(133)	(164)	6,446	7,133	2,933	6,842	5,440	4,117
Total All Other Governmental Funds	10,650	10,900	11,737	12,341	17,882	13,478	14,553	14,262	12,718	13,159
Total Governmental Funds	\$ 19,614	20,705	22,761	24,177	29,922	24,781	26,093	23,337	19,739	20,418

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

Table 5

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Property taxes	\$ 4,311	4,281	3,694	4,158	4,480	4,533	4,965	5,643	5,920	5,941
Municipal income taxes	20,576	19,617	19,728	19,924	19,775	18,640	19,606	17,944	17,061	18,092
Intergovernmental revenues	16,035	16,872	19,611	22,675	22,330	23,325	19,921	18,853	19,159	15,702
Charges for services	4,593	4,657	4,555	4,454	4,024	4,449	4,312	4,216	3,286	3,624
Fees, licenses, and permits	295	317	297	224	204	187	257	452	417	338
Fines and forfeits	1,883	1,907	1,935	1,896	1,979	1,774	2,019	1,575	1,483	1,612
Special assessments	746	552	672	701	349	385	440	491	498	591
Investment earnings	96	41	(78)	124	111	(151)	686	1,054	861	450
Miscellaneous	3,255	3,503	3,708	3,172	3,469	2,575	3,958	3,142	3,385	3,172
Total revenues	51,790	51,747	54,122	57,328	56,721	55,717	56,164	53,370	52,070	49,522
Expenditures										
Current:										
General Government	3,695	3,511	3,815	3,879	4,323	4,060	4,334	4,083	4,306	4,196
Public safety	23,851	24,241	24,609	24,987	23,933	23,873	23,240	23,122	23,791	22,501
Public health and welfare	389	347	727	744	899	1,084	1,394	1,024	1,220	1,187
Leisure time activities	887	917	908	1,002	856	1,466	1,259	1,421	1,064	1,502
Community environment	11,633	16,583	14,177	21,202	16,422	14,616	15,907	11,754	11,377	13,708
Highways and streets	4,582	5,400	5,091	5,871	6,223	12,008	3,329	4,731	6,587	5,373
Miscellaneous	1,954	2,292	2,531	2,165	1,725	3,422	1,127	1,427	1,410	1,636
Debt Service										
Principal retirement	3,329	5,176	2,414	2,228	2,129	1,822	1,896	1,556	1,661	1,520
Interest and fiscal charges	1,065	1,302	1,329	1,394	1,381	1,277	971	1,503	1,527	1,493
Bond issuance costs	-	-	-	-	-	-	836			
Total expenditures	51,385	59,769	55,601	63,472	57,891	63,628	54,293	50,621	52,943	53,116
Excess (deficiency) of revenues over expenditures	\$ 405	(8,022)	(1,479)	(6,144)	(1,170)	(7,911)	1,871	2,749	(873)	(3,594)

continued on next page

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Continued										
Other Financing Sources (Uses)										
Transfers in	\$ 67	1,084	163	161	258	1,075	2,842	842	497	661
Transfers out	(2,009)	(919)	(99)	(99)	(198)	(1,017)	(2,785)	(242)	(442)	(606)
Issuance of bonds	446	5,845	-	337	6,235	6,530	10,323	-	58	4,315
Issuance of notes	-	2,057	-	-	-	-	-	-	-	-
Other uses	-	(3,300)	-	-	-	11	(9,665)	(4)	(29)	-
Other sources	-	1,199	-	-	16	-	170	107	-	-
Total other financing sources (uses)	(1,496)	5,966	64	399	6,311	6,599	885	703	84	4,370
Net change in Fund Balances	\$ (1,091)	(2,056)	(1,415)	(5,745)	5,141	(1,312)	2,756	3,452	(789)	776
Asset Additions	\$ 2,832	6,419	7,420	10,349	7,458	14,607	10,475	2,753	5,649	7,639
Non capital expenditures	\$ 48,553	53,350	48,181	53,123	50,433	49,021	43,818	47,868	47,294	45,477
Debt service as a % of noncapital expenditures	9.05%	12.14%	7.77%	6.82%	6.96%	6.32%	8.45%	6.39%	6.74%	6.63%

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

Table 6

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Property taxes	\$ 4,311	4,281	3,694	4,158	4,480	4,533	4,965	5,643	5,920	5,941
Municipal income taxes	\$ 20,576	19,617	19,728	19,924	19,775	18,640	19,606	17,944	17,061	18,092

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		Assessed Value as a Percent of Estimated Actual Value	
	Assessed	Estimated Actual	Assessed	Estimated Actual	Assessed	Estimated Actual	Assessed	Estimated Actual	Direct Tax Rate	
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	\$536,185	\$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	\$46,760	\$176,510	\$715,022	\$2,090,740	5.90	34.20
2012/2013	\$669,693	\$1,888,309	\$0	\$0	\$45,046	\$140,000	\$714,739	\$2,028,309	6.90	35.24
2013/2014	\$660,607	\$1,888,310	\$0	\$0	\$48,412	\$140,000	\$709,019	\$2,025,800	6.90	35.00

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			
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
2014	5.30	0.60	1.00	6.90	9.72	54.51	71.13

(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, 2014 and Nine Years Ago
Table 9

Top Ten Property Taxpayers (real property)

2005 Calendar year/ 2004 Tax Year			2014 Calendar year/ 2013 Tax Year		
	<u>Value</u>	<u>% of Total</u>		<u>Value</u>	<u>% of Total</u>
AK Steel	\$ 15,095,550	2.01%	AK Steel	\$ 10,331,010	0.51%
Southwestern Ohio Steel	\$ 7,597,140	1.01%	Compartir	\$ 4,457,820	0.22%
Precision Strip	\$ 4,166,220	0.55%	Boymel Family LLC	\$ 3,500,010	0.17%
Garden Manor	\$ 3,567,860	0.47%	Precision Strip Inc	\$ 3,363,660	0.17%
Bavarian Woods	\$ 2,272,110	0.30%	Liberty Retirement Properties	\$ 3,263,290	0.16%
Trinity Place Community	\$ 2,033,000	0.27%	Middletown Coke	\$ 2,918,960	0.14%
Bay West Paper Company	\$ 1,817,680	0.24%	Chaka-Chak LLC	\$ 2,063,240	0.10%
Riverside Village LTD	\$ 1,765,950	0.23%	Bavarian Woods	\$ 1,925,000	0.10%
Akers Packaging	\$ 1,684,400	0.22%	CMC Old Towne LLC	\$ 1,595,000	0.08%
Jefferson Smurfit Corporation	\$ 1,630,510	0.22%	Bay West Paper Co	\$ 1,441,550	0.07%
TOTAL	\$3,316,842,369	5.52%		\$2,025,800,000	1.72%

Data does not include public utility

Source: Butler County Auditor's Office

CITY OF MIDDLETOWN, OHIO
Property Tax Levies and Collections - Cash Basis
Last Ten Years
(amounts expressed in thousands)

Table 10

Fiscal Year Ended December 31	Collected within the Fiscal Year of the Levy					Percent of Total Tax Collection to Current Tax Levy	
	Total Tax Levy for Fiscal Year (Millage)	Amount Levied	Amount Collected	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collected	
2014	6.90	\$4,198	\$3,474	82.75%	\$217	\$3,691	87.92%
2013	6.90	\$4,007	\$3,390	84.60%	\$270	\$3,660	91.34%
2012	5.90	\$3,907	\$3,409	87.25%	\$283	\$3,692	94.50%
2011	5.90	\$4,845	\$3,763	77.67%	\$213	\$3,976	82.06%
2010	5.90	\$5,207	\$4,102	78.78%	\$168	\$4,270	82.00%
2009	5.90	\$5,063	\$4,281	84.55%	\$245	\$4,526	89.39%
2008	5.90	\$5,403	\$4,776	88.40%	\$294	\$5,070	93.84%
2007	5.90	\$5,660	\$5,140	90.81%	\$189	\$5,329	94.15%
2006	5.90	\$5,905	\$5,507	93.26%	\$204	\$5,711	96.71%
2005	5.90	\$6,120	\$5,782	94.48%	\$69	\$5,851	95.60%

The County does not identify delinquent tax collections by year.

Does not include Commercial Activities Tax, Homestead & Rollback reimbursed by the State.

CITY OF MIDDLETOWN, OHIO
Income Tax Revenue by Source Type
Last Ten Years
(cash basis)
Table 11

Fiscal Year	Tax Rate	Residential Income Tax	Business Income Tax	Withholding Income Tax	Grand Total
2014	1.75%	\$2,934,167	\$2,005,694	\$15,620,320	\$20,560,181
2013	1.75%	\$2,914,673	\$2,023,403	\$15,011,198	\$19,949,274
2012	1.75%	\$2,506,462	\$1,757,128	\$15,396,389	\$19,659,979
2011	1.75%	\$2,602,515	\$1,618,091	\$16,075,252	\$20,295,858
2010	1.75%	\$2,666,865	\$1,698,609	\$15,510,112	\$19,875,586
2009	1.75%	\$2,878,754	\$1,521,556	\$14,319,903	\$18,720,213
2008	1.75%	\$2,477,486	\$1,818,424	\$15,802,758	\$20,098,668
2007	1.50%	\$2,128,402	\$1,475,907	\$14,984,454	\$18,588,763
2006	1.50%	\$1,854,098	\$1,553,911	\$13,948,168	\$17,356,177
2005	1.50%	\$1,846,972	\$1,535,509	\$14,566,671	\$17,949,152

CITY OF MIDDLETON, OHIO
Ratios of Outstanding Debt by Type
Last Ten Years
(amounts expressed in thousands, except per capita amount)
Table 12

Fiscal Year	Governmental Activities				Business-Type Activities				Total	Percentage of Personal Income	Per Capita (1)
	General Obligation Bonds	Special Assessment Bonds	Notes Payable	General Obligation Bonds	Capital Leases	Notes Payable					
2014	\$ 22,157	\$ 2,149	\$ 2,057	\$ 12,574	\$ 1,997	\$ -	\$ 40,934	4.95%	\$ 842		
2013	\$ 24,295	\$ 1,962	\$ 2,057	\$ 9,312	\$ 3,317	\$ -	\$ 40,943	4.95%	\$ 842		
2012	\$ 26,460	\$ 2,222	\$ 2,057	\$ 10,549	\$ 3,704	\$ -	\$ 44,992	5.02%	\$ 925		
2011	\$ 28,505	\$ 2,479	\$ 2,057	\$ 11,768	\$ 4,512	\$ -	\$ 49,321	5.07%	\$ 1,014		
2010	\$ 30,664	\$ 2,375	\$ 2,057	\$ 12,953	\$ 5,290	\$ -	\$ 53,339	4.87%	\$ 1,095		
2009	\$ 26,341	\$ 2,593	\$ 2,057	\$ 14,108	\$ 6,041	\$ -	\$ 51,140	4.87%	\$ 1,044		
2008	\$ 21,410	\$ 2,823	\$ 2,057	\$ 14,967	\$ 6,765	\$ -	\$ 48,022	5.09%	\$ 934		
2007	\$ 22,215	\$ 3,099	\$ 2,550	\$ 6,235	\$ 7,462	\$ 1,715	\$ 43,276	5.09%	\$ 836		
2006	\$ 24,010	\$ 3,325	\$ 3,815	\$ 6,850	\$ 8,024	\$ 1,630	\$ 47,654	5.09%	\$ 934		
2005	\$ 25,375	\$ 2,899	\$ 1,885	\$ 7,650	\$ -	\$ 1,555	\$ 39,364	5.09%	\$ 769		

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 13

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Actual Taxable Value (1) of Property	Per Capita (2)
2014	\$34,731	\$370	\$34,361	4.11%	\$714
2013	\$33,607	\$55	\$33,552	4.70%	\$691
2012	\$37,009	\$210	\$36,799	5.22%	\$761
2011	\$40,403	\$522	\$39,881	5.65%	\$830
2010	\$43,617	\$548	\$43,069	5.17%	\$896
2009	\$40,449	\$460	\$39,989	4.78%	\$825
2008	\$36,652	\$617	\$36,035	4.14%	\$713
2007	\$28,450	\$346	\$28,104	3.31%	\$550
2006	\$30,350	\$138	\$30,212	2.92%	\$595
2005	\$33,025	\$172	\$32,853	3.14%	\$645

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 17.

CITY OF MIDDLETOWN, OHIO
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
As of December 31, 2014
(amounts expressed in thousands)

Table 14

Political Subdivision	General Bonded Debt	Percent Applicable to City	City's Share
Butler County	63,048	8.2	\$5,170
Warren County	<u>11,056</u>	1.6	<u>\$177</u>
Subtotal, overlapping debt			\$5,347
City of Middletown Direct Debt			<u>\$24,214</u>
Total direct and overlapping debt			<u>\$29,561</u>

Source: Butler and Warren County Auditor's Offices.

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

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 16

Collection Year	Tax Year	Special Assessment Collections	Debt Service		
			Principal	Interest & Fiscal Charges	Coverage
2014	2013	\$355,628	\$258,643	\$100,035	0.99
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

CITY OF MIDDLETOWN, OHIO
Demographic and Economic Statistics
Last Ten Years
Table 17

Year	Population (1)	(in 1,000's)	Personal Income	Per Capita Personal	Median	Education	School	Unemployment
						Level in Years of Formal		
2005	51,187	\$1,005,006	\$19,634	34.5	n/a	11,539	7.0	
2006	51,018	\$1,001,687	\$19,634	34.5	16 yrs - 13% 12 yrs - 67%	11,539	7.0	
2007	51,739	\$1,015,844	\$19,634	34.5	16 yrs - 13% 12 yrs - 67%	11,539	6.0	
2008	51,422	\$1,009,620	\$19,634	34.5	16 yrs - 13% 12 yrs - 67%	11,539	7.2	
2009	49,000	\$1,006,607	\$20,543	36.4	16 yrs - 13% 12 yrs - 67%	11,366	11.2	
2010	48,694	\$1,000,321	\$20,543	35.9	16 yrs - 13% 12 yrs - 72.6%*	11,755	10.8	
2011	48,660	\$959,385	\$19,716	38.0	16 yrs - 13% 12 yrs - 74.3%*	11,111	10.1	
2012	48,630	\$968,285	\$19,911	38.5	16 yrs - 15.1% 12 yrs - 78.6%*	10,776	8.6	
2013	48,630	\$982,281	\$20,199	38.5	16 yrs - 13% 12 yrs - 78.6%*	10,776	7.8	
2014	48,630	\$982,281	\$20,199	38.0	16 yrs - 15.5% 12 yrs - 82.4%*	11,232	5.4	

Data Sources:

(1) US Census Bureau

(2) US Department of Labor

*denotes data from Ohio Department of Education

CITY OF MIDDLETOWN, OHIO
Principal Employers
Current Year and Eight Years Ago
Table 18

Employer	Employees	2014	
		Rank	Percentage of Total City Employment
AK Steel	2,277	1	11.4%
Atrium Medical Center	1,807	2	9.1%
CM Temporary Services, Inc.	1,328	3	6.7%
Crown Services 36 LLC	1,116	4	5.6%
CBS Personnel Services, LLC	925	5	4.6%
Middletown City School District	842	6	4.2%
Onesource Employee Management LLC	833	7	4.2%
Miami University	620	8	3.1%
Kroger Limited Partnership	619	9	3.1%
Belcan Services Group II	563	10	2.8%
<hr/>			
2006			
AK Steel	4,651	1	48.3%
Middletown Regional Hospital	1,836	2	19.1%
Middleetown School District	1,248	3	13.0%
Strom Engineering Corporation	1,181	4	12.3%
Miami University	667	5	6.9%
Garden Manor Extended Care	563	6	5.8%
City of Middletown	514	7	5.3%
National Workforce Assistance	505	8	5.2%
Sone Container Corporatoin	314	9	3.3%
Bay West Paper (Wausau)	197	10	2.0%

CITY OF MIDDLETON, OHIO
Full-time City Government Employees by Function
Last Ten Years
Table 19

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	42	44	40	40	40	38	38	34	32	32.5
Public safety										
Police										
Officers	89	86	80	80	80	80	80	72	72	68
Civilians	45	40	36	37	37	37	37	34	32	31
Fire										
Firefighters & officers	87	84	84	84	84	84	81	72	72	63
Civilians	1	1	1	1	1	1	1	1	1	1
Other	28	33	35	32	32	26	26	26	26	30
Highways and streets										
Maintenance	18	17	15	15	15	15	15	15	15	14
Leisure Time Activities	7	7	8	8	8	7	7	7	7	6
Community Environment	7	7	6	4	7	8	9	6	4	2
Public health & welfare	6	6	5	5	4	4	4	3	3	3
Water	33	32	32	32	31	31	31	31	31	31
Sewer	34	35	35	32	31	32	32	32	32	35
Storm Water	0	0	4	4	6	6	7	7	7	7.5
Golf Course	8	8	7	7	6	6	5	5	5	0
Solid Waste	0	0	0	0	0	0	0	0	0	1
Transit	8	8	8	8	8	7	6	5	4	4
Parking	0	0	0	0	0	0	0	0	0	0
Internal Services	10	10	10	9	9	9	8	7	7	7
Total	423	418	406	398	399	391	387	357	350	336

CITY OF MIDDLETOWN, OHIO
Operating Indicators by Function
Last Ten Years
Table 20

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Fire										
Number of fire responses	604	916	660	695	566	1,888	1,996	2,073	6,048	4,809
Average response time (minutes)	4.3	4.3	4.7	4.9	4.5	4.6	4.6	5.2	5.2	5.5
Emergency medical calls	6,557	6,700	6,954	7,807	7,969	8,158	8,513	8,400	8,185	8,484
Police										
Calls for service	42,563	47,348	42,830	42,135	46,727	43,696	49,312	45,247	45,287	52,925
Number of arrests	8,223	8,370	7,799	7,235	8,106	8,417	8,030	8,036	7,919	6,481
Response time for priority calls (minutes)	5.5	5.7	5.6	5.6	5.8	5.2	5.4	5.4	5.8	5.7
Traffic accidents	1,877	1,892	1,822	1,790	1,562	1,630	1,547	1,466	1,400	1,196
Average daily jail population	58	53	49	50	49	51	47	53	56	58
Recreation and leisure										
Community center admissions	9,125	8,548	6,208	9,244	10,179	12,011	21,900	n/a	n/a	n/a
Transit										
Unlinked passenger trips	233,750	253,587	250,142	247,979	198,333	210,397	219,596	204,362	153,824	168,753
Water										
Average daily water pumpage (million gallons per day)	8.23	8.00	8.36	7.55	7.38	7.68	7.32	8.84	7.93	8.80
Number of water accounts	19,877	19,877	19,649	19,060	19,381	19,200	19,031	19,179	19,200	19,554
Sewer										
Average daily flow (million gallons per day)	16.5	16.2	15.6	17.9	16.1	16.6	20.7	16.3	16.4	16.4
Sewer mains cleaned (feet)	19,217	21,475	36,590	188,504	153,442	180,895	127,397	154,512	66,224	59,892

CITY OF MIDDLETOWN, OHIO
Capital Asset Statistics by Function
Last Ten Years
Table 21

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety:										
Fire stations	5	5	5	5	5	5	5	5	5	4
Police stations	1	1	1	1	1	1	1	1	1	1
Highways and streets:										
Streets (miles)	231	231	231	239	240	240	240	242	242	242
Traffic Lights	114	110	110	112	113	111	111	111	111	111
Water:										
Water mains (miles)	340	340	340	343	343	343	343	343	343	343
Sewer:										
Sanitary & storm (miles)	311	311	311	319	320	320	320	320	320	320
Leisure & recreation:										
Parks	36	36	36	36	36	36	36	36	36	35
Swimming pools	0	0	1	1	0	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	0