



# CITY OF

# MIDDLETOWN

## Comprehensive Annual Financial Report

*For the Year Ended  
December 31, 2015*

City of Middletown  
One Donham Plaza  
Middletown, Ohio



**CITY OF MIDDLETOWN, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the year ended December 31, 2015**

**Prepared by  
Finance Department**

**Jacob C. Burton  
Finance Director**

**CITY OF MIDDLETOWN, OHIO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the year ended December 31, 2015**

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***STATISTICAL SECTION***

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## **INTRODUCTORY SECTION**

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CITY OF  
**MIDDLETOWN**

July 26, 2016

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, 2015, 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 positioned between the major metropolitan areas of Cincinnati and Dayton in southwestern Ohio with a population of approximately 49,000.

### **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.

Middletown is an inviting midsize city with big-city amenities:

- An abundance of arts and cultural opportunities
- Easy access to world-class sports, arts and entertainment venues
- A state-of-the-art public library system that is consistently ranked in the Top 10 for communities of this size
- Cost of living is below national average
- New, state-of-the-art hospital
- An expanding regional airport
- A myriad of parks and sporting options, including a bicycle pathway and botanical garden
- Two outstanding college branches—Miami University and Cincinnati State
- Affordable, abundant housing that come in every style and price range
- Award-winning health care services
- Transit system throughout the city and county wide

## **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 November, 2014, City Council adopted the 2015 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. While our local economy is beginning to stabilize, the 2016 Budget and Financial Plan is cautiously optimistic.

Middletown recently ranked the highest in the Butler/Warren Counties are on a list of the best small-sized cities (cities with population below 100,000) to start a business in the United States, according to a study by WalletHub.

AK Steel, the City's largest employer, is constructing a \$36 million dollar Research and Innovation Center near I-75 and an additional fifteen positions are expected to be added by the end of 2018.

Cincinnati Eye Institute will be constructing a new building in the Middletown Atrium Medical Center complex this fall. Construction costs are estimated at \$2.5 million.

Construction is underway on a \$4 million development on the Towne Mall Galleria outparcels, including a Buffalo Wild Wings, Aspen Dental, and space for one or two additional tenants. Opening will be in the fall 2016 and it is anticipated that there will be \$1.25 million in new payroll.

Also under construction near Interstate 75 at Commerce Corner is a \$2 million project for a BP gas station and Subway restaurant. Opening will be late this summer.

Nicholas Place, a new \$20 million, 216-unit multi-family apartment complex is under construction and should be completed 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, renovations and additions to the current high school including a 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. The new school will have up-to-date security, modern wireless technology and improved lighting with energy efficient features.

NTE Energy is constructing a \$500 million natural gas electric generating facility that will generate about 300-400 full time temporary construction jobs and about twenty-five permanent positions upon completion for ongoing operations and maintenance. This project should be in operation in 2018.

Plans are being finalized for building a River Center in the Bicentennial Commons Park area, located on the edge of downtown next to the Great Miami River. This recreation hub received \$1 million in state capital funding.

Downtown has come alive with new businesses, live bands, and a designated outdoor refreshment area. First Friday events, Broad Street Bash summer concerts, eateries from steak and seafood to pizza and craft beer, art classes and exhibits, and shopping for those unique gifts are providing the public a new perspective of “Downtown Middletown.”

In Police, we have activated a Community Oriented Policing task force to attack flare ups in crime. We are mapping crime quarterly and discussing with duty officers where and what types of problems are affecting police service “this week.” The task force evaluates who, what and where the problems are occurring and takes action to stop whatever issue is pressing at the moment. Calls for police service and crime are down this year. As of September 30, 2015, the crime rate decreased 18.5% due to a variety of factors, including more community involvement. This is a reflection of the changing face of Middletown.

Water rates are reviewed every two years while taking in consideration of operations, maintenance, and capital improvement costs. A 7.5% increase in water rates is scheduled for 2016 and 2017 and will cost a typical residential user an additional \$2.22 per month. According to the annual Oakwood Water and Sewer Rate Survey for southwest Ohio, the city ranks as the 18th lowest out of the sixty-six communities surveyed as of March 1, 2015.

The unemployment rate has lowered from 2014 to 2015 indicating progress:

UNEMPLOYMENT RATE (%)			
Yearly Average			
	<u>Middletown</u>	<u>Ohio</u>	<u>U. S.</u>
<b>2014</b>	5.4%	5.7%	6.2%
<b>2015</b>	4.3%	4.9%	5.0%

### **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>Year</u>	<u>Collection</u> <u>Year</u>	<u>Assessed</u> <u>Value</u>	<u>Property Tax</u> <u>Revenues</u> <u>(cash basis)</u>
2010	2011	\$844,276,100	\$ 4,717,967
2011	2012	\$781,403,000	\$ 4,197,383
2012	2013	\$714,739,000	\$ 4,168,420
2013	2014	\$709,019,160	\$ 4,187,579
2014	2015	\$660,204,000	\$ 4,149,587

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>	
2011	\$20,295,858
2012	\$19,659,982
2013	\$19,949,274
2014	\$20,560,181
2015	\$21,571,744

## **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. The State performed the City's 2015 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, 2014.

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 2015 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 the State of Ohio, 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

A handwritten signature in black ink, appearing to read "Jacob Burton". The signature is fluid and cursive, with the first name "Jacob" and last name "Burton" clearly distinguishable.

Jacob Burton  
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, 2014**

Executive Director/CEO



# **CITY OF MIDDLETOWN, OHIO**

## **Principal Officials**

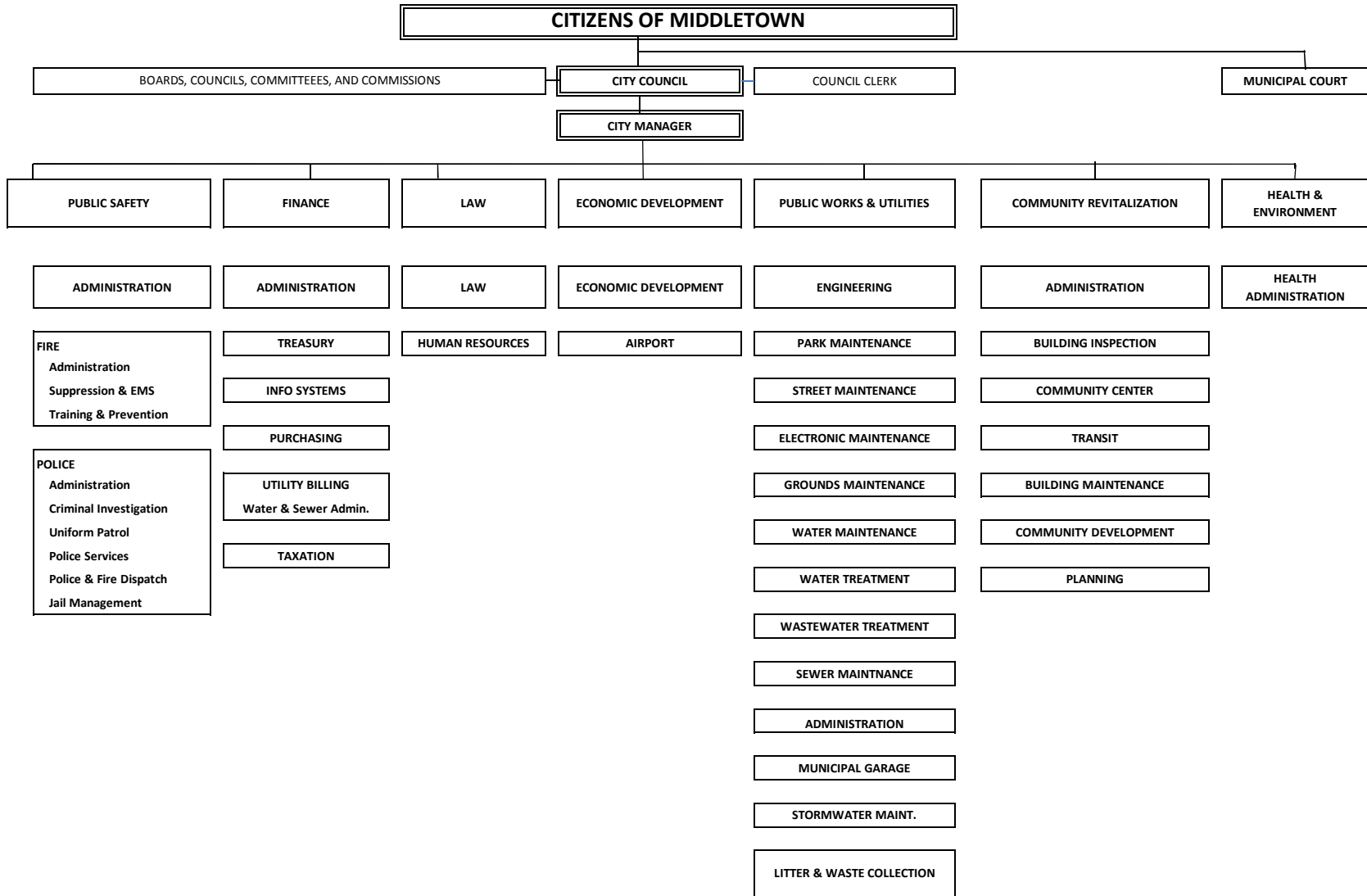
**January 1, 2015**

### **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..... Douglas D. Adkins**  
**Chief of Police..... Rodney E. Muterspaw**  
**Community Revitalization Director ..... Kyle D. Fuchs**  
**Director of Court Services..... Steven P. Longworth**  
**Economic Development Director ..... Denise S. Hamet**  
**Finance Director ..... Michelle Greis**  
**Assistant Finance Director ..... Jacob C. Burton**  
**Fire Chief ..... Paul J. Lolli**  
**Health Commissioner ..... Jacquelyn D. Phillips**  
**Law Director..... Leslie S. Landen**  
**Planning Director..... Martin D. Kohler**  
**Public Safety Director.....David VanArsdale**  
**Public Works & Utilities Director ..... Scott D. Tadych**



**CITY OF MIDDLETOWN  
ORGANIZATIONAL CHART  
2015**

## **FINANCIAL SECTION**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

City of Middletown  
Butler County  
One Donham Plaza  
Middletown, Ohio 45042

To the City Council:

### ***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, Butler County, Ohio (the City), as of and for the year ended December 31, 2015, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### **Opinion**

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, Butler County, Ohio, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 22 to the financial statements, during the year ended June 30, 2015, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, *required budgetary comparison schedule* and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

#### *Supplementary and Other Information*

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2016, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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.

A handwritten signature in black ink, appearing to read "Dave Yost". The signature is fluid and cursive, with a large initial "D" and a long, sweeping underline.

**Dave Yost**  
Auditor of State

Columbus, Ohio

July 26, 2016

**CITY OF MIDDLETOWN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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This discussion and analysis provides key information from management highlighting the overall financial performance of the City of Middletown for the year ended December 31, 2015. 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 74).

### Required Supplementary Information

- Schedules of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis. Schedule is presented for the General Fund (pages 75 to 78) that compare actual results to the original and final budget for this fund.
- Schedules pertaining to the net pension liability and contributions to the pension funds begin on page 79.

## **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.

**CITY OF MIDDLETOWN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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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 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 and the Middletown transit system.

**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)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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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 2015, 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 Fund 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**

During 2015, the City adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

**CITY OF MIDDLETOWN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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Under the new standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

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

As a result of implementing GASB 68, the City is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014, from \$149,458,140 to \$116,851,213.

The following table presents a condensed summary of the City's overall financial position at December 31, 2015 and 2014 (in thousands).

**CITY OF MIDDLETOWN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Table 1  
Net Position  
(in thousands)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
	Restated		Restated			
Current and other assets	\$ 39,437	39,988	23,602	25,037	63,039	65,025
Capital assets	<u>79,047</u>	<u>80,137</u>	<u>65,766</u>	<u>62,462</u>	<u>144,813</u>	<u>142,599</u>
Total assets	118,484	120,125	89,368	87,499	207,852	207,624
Deferred outflows of resources	5,265	3,579	438	79	5,703	3,658
Long-term liabilities	68,642	63,973	15,176	16,628	83,818	80,601
Other liabilities	<u>4,088</u>	<u>4,054</u>	<u>2,366</u>	<u>1,909</u>	<u>6,454</u>	<u>5,963</u>
Total liabilities	72,730	68,027	17,541	18,537	90,272	86,564
Deferred inflows of resources	4,647	4,594	33	-	4,680	4,594
Net position:						
Net investments in capital assets	53,363	54,102	54,257	51,744	107,620	105,846
Restricted	12,843	12,896	-	-	12,843	12,896
Unrestricted	<u>(19,834)</u>	<u>(19,142)</u>	<u>17,975</u>	<u>17,251</u>	<u>(1,859)</u>	<u>(1,891)</u>
Total position	46,372	47,856	72,232	68,995	118,604	116,851
Beginning net assets	47,856	n/a	68,995	n/a	116,851	n/a
Net increase (decrease)	<u>(1,484)</u>	<u>(11,760)</u>	<u>3,237</u>	<u>(83)</u>	<u>1,753</u>	<u>(11,843)</u>
Ending net assets	\$ <u><u>46,372</u></u>	<u><u>47,856</u></u>	<u><u>72,232</u></u>	<u><u>68,995</u></u>	<u><u>118,604</u></u>	<u><u>116,851</u></u>

As of December 31, 2015, the City's ending net position was \$118,604 compared to \$116,851 in 2014, an increase of \$1.75 million. Governmental activities decreased \$1,484 and business type activities increased \$3,237.

Governmental activities net position has decreased in the past (\$11,760 in 2014, \$5,265 in 2013, and \$1,937 in 2012) with the economy playing a major role for these decreases. 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.

The first decrease in the past nine years for business-type activities occurred in 2014 by \$83 which was due to a loss on the sale of the golf course.

**B. Governmental and Business-type Activities during 2015**

Table 2, on the following page, (in thousands) presents a condensed summary of the City's activities during 2015 and 2014 and the resulting changes in net position.

**CITY OF MIDDLETOWN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**Table 2**  
**Statement of Activities**  
**(in thousands)**

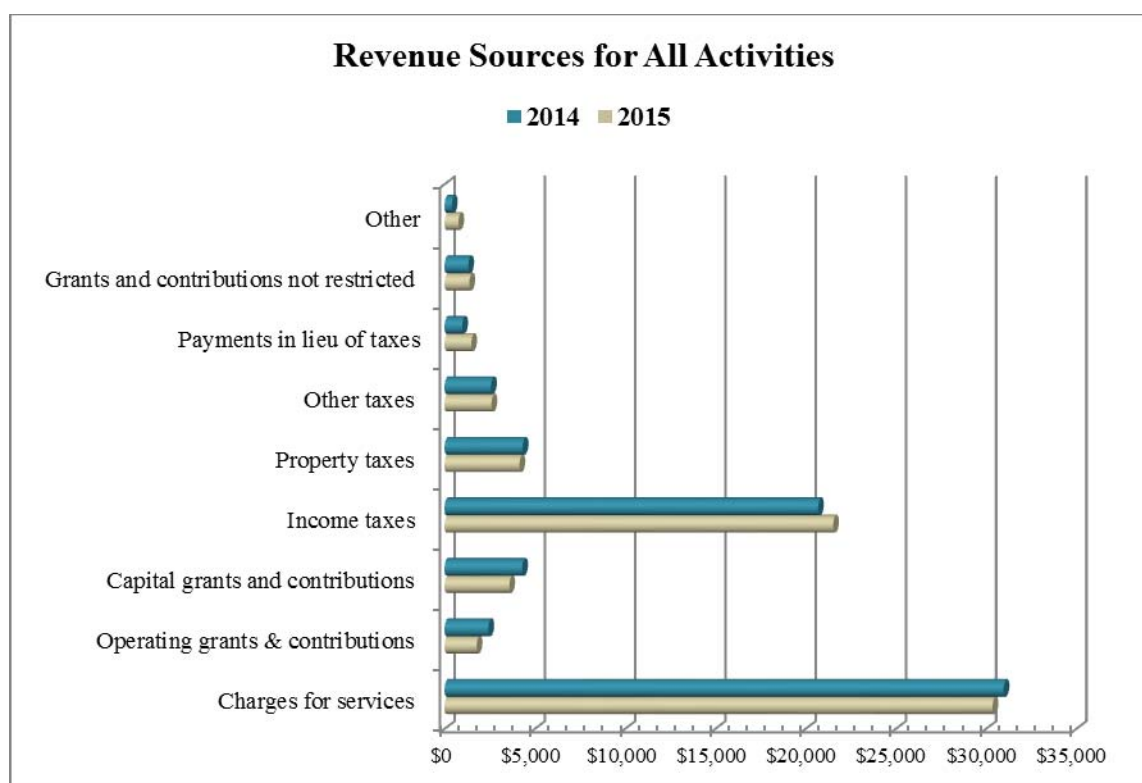
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2015	2014	2015	2014	2015	2014
Revenues						
<u>Program revenues:</u>						
Charges for services	\$ 8,296	8,827	22,069	22,145	30,365	30,972
Operating grants & contributions	553	922	1,226	1,509	1,779	2,431
Capital grants and contributions	<u>3,410</u>	<u>3,079</u>	<u>180</u>	<u>129</u>	<u>3,590</u>	<u>3,208</u>
Total program revenues	12,259	12,828	23,475	23,783	35,734	36,611
<u>General revenues:</u>						
Income taxes	21,346	20,560	186	137	21,532	20,697
Property taxes	4,154	4,331	0	0	4,154	4,331
Other taxes	2,606	2,575	0	0	2,606	2,575
Payments in lieu of taxes	1,483	982	0	0	1,483	982
Grants and contributions not restricted	1,375	1,317	0	0	1,375	1,317
Investment earnings	115	96	133	28	248	124
Other	<u>268</u>	<u>179</u>	<u>255</u>	<u>106</u>	<u>523</u>	<u>285</u>
Total general revenues	<u>31,347</u>	<u>30,040</u>	<u>574</u>	<u>271</u>	<u>31,921</u>	<u>30,311</u>
Total revenues	43,606	42,868	24,049	24,054	67,655	66,922
Expenses						
Public safety	22,846	23,586	0	0	22,846	23,586
Public health	421	405	0	0	421	405
Leisure activities	1,032	1,698	0	0	1,032	1,698
Community environment	5,970	11,557	0	0	5,970	11,557
Highways and streets	8,417	8,171	0	0	8,417	8,171
General government	5,212	6,190	0	0	5,212	6,190
Interest on long-term debt	1,262	1,078	0	0	1,262	1,078
Water	0	0	6,807	7,326	6,807	7,326
Sewer	0	0	7,859	8,892	7,859	8,892
Transit	0	0	1,424	1,489	1,424	1,489
Golf Course	0	0	0	352	0	352
Solid Waste	0	0	3,092	2,934	3,092	2,934
Storm Water	0	0	1,168	1,282	1,168	1,282
Airport	<u>0</u>	<u>0</u>	<u>390</u>	<u>460</u>	<u>390</u>	<u>460</u>
Parking	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenses	<u>45,160</u>	<u>52,685</u>	<u>20,740</u>	<u>22,735</u>	<u>65,900</u>	<u>75,420</u>
Increase/(decrease) in net position before transfers and special item	(1,554)	(9,817)	3,309	1,319	1,755	(8,498)
Transfers	69	(1,942)	(69)	1,942	0	0
Special Item	0	0	0	(3,345)	0	(3,345)
Increase/(decrease) in net position	(1,484)	(11,760)	3,237	(83)	1,753	(11,843)
Beginning net position, restated	<u>47,856</u>	<u>n/a</u>	<u>68,995</u>	<u>n/a</u>	<u>116,851</u>	<u>n/a</u>
Ending net position	\$ <u>46,372</u>	<u>47,856</u>	<u>72,232</u>	<u>68,995</u>	<u>118,604</u>	<u>116,851</u>

**CITY OF MIDDLETOWN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense.

For the City as a whole, the 2015 pension expense calculated under GASB 68 was substantially similar to what it would have been under GASB 27. As such, the functional expense comparison between 2014 (GASB 27) to 2015 (GASB 68) is still meaningful.



The revenue sources have not fluctuated very much from 2015 compared to 2014. Grants have been the largest factor for fluctuations over the past seven years. Capital grants fluctuate each year according to projects and programs.

In 2014, a decrease occurred in operating grants for governmental activities due to the expiration of public safety grants in September 2014 and also for community environment activities with the administration of the Housing Assistance Grant (typically a \$9 million yearly budget) being turned over to the counties in October 2014.

Property taxes have been declining steadily from \$4.9 million in 2008 to \$4.2 million in 2015. 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 which expires in 2017.

**CITY OF MIDDLETOWN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

Income tax receipts of \$21,346 are steadily increasing and were at a ten year high (3.8% over 2014) as of December 31, 2015. In 2009, income tax collections were \$18,942 which represented the lowest collection in the previous ten years.

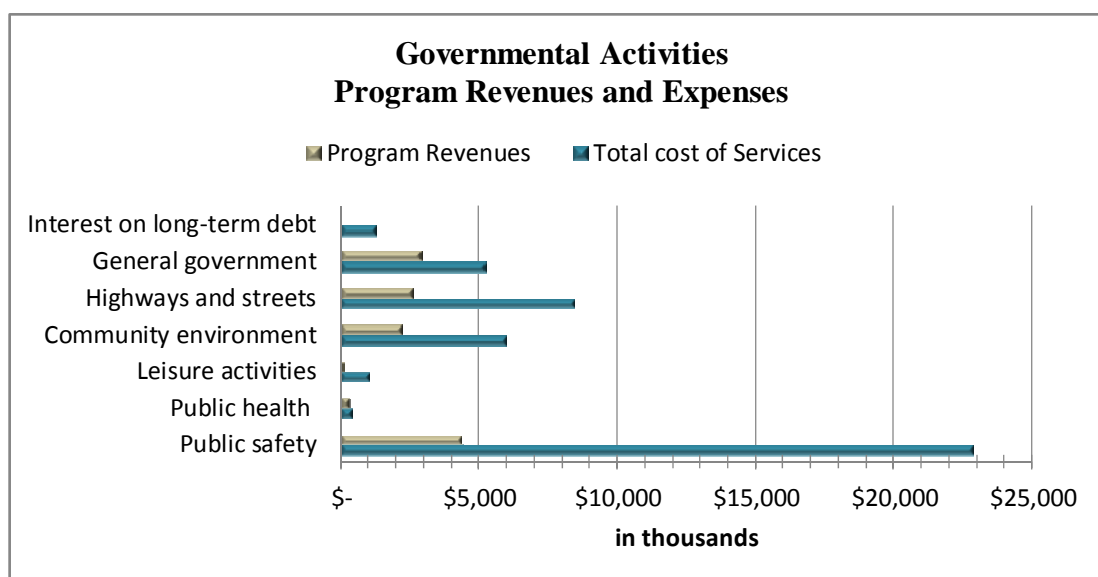
Expenses decreased again in 2015 by almost \$7,525. The major reason for this reduction is due to elimination of the Housing Assistance Program Fund (\$5,587) which is now transferred to the county. Decreases in the past include: \$3,248 in 2014; \$943 in 2013; and \$889 in 2012. These reductions were planned in response with the recent economy and included lay-off of employees, reduction of grant expenditures and the sale of the golf course.

### 1) Governmental activities during 2015

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. Total cost of services was offset 27% with income coming from program revenues. 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	\$ 22,846	\$ 4,275	19%	\$ 18,571
Public health	421	297	71%	124
Leisure activities	1,032	78	8%	954
Community environment	5,970	2,182	37%	3,788
Highways and streets	8,417	2,572	31%	5,845
General government	5,212	2,856	55%	2,356
Interest on long-term debt	1,262	-	0%	1,262
Total	<u>\$ 45,160</u>	<u>\$ 12,260</u>	<u>27%</u>	<u>\$ 32,900</u>



**CITY OF MIDDLETOWN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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Community Environment, which relies heavily upon federal and state grants, covered 37% of its activities in 2015, 12% of its activities in 2014 and 68% of its costs with program revenues in 2013. Community environment includes Community Development, Neighborhood Stabilization Program, and Home Funds. The transfer of the Housing Assistance grants to the counties, which occurred during the last quarter of 2014, had the largest impact for this decrease.

Highways and streets activities for 2015 was funded with program revenues totaling 31%, close to last year (2014 with 33%). Grants are a large factor for fluctuations for this activity. In 2013, only 11% was recouped and 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.

Leisure activities received 8% of revenues as a percentage of total costs. Leisure activities did not receive any program revenues in 2014 compared to 1% in 2013. The Community Center activities were contracted out in 2014 and 2015.

## **2) Business-type activities during 2015**

The City attempts to break even on its business-type activities. All activities except Transit and Solid Waste had operating surpluses in 2015. Transit relies heavily upon grants for its activities and usually does not have an operating surplus. Surpluses are used to accumulate earnings for future capital investments and debt payments.

The following table (in thousands) summarizes the business-type activities during 2015:

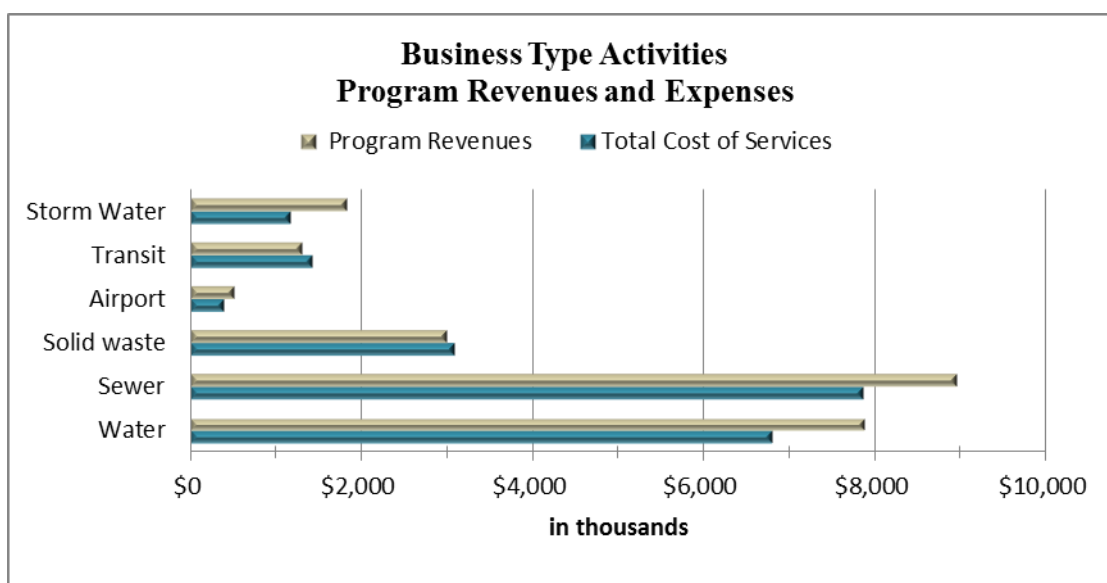
<b>Table 4</b>				
<b>Business-type Activities</b>				
<b>(in thousands)</b>				
	<u><b>Total Cost of Services</b></u>	<u><b>Program Revenues</b></u>	<u><b>Revenues as % of Total Costs</b></u>	<u><b>Net Revenue from Operations</b></u>
Water	\$6,807	\$7,876	116%	\$1,069
Sewer	\$7,859	\$8,965	114%	\$1,106
Solid waste	\$3,092	\$2,996	97%	(\$96)
Airport	\$390	\$512	131%	\$122
Transit	\$1,424	\$1,304	92%	(\$120)
Storm Water	\$1,168	\$1,821	156%	\$653
Total	<u>\$20,740</u>	<u>\$23,474</u>	<u>113%</u>	<u>\$2,734</u>

The transit and airport funds rely upon grants and taxes to supplement their services. In 2015, FAA grants were received putting the Airport in the surplus of \$122 in net revenue compared to (\$48) for 2014.

Water rates increased 5% in 2014 and 5% again in 2015. Sewer rates were increased 10% in 2014. Total cost of services vary for these funds due to capital improvement projects.

Storm water received \$105 more in revenue due to a fee increase in 2015 and spent \$114 less for services causing an increase of 51% over 2014. Total cost of services will also vary for this fund to various capital projects of improving the storm water lines and appurtenances.

**CITY OF MIDDLETOWN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED DECEMBER 31, 2015**



### 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-two governmental funds, three of which are considered major funds. Assets of those three funds comprise approximately 58.3% of the total governmental funds' assets of \$38,542. The following table (in thousands) summarizes the activities of these major funds.

**Table 5  
Financial Highlights  
Major Governmental Funds  
(in thousands)**

	General Fund	Special Assessment Debt Service	Capital Improvements
Total assets \$	17,188	2,817	2,460
Total liabilities	(1,889)	-	(2,072)
Deferred inflow of resources	(5,840)	(2,364)	(620)
Fund balance	9,459	453	(232)
Unassigned fund balance \$	5,181	-	(232)
Revenues \$	26,746	626	3,100
Expenditures	(25,451)	(428)	(4,252)
Other financing sources/uses	(800)	-	400
Net change in fund balance \$	495	198	(752)

**General Fund.** The fund balance at the end of 2015 was \$9,459 compared to 2014 with \$8,964, \$9,805 in 2013 and \$11,024 in 2012. The fund balance had been decreasing since 2010 until this year with an



**CITY OF MIDDLETOWN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

increase of \$495. Most of this increase is attributed to smaller transfers to other funds. In 2014, the General Fund had a negative net change in fund balance of \$841 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.

**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. Expenditures increased in 2015 due to large street projects that will be reimbursed partly by grants upon completion. In 2014, this fund received state and federal grants for street improvements.

## **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><b>Water Fund</b></u>	<u><b>Sewer Fund</b></u>	<u><b>Storm Water Fund</b></u>	<u><b>Solid Waste Fund</b></u>
Total assets	\$ 32,149	39,777	9,061	1,120
Total deferred outflows of resources	196	172	33	3
Total liabilities	(6,896)	(8,491)	(209)	(509)
Total deferred inflows of resources	<u>(13)</u>	<u>(14)</u>	<u>(3)</u>	<u>-</u>
Total net position	<u>25,436</u>	<u>31,444</u>	<u>8,882</u>	<u>614</u>
Unrestricted net position	<u>5,586</u>	<u>6,907</u>	<u>2,539</u>	<u>193</u>
Operating revenues	8,076	8,962	1,822	3,006
Operating expenses	(6,686)	(7,566)	(1,168)	(3,092)
Net non-operating revenues (expenses)	(97)	(240)	18	-
Net contributions and transfers	<u>(34)</u>	<u>(31)</u>	<u>-</u>	<u>-</u>
Net change in net position	\$ <u>1,259</u>	<u>1,125</u>	<u>672</u>	<u>(86)</u>

**Water Fund.** Water Fund rates are set to cover the fund's operating cost and to accumulate cash resources for future capital expenditures. In 2015, assets increased \$472 due to construction in progress of over \$4 million. The largest capital project in 2015 is the energy savings project of \$2.9 million. The change in net position is \$1,259 for 2015, \$854 for 2014, and \$78 for 2013. The largest factor for operating revenue increases in 2015 and 2014 is due to increased water rates.

**CITY OF MIDDLETOWN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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**Sewer Fund.** The Sewer Fund ended 2015 with a positive change in net position of \$1,125, \$246 for 2014 and \$507 for 2013. Sewer rates were increased 10% in 2014. 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.

**Storm Water Fund.** The Storm Water Fund ended the year with \$672 change in net position for 2015. The change in 2014 was \$453. This is the first year for this fund to be a major enterprise fund.

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

**Golf Fund.** This fund was a major fund in 2014. The golf course was sold in 2014 creating a \$3,345 loss from discontinued operations.

## **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 (\$947) in 2015 compared to \$191 in 2015 (page 169). 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. 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 \$8,612 in 2015 compared to \$7,811 in 2014, \$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 beginning on page 75. The General Fund's original appropriation of \$25,928 was amended to \$25,522 with supplemental appropriations and de-appropriations. The General Fund's actual expenditures on a budget basis were \$24,709.

Original 2015 appropriations were increased during the year by \$8,944 for all funds. The majority of the supplemental appropriations included the following:

- AK Steel construction project - \$3,586
- Health insurance medical payments - \$750
- Transfer funds to counties for housing - \$627
- To fund property demolitions (reimbursed by grants) - \$500
- Wellfield grant demolition changes - \$496
- 2015 local street improvements - \$400

**CITY OF MIDDLETOWN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

- To fund retirement benefits - \$350
- Fire department overtime & equipment - \$275
- Traffic signal system repairs/replacement - \$264

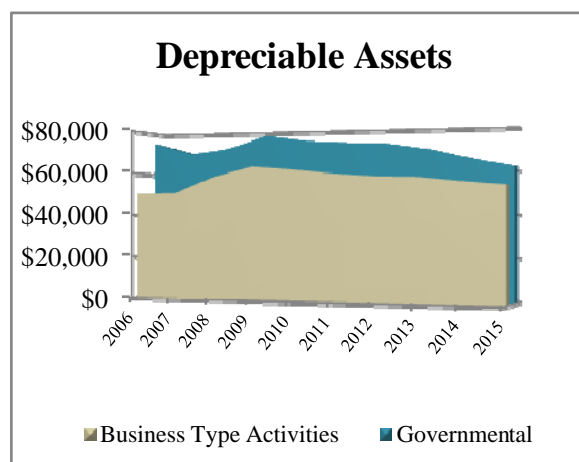
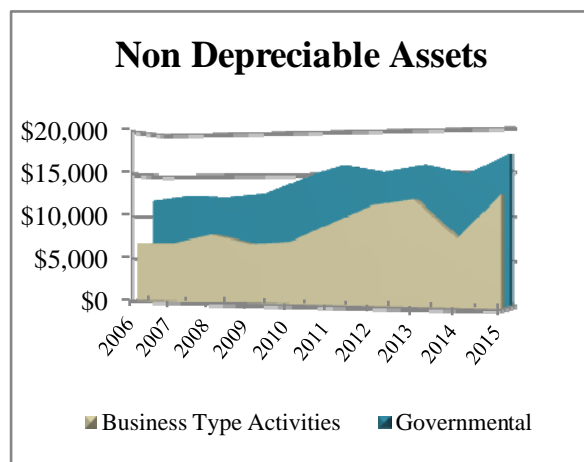
**V. CAPITAL ASSET AND DEBT ADMINISTRATION**

**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.

<b>Table 7</b>				
<b>Capital Assets at Year-End</b>				
<b>(Net of Depreciation)</b>				
<b>(in thousands)</b>				
		<b>Governmental</b>	<b>Business-Type</b>	
		<b>Activities</b>	<b>Activities</b>	<b>Total</b>
Land	\$	14,054	3,736	17,790
Land improvements		333	18	351
Buildings		11,695	12,370	24,065
Equipment		2,518	2,299	4,817
Infrastructure		47,541	38,694	86,235
Construction in Progress		2,906	8,649	11,555
Total	\$	<u>79,047</u>	<u>65,766</u>	<u>144,813</u>

(Asset amounts shown in thousands)



**CITY OF MIDDLETOWN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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The City had approximately \$144,813 in capital assets at year end of 2015 and \$142,599 at year end of 2014. The increase of \$2,214 is due to a variety of factors.

- 1) Governmental activities non-depreciable assets:
  - a. Land – Total of capital assets at year end was \$14,054 an increase of \$1,606 due to purchase of property near Interstate 75 for the construction of the AK Research facilities. AK Steel is the largest employer for the City of Middletown.
  - b. Construction in progress – total for 2015 is \$2,905 at year end, an increase of \$657 from 2014 year end. All current projects are reported in the Capital Improvement Fund for various street projects with the exception of one, which includes the Auto & Gas Tax Fund for the 2015 Local Street Improvements. The current projects are:
    - AK Research Road - \$831
    - Central Avenue Resurfacing & Utilities - \$433
    - Oxford State Road right-of way acquisition and design - \$828
    - Yankee Road right-of-way acquisitions and Phase 3 improvements - \$246
    - South Verity water main replacement - \$59
    - 2015 local street improvement program - \$508

The following projects were completed and placed in service as of December 31, 2015:

- Paving Program for 2014
- Towne Blvd Right-of-Way Acquisition
- Towne Blvd Widening & Rehabilitation
- I75/SR 122 Interchange

- 2) Governmental activities for depreciable assets:
  - a. Buildings – no changes in 2015.
  - b. Equipment – a total of \$906 was added for equipment with the majority of purchases (\$656) for vehicles.
  - c. Infrastructure – an additional \$2,706 was added which consisted mainly of street improvements. The majority of this increase (\$2,443) is from construction in progress that was placed in service in 2015 (listed above in 1b).
- 3) Business-type activities non-depreciable assets:
  - a. Land – An increase of \$100 due to the Towne Boulevard right-of-way acquisition for the construction of utilities to the AK Research facilities.
  - b. Construction in progress – current projects are:
    - Airport entrance road realignment - \$292
    - Central Avenue utilities - \$896
    - Water Treatment plants energy improvements - \$4,002
    - Oxford State Road Design - \$32
    - Yankee Road – phase 3 improvements - \$372
    - Power systems improvements at Wastewater Treatment plant - \$79
    - North interceptor sewer rehabilitation - \$1,879
    - New well/abandonment of wells 17 & 18 - \$103
    - Lime slaker at the Water Treatment Plant - \$55
    - Influent screens at the Wastewater Treatment plant - \$149

**CITY OF MIDDLETOWN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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- Secondary clarifiers at the Wastewater Treatment plant - \$790
- 4) Business type activities depreciable assets:
- a. Buildings and land improvements – no change in 2015.
  - b. Equipment –
    - \$93 was added for water meters
    - \$18 for transit bus radios
    - \$46 for an excavator
    - \$7 for telemetry system for the Water Treatment Plant
    - \$14 for video equipment for sewers
  - c. Infrastructure –
    - \$796 for storm water lines and appurtenances in association with the paving projects in 2014 and Towne Boulevard improvements (formerly construction in progress).
    - \$9 for fire hydrants

Capital asset activity for the year is presented in Note 7 on pages 50 and 51.

#### **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.

Long term obligations are presented on pages 61 through 64 in Note 10.

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

The future of Middletown is looking bright as we have almost \$700 million in new construction coming to the City over the next two years. Unemployment in Butler County is down to approximately 5% for the third month. Aging infrastructure is being addressed, slowly but surely. Downtown is alive more than ever with more new businesses and entertainment.

Building Inspection processed 852 permits during the first quarter of 2016, more than double the 210 processed same period last year. Construction cost for those permits is valued at \$19+ million vs. \$2+million for the same time period last year. This is a strong indicator that our local economy is on the rebound and heading in the right direction

The financial results from the city show that we are making positive progress. In 2014 and 2015 we experienced an increase in tax revenue of about 3 percent each year. Data shows that those increases came from a wide variety of sources, so improvement is happening in many areas of our economy. We remain focused on being fiscally responsible. We look for every opportunity to save and set priorities.

**CITY OF MIDDLETOWN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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Significant Statistics/Changes for 2016 Budget:

- Restructuring of some salaries based on regional wage survey to remain competitive with the area
- 1% cost of living wage increase for all employees
- Performance Based Incentive Program continues for all employees
- Income tax revenue is projected to increase 2.0% in 2016
- Workman's Comp costs increased 3% due to different plan (+\$645K) - reduces in 2017
- Health insurance costs increased 6% (\$430K)
- Water rate increases 7.5% for 2016 and 2017
- Sewer Infrastructure charge of 10% began in October 2015
- Storm water rate increase of 25¢ for 2016 and 2017

Performance Based Compensation

All employees (union & non-union) have received 0% wage increase for several years. The Performance Based Compensation Program was developed to give all employees a designated monetary value when income tax revenues increase in a one year period in relation to inflation. Because it is linked to tax revenues, it is recalculated each year. It is not a raise that compounds and flows forward each year. This calculation uses the income tax revenue and inflation rates based on a two year look back. The amount to be paid in 2016 per full time employee is \$500.

**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.

DEPARTMENT OF FINANCE



Jacob Burton  
Finance Director

**CITY OF MIDDLETOWN, OHIO  
STATEMENT OF NET POSITION  
DECEMBER 31, 2015**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and equity in pooled cash, deposits and investments	\$ 23,875,177	\$ 18,582,349	\$ 42,457,526
Receivables (net of allowance for uncollectibles):			
Income taxes	5,010,000	-	5,010,000
Property taxes	4,412,011	-	4,412,011
Payments in lieu of taxes	586,853	-	586,853
Accounts	678,320	2,022,000	2,700,320
Interest	150,512	-	150,512
Loans	1,166,726	235,930	1,402,656
Intergovernmental	2,077,292	135,332	2,212,624
Special assessments	2,742,461	70,815	2,813,276
Inventory of supplies	756,446	536,427	1,292,873
Internal balances	(2,019,013)	2,019,013	-
Capital assets, net			
Non-depreciable	16,959,716	12,384,951	29,344,667
Depreciable	62,087,084	53,381,529	115,468,613
<b>Total assets</b>	<b>118,483,585</b>	<b>89,368,346</b>	<b>207,851,931</b>
<b>Deferred outflows of resources</b>			
Deferred charge on refunding	267,427	44,606	312,033
Pension related	4,997,917	393,737	5,391,654
<b>Total deferred outflows of resources</b>	<b>5,265,344</b>	<b>438,343</b>	<b>5,703,687</b>
<b>Liabilities</b>			
Accounts payable and other current liabilities	2,180,402	1,098,641	3,279,043
Accrued wages and benefits	1,023,806	153,880	1,177,686
Other accrued liabilities	673,422	51,655	725,077
Accrued interest payable	87,279	37,065	124,344
Due to other governments	123,349	1,636	124,985
Due to other individuals	-	786,740	786,740
Unearned revenue	-	235,930	235,930
Non current liabilities:			
Due within one year	4,544,585	2,008,786	6,553,371
Due in more than one year	64,097,306	13,167,019	77,264,325
<b>Total liabilities</b>	<b>72,730,149</b>	<b>17,541,352</b>	<b>90,271,501</b>
<b>Deferred inflows of resources</b>			
Revenues levied for the next year	4,506,735	-	4,506,735
Pension related	140,135	32,903	173,038
<b>Total deferred inflows of resources</b>	<b>4,646,870</b>	<b>32,903</b>	<b>4,679,773</b>
<b>Net Position</b>			
Net investment in capital assets	53,362,966	54,256,880	107,619,846
Restricted for capital projects	1,080,405	-	1,080,405
Restricted for debt service	3,840,082	-	3,840,082
Restricted for housing assistance	400,512	-	400,512
Restricted for community development	2,733,362	-	2,733,362
Restricted for public safety	2,128,634	-	2,128,634
Restricted for roads	2,504,069	-	2,504,069
Restricted for other purposes	155,779	-	155,779
Unrestricted	(19,833,899)	17,975,554	(1,858,345)
<b>Total net position</b>	<b>\$ 46,371,910</b>	<b>\$ 72,232,434</b>	<b>\$ 118,604,344</b>

See accompanying notes to the basic financial statements.

**CITY OF MIDDLETOWN, OHIO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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	\$ 22,846,239	\$ 4,244,627	\$ 30,203	\$ -	\$ (18,571,409)		\$ (18,571,409)
Public health and welfare	420,656	262,642	33,620	-	(124,394)		(124,394)
Leisure time activities	1,031,902	77,600	-	-	(954,302)		(954,302)
Community environment	5,969,520	543,084	489,271	1,149,873	(3,787,292)		(3,787,292)
Highways and streets	8,417,429	312,367	-	2,260,106	(5,844,956)		(5,844,956)
General government	5,212,412	2,856,174	-	-	(2,356,238)		(2,356,238)
Interest on long-term debt	<u>1,262,128</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,262,128)</u>		<u>(1,262,128)</u>
Total governmental activities	<u>\$ 45,160,286</u>	<u>\$ 8,296,494</u>	<u>\$ 553,094</u>	<u>\$ 3,409,979</u>	<u>\$ (32,900,719)</u>		<u>\$ (32,900,719)</u>
Business-type activities:							
Water	\$ 6,806,598	\$ 7,869,022	\$ 6,495	\$ -	\$ -	\$ 1,068,919	\$ 1,068,919
Sewer	7,859,123	8,961,511	-	3,684	-	1,106,072	1,106,072
Solid Waste	3,092,257	2,996,217	-	-	-	(96,040)	(96,040)
Airport	390,367	274,890	237,752	-	-	122,275	122,275
Transit	1,424,350	146,218	982,244	175,824	-	(120,064)	(120,064)
Storm Water	<u>1,167,822</u>	<u>1,820,731</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>652,909</u>	<u>652,909</u>
Total business-type activities	<u>20,740,517</u>	<u>22,068,589</u>	<u>1,226,491</u>	<u>179,508</u>	<u>-</u>	<u>2,734,071</u>	<u>2,734,071</u>
Total	<u>\$ 65,900,803</u>	<u>\$ 30,365,083</u>	<u>\$ 1,779,585</u>	<u>\$ 3,589,487</u>	<u>\$ (32,900,719)</u>	<u>\$ 2,734,071</u>	<u>\$ (30,166,648)</u>
General revenues:							
Taxes:							
Income taxes					\$ 21,345,769	\$ 186,000	\$ 21,531,769
Property taxes					4,154,206	-	4,154,206
Other taxes					2,605,932	-	2,605,932
Payments in lieu of taxes					1,483,041	-	1,483,041
Grants and contributions not restricted to specific programs					1,375,462	-	1,375,462
Investment earnings					114,971	132,584	247,555
Miscellaneous					267,559	254,255	521,814
Transfers					<u>69,420</u>	<u>(69,420)</u>	<u>-</u>
Total general revenues and transfers					<u>31,416,360</u>	<u>503,419</u>	<u>31,919,779</u>
Change in net position					(1,484,359)	3,237,490	1,753,131
Net position beginning of year, restated					<u>47,856,269</u>	<u>68,994,944</u>	<u>116,851,213</u>
Net position end of year					<u>\$ 46,371,910</u>	<u>\$ 72,232,434</u>	<u>\$ 118,604,344</u>

See accompanying notes to the basic financial statements.



**CITY OF MIDDLETOWN, OHIO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2015**

	General	Special Assessment Debt Service
Assets:		
Cash and equity in pooled cash, deposits and investments	\$ 4,870,033	\$ 452,598
Receivables (net of allowance for uncollectibles):		
Income taxes	5,010,000	-
Property taxes	2,719,509	-
Accounts	390,361	-
Loans	-	-
Interest	-	-
Payments in lieu of taxes	-	-
Special assessments	-	2,364,106
Due from other funds	3,613,173	-
Due from other governments	554,898	-
Inventory of supplies	29,534	-
<b>Total assets</b>	<b>\$ 17,187,508</b>	<b>\$ 2,816,704</b>
Liabilities:		
Accounts payable	\$ 376,866	\$ -
Accrued wages and benefits	930,668	-
Other accrued liabilities	533,896	-
Due to other funds	47,085	-
Due to other governments	-	-
<b>Total liabilities</b>	<b>1,888,515</b>	<b>-</b>
Deferred inflows of resources:		
Revenues levied for the next year and unavailable revenue	5,839,640	2,364,106
<b>Total deferred inflows of resources</b>	<b>5,839,640</b>	<b>2,364,106</b>
Fund balances:		
Nonspendable	3,642,707	-
Restricted	86,439	452,598
Committed	-	-
Assigned	549,000	-
Unassigned	5,181,207	-
<b>Total fund balances</b>	<b>9,459,353</b>	<b>452,598</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 17,187,508</b>	<b>\$ 2,816,704</b>

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

<b>Capital Improvements</b>	<b>Non Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 1,661,892	\$ 10,700,641	\$ 17,685,164
-	-	5,010,000
583,759	1,108,743	4,412,011
-	187,472	577,833
-	1,166,726	1,166,726
-	150,512	150,512
-	586,853	586,853
-	378,355	2,742,461
-	-	3,613,173
214,786	1,307,608	2,077,292
-	490,711	520,245
<b>\$ 2,460,437</b>	<b>\$ 16,077,621</b>	<b>\$ 38,542,270</b>
\$ 603,923	\$ 278,602	\$ 1,259,391
-	81,029	1,011,697
85,133	54,393	673,422
1,383,500	1,497,662	2,928,247
-	123,349	123,349
<b>2,072,556</b>	<b>2,035,035</b>	<b>5,996,106</b>
620,070	3,153,641	11,977,457
<b>620,070</b>	<b>3,153,641</b>	<b>11,977,457</b>
-	412,124	4,054,831
-	7,032,136	7,571,173
-	3,703,458	3,703,458
-	-	549,000
(232,189)	(258,773)	4,690,245
<b>(232,189)</b>	<b>10,888,945</b>	<b>20,568,707</b>
<b>\$ 2,460,437</b>	<b>\$ 16,077,621</b>	<b>\$ 38,542,270</b>

**CITY OF MIDDLETOWN, OHIO  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2015**

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<b>Total governmental fund balances</b>	\$ 20,568,707
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*Amounts reported for governmental activities in the statement of net position are different due to the following:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	79,046,800
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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	2,630,000
Intergovernmental and other receivables	4,840,722

Internal service funds are used to charge the costs of certain activities to individual funds. The assets and liabilities (excluding capital assets and the net pension liability) of the internal service funds are included in governmental activities in the statement of net position.

2,830,772

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	(23,910,222)
Special assessment bonds	(1,824,700)
Compensated absences	(4,738,965)
Pension obligation payable	(1,772,637)
Accrued interest on long-term debt	(87,279)
Premium on bonds	(216,339)

Deferred outflows of resources:

Deferred charge on refunding	267,427
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The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:

Deferred outflows - pension	4,997,917
Deferred inflows - pension	(140,135)
Net pension liability	<u>(36,120,158)</u>

<b>Net position of governmental activities</b>	<b>\$ 46,371,910</b>
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**CITY OF MIDDLETOWN, OHIO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR YEAR ENDED DECEMBER 31, 2015**

	<b>General</b>	<b>Special Assessment Debt Service</b>
Revenues:		
Property taxes	\$ 2,526,565	\$ -
Municipal income taxes	17,353,678	-
Payment in lieu of taxes	-	-
Intergovernmental revenues	1,270,729	-
Charges for services	4,307,866	-
Fees, licenses, and permits	325,247	-
Fines and forfeits	23,941	-
Special assessments	-	626,138
Investment income	69,860	-
Miscellaneous	867,827	-
<b>Total revenues</b>	<b>26,745,713</b>	<b>626,138</b>
Expenditures:		
Current		
Public safety	18,166,435	-
Public health and welfare	-	-
Leisure time activities	862,787	-
Community environment	1,350,312	-
Highways and streets	1,109	-
General government	3,793,656	-
Miscellaneous	1,276,259	-
Debt service		
Principal retirement	-	324,647
Interest and fiscal charges	-	103,921
<b>Total expenditures</b>	<b>25,450,558</b>	<b>428,568</b>
Excess of revenues over (under) expenditures	1,295,155	197,570
Other financing sources (uses):		
Transfers-in	-	-
Transfers-out	(800,000)	-
Proceeds of bonds	-	-
<b>Total other financing sources (uses)</b>	<b>(800,000)</b>	<b>-</b>
Net change in fund balances	495,155	197,570
Fund balance, beginning of year	8,964,198	255,028
<b>Fund balance, end of year</b>	<b>\$ 9,459,353</b>	<b>\$ 452,598</b>

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

Capital Improvements		Non Major Governmental Funds	Total Governmental Funds
\$	729,540	\$ 1,001,467	\$ 4,257,572
	-	4,414,091	21,767,769
	-	1,483,041	1,483,041
	2,280,069	4,057,682	7,608,480
	7,102	233,836	4,548,804
	-	77,600	402,847
	-	1,693,725	1,717,666
	-	192,886	819,024
	11,359	33,752	114,971
	72,250	1,040,447	1,980,524
	<b>3,100,320</b>	<b>14,228,527</b>	<b>44,700,698</b>
	9,371	4,220,726	22,396,532
	-	405,073	405,073
	21,571	17,946	902,304
	7,600	4,232,243	5,590,155
	4,199,703	2,559,958	6,760,770
	-	158,097	3,951,753
	13,873	911,502	2,201,634
	-	4,213,538	4,538,185
	-	1,124,867	1,228,788
	<b>4,252,118</b>	<b>17,843,950</b>	<b>47,975,194</b>
	(1,151,798)	(3,615,423)	(3,274,496)
	400,000	469,420	869,420
	-	-	(800,000)
	-	4,160,000	4,160,000
	<b>400,000</b>	<b>4,629,420</b>	<b>4,229,420</b>
	(751,798)	1,013,997	954,924
	519,609	9,874,948	19,613,783
<b>\$</b>	<b>(232,189)</b>	<b>\$ 10,888,945</b>	<b>\$ 20,568,707</b>

**CITY OF MIDDLETOWN, OHIO  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 954,924</b>
<i>Amounts reported for governmental activities in the statement of activities are different due to the following:</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which capital outlays exceeded depreciation in the current period:	
Capital outlay, net	5,875,326
Depreciation expense	(6,933,672)
Loss on disposal	(31,451)
Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows in the funds:	
Income taxes	(422,000)
Intergovernmental and other revenues	(672,191)
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	(4,160,000)
Bond principal retirement	2,481,269
Long-term note retirement	2,056,916
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	
	(6,338)
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	(56,957)
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.	
	(384,106)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	
	3,359,347
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.	
	(3,616,165)
<b>Change in net position of governmental activities</b>	<b>\$ (1,484,359)</b>





**CITY OF MIDDLETOWN, OHIO  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2015**

<b>Business Type Activities - Enterprise Funds</b>					
	<b>Water</b>	<b>Sewer</b>	<b>Storm Water</b>		
<b>Assets</b>					
<b>Current assets:</b>					
Equity in pooled cash and investments	\$ 7,170,031	\$ 7,455,446	\$ 2,536,650		
Receivables					
Accounts	762,535	975,825	180,997		
Loans	235,930	-	-		
Due from other funds	-	-	-		
Intergovernmental	-	-	-		
Special Assessments	-	70,815	-		
Inventory of supplies	315,802	220,625	-		
<b>Total current assets</b>	<b>8,484,298</b>	<b>8,722,711</b>	<b>2,717,647</b>		
<b>Noncurrent assets:</b>					
<b>Capital assets:</b>					
Construction in progress	4,606,108	3,450,147	300,829		
Land	1,302,664	152,500	373,562		
Land improvements	5,875	26,581	-		
Infrastructure assets	29,044,909	45,074,631	6,102,571		
Buildings	13,056,550	12,328,429	69,270		
Equipment	6,178,111	10,391,472	685,860		
Less: Accumulated depreciation	(30,529,656)	(40,369,811)	(1,188,559)		
Total capital assets (net of accumulated depreciation)	23,664,561	31,053,949	6,343,533		
<b>Total noncurrent assets</b>	<b>23,664,561</b>	<b>31,053,949</b>	<b>6,343,533</b>		
<b>Total assets</b>	<b>32,148,859</b>	<b>39,776,660</b>	<b>9,061,180</b>		
<b>Deferred outflows of resources:</b>					
Deferred charge on refunding	44,606	-	-		
Pension related	150,978	172,515	32,559		
<b>Total deferred outflows of resources</b>	<b>195,584</b>	<b>172,515</b>	<b>32,559</b>		
<b>Liabilities</b>					
<b>Current liabilities:</b>					
Accounts payable	183,022	352,441	-		
Accrued wages and benefits	59,454	72,872	10,719		
Other accrued liabilities	17,100	19,539	3,688		
Accrued interest payable	10,870	21,995	-		
Due to other funds	6,615	6,531	6,005		
Due to other governments	1,636	-	-		
Due to individuals	786,740	-	-		
General obligation bonds payable	363,016	405,000	-		
Lease obligation payable	467,815	467,815	-		
Unearned revenue	235,930	-	-		
Compensated absences (short term portion)	98,068	105,040	16,269		
<b>Total current liabilities</b>	<b>2,230,266</b>	<b>1,451,233</b>	<b>36,681</b>		
<b>Long-term liabilities:</b>					
General obligation bonds payable	3,747,951	6,026,495	-		
Lease obligation	79,653	79,653	-		
Compensated absences	119,535	113,095	17,134		
Net pension liability	718,153	820,598	154,871		
<b>Total long-term liabilities</b>	<b>4,665,292</b>	<b>7,039,841</b>	<b>172,005</b>		
<b>Total liabilities</b>	<b>6,895,558</b>	<b>8,491,074</b>	<b>208,686</b>		
<b>Deferred inflows of resources:</b>					
Pension related	12,616	14,416	2,722		
<b>Total deferred inflows of resources:</b>	<b>12,616</b>	<b>14,416</b>	<b>2,722</b>		
<b>Net position</b>					
Net investment in capital assets	19,850,313	24,536,667	6,343,533		
Unrestricted	5,585,956	6,907,018	2,538,798		
<b>Total net position</b>	<b>\$ 25,436,269</b>	<b>\$ 31,443,685</b>	<b>\$ 8,882,331</b>		

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

Business Type Activities - Enterprise Funds			Governmental Activities -	
Solid Waste Disposal	Non Major Enterprise Funds	Totals	Internal Service Funds	
\$ 596,416	\$ 823,806	\$ 18,582,349	\$ 6,190,013	
102,643	-	2,022,000	100,487	
-	-	235,930	-	
-	-	-	109,332	
-	135,332	135,332	-	
-	-	70,815	-	
-	-	536,427	236,201	
<b>699,059</b>	<b>959,138</b>	<b>21,582,853</b>	<b>6,636,033</b>	
-	292,185	8,649,269	-	
382,600	1,524,356	3,735,682	195,750	
8,500	325,598	366,554	-	
12,300	624,895	80,859,306	-	
74,652	3,196,299	28,725,200	521,872	
-	2,959,895	20,215,338	11,864,845	
(57,690)	(4,639,153)	(76,784,869)	(9,701,376)	
420,362	4,284,075	65,766,480	2,881,091	
<b>420,362</b>	<b>4,284,075</b>	<b>65,766,480</b>	<b>2,881,091</b>	
<b>1,119,421</b>	<b>5,243,213</b>	<b>87,349,333</b>	<b>9,517,124</b>	
-	-	44,606	-	
3,325	34,360	393,737	28,575	
<b>3,325</b>	<b>34,360</b>	<b>438,343</b>	<b>28,575</b>	
492,871	70,307	1,098,641	921,011	
-	10,835	153,880	12,109	
-	11,328	51,655	-	
-	4,200	37,065	-	
-	25,107	44,258	750,000	
-	-	1,636	-	
-	-	786,740	-	
-	75,000	843,016	-	
-	-	935,630	-	
-	-	235,930	-	
-	10,763	230,140	21,957	
<b>492,871</b>	<b>207,540</b>	<b>4,418,591</b>	<b>1,705,077</b>	
-	1,103,070	10,877,516	-	
-	-	159,306	-	
-	7,555	257,319	36,913	
15,816	163,440	1,872,878	135,921	
<b>15,816</b>	<b>1,274,065</b>	<b>13,167,019</b>	<b>172,834</b>	
<b>508,687</b>	<b>1,481,605</b>	<b>17,585,610</b>	<b>1,877,911</b>	
278	2,871	32,903	2,388	
<b>278</b>	<b>2,871</b>	<b>32,903</b>	<b>2,388</b>	
420,362	3,106,005	54,256,880	2,881,091	
193,419	687,092	15,912,283	4,784,309	
<b>\$ 613,781</b>	<b>\$ 3,793,097</b>	<b>\$ 70,169,163</b>	<b>\$ 7,665,400</b>	

Adjustment to reflect consolidation of internal service fund activities	2,063,271
Total net position from above	70,169,163
Net position of business-type activities	\$ 72,232,434

**CITY OF MIDDLETOWN, OHIO  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES OF NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Business Type Activities - Enterprise Funds**

	<b>Water</b>	<b>Sewer</b>	<b>Storm Water</b>
Operating revenues:			
Charges for services	\$ 7,869,022	\$ 8,961,511	\$ 1,820,731
Other operating revenue	207,116	189	938
<b>Total operating revenues</b>	<b>8,076,138</b>	<b>8,961,700</b>	<b>1,821,669</b>
Operating expenses:			
Personal services	2,162,979	2,453,206	484,359
Contractual services	2,667,315	2,386,863	201,122
Commodities	773,109	490,728	46,423
Depreciation	849,899	1,227,361	186,196
Other operating expenses	232,745	1,007,880	249,722
<b>Total operating expenses</b>	<b>6,686,047</b>	<b>7,566,038</b>	<b>1,167,822</b>
Operating income (loss)	1,390,091	1,395,662	653,847
Non-operating revenues (expenses):			
Interest revenue	61,535	53,294	17,755
Interest expense and fiscal charges	(164,614)	(293,085)	-
Operating grants	6,495	-	-
Income taxes	-	-	-
Gain on sale or disposal of capital assets	-	-	-
<b>Total non-operating revenues (expenses)</b>	<b>(96,584)</b>	<b>(239,791)</b>	<b>17,755</b>
Income (loss) before contributions and transfers	1,293,507	1,155,871	671,602
Capital contributions	-	3,684	-
Transfers-out	(34,710)	(34,710)	-
<b>Change in net position</b>	<b>1,258,797</b>	<b>1,124,845</b>	<b>671,602</b>
Total net position, beginning of year, restated	24,177,472	30,318,840	8,210,729
<b>Total net position, end of year</b>	<b>\$ 25,436,269</b>	<b>\$ 31,443,685</b>	<b>\$ 8,882,331</b>

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

Business Type Activities - Enterprise Funds			Governmental Activities -	
Solid Waste Disposal		Non Major Enterprise Funds	Internal Service Funds	
			Totals	
\$	2,996,217	\$ 421,108	\$ 22,068,589	\$ 7,545,488
	9,598	\$ 36,414	254,255	173,464
	<b>3,005,815</b>	<b>457,522</b>	<b>22,322,844</b>	<b>7,718,952</b>
	39,074	430,815	5,570,433	417,382
	3,047,031	1,126,664	9,428,995	6,283,648
	-	12,339	1,322,599	711,698
	2,357	172,190	2,438,003	510,903
	3,795	22,010	1,516,152	27,151
	<b>3,092,257</b>	<b>1,764,018</b>	<b>20,276,182</b>	<b>7,950,782</b>
	(86,442)	(1,306,496)	2,046,662	(231,830)
	-	-	132,584	42,964
	-	(50,699)	(508,398)	-
	-	1,219,996	1,226,491	-
	-	186,000	186,000	-
	-	-	-	(31,450)
	-	<b>1,355,297</b>	<b>1,036,677</b>	<b>11,514</b>
	(86,442)	48,801	3,083,339	(220,316)
	-	175,824	179,508	-
	-	-	(69,420)	-
	<b>(86,442)</b>	<b>224,625</b>	<b>3,193,427</b>	<b>(220,316)</b>
	700,223	3,568,472	66,975,736	7,885,716
<b>\$</b>	<b>613,781</b>	<b>\$ 3,793,097</b>	<b>\$ 70,169,163</b>	<b>\$ 7,665,400</b>

Adjustment to reflect consolidation of Internal Service

Fund Activities	\$ 44,063
Changes in net position of enterprise funds	3,193,427
Changes in net position of business-type activities	\$ 3,237,490

CITY OF MIDDLETOWN, OHIO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR YEAR ENDED DECEMBER 31, 2015

	Business Type Activities - Enterprise Funds						Governmental Activities -	
							Internal Service Funds	Totals
	Water	Sewer	Storm Water	Solid Waste Disposal	Non Major Enterprise Funds			
<b>Cash flows from operating activities:</b>								
Cash received from customers	\$ 7,943,242	\$ 8,925,081	\$ 1,828,099	\$ 3,048,730	\$ 366,067	\$ 22,111,219	\$ -	
Cash payments to suppliers for goods and services	(3,524,106)	(3,622,051)	(448,079)	(2,846,076)	(898,105)	(11,338,417)	(7,170,521)	
Cash payments to employees for services	(1,829,538)	(2,084,968)	(397,896)	(39,119)	(420,063)	(4,771,584)	(348,539)	
Miscellaneous revenues	207,116	13,618	938	9,598	35,531	266,801	-	
Cash received from interfund services provided	-	-	-	-	-	-	7,648,914	
Cash payments for interfund services used	(452,652)	(486,519)	(166,863)	(6,359)	(267,939)	(1,380,332)	(71,847)	
<b>Net cash provided (used) by operating activities</b>	<b>2,344,062</b>	<b>2,745,161</b>	<b>816,199</b>	<b>166,774</b>	<b>(1,184,509)</b>	<b>4,887,687</b>	<b>58,007</b>	
<b>Cash flows from non-capital financing activities:</b>								
Operating grants	236,052	-	-	-	1,244,425	1,480,477	-	
Interfund loan receipts/(payments)	-	-	-	-	-	-	750,000	
Transfers-out to other funds	(34,710)	(34,710)	-	-	-	(69,420)	-	
Income taxes received	-	-	-	-	186,000	186,000	-	
<b>Net cash provided (used) by non-capital financing activities</b>	<b>201,342</b>	<b>(34,710)</b>	<b>-</b>	<b>-</b>	<b>1,430,425</b>	<b>1,597,057</b>	<b>750,000</b>	
<b>Cash flows from capital and related financing activities:</b>								
Purchase of capital assets	(3,984,521)	(1,280,648)	(247,004)	-	(229,883)	(5,742,056)	(655,598)	
Interest expense and fiscal charges	(170,302)	(306,715)	-	-	(52,838)	(529,855)	-	
Repayment of debt principal	(352,184)	(395,000)	-	-	(75,000)	(822,184)	-	
Repayment of capital lease obligation	(450,938)	(450,938)	-	-	-	(901,876)	-	
Capital contributions	-	3,684	-	-	175,824	179,508	-	
<b>Net cash used by capital and related financing activities</b>	<b>(4,957,945)</b>	<b>(2,429,617)</b>	<b>(247,004)</b>	<b>-</b>	<b>(181,897)</b>	<b>(7,816,463)</b>	<b>(655,598)</b>	
<b>Cash flows from investing activities:</b>								
Interest income	61,535	53,294	17,755	-	-	132,584	42,964	
<b>Net cash provided by investing activities</b>	<b>61,535</b>	<b>53,294</b>	<b>17,755</b>	<b>-</b>	<b>-</b>	<b>132,584</b>	<b>42,964</b>	
Net change in cash and cash equivalents	(2,351,006)	334,128	586,950	166,774	64,019	(1,199,135)	195,373	
Cash and pooled investments, beginning of year	9,521,037	7,121,318	1,949,700	429,642	759,787	19,781,484	5,994,640	
<b>Cash and pooled investments, end of year</b>	<b>\$ 7,170,031</b>	<b>\$ 7,455,446</b>	<b>\$ 2,536,650</b>	<b>\$ 596,416</b>	<b>\$ 823,806</b>	<b>\$ 18,582,349</b>	<b>\$ 6,190,013</b>	

continued

CITY OF MIDDLETOWN, OHIO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR YEAR ENDED DECEMBER 31, 2015

	Business Type Activities - Enterprise Funds					Governmental Activities -		
	Water	Sewer	Storm Water	Solid Waste Disposal	Non Major Enterprise Funds	Totals	Internal Service Funds	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	\$ 1,390,091	\$ 1,395,662	\$ 653,847	\$ (86,442)	\$ (1,306,496)	\$ 2,046,662	\$	(231,830)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation	849,899	1,227,361	186,196	2,357	172,190	2,438,003		510,903
Changes in assets and liabilities:								
Decrease (increase) in accounts receivable (net)	34,169	(36,430)	7,368	52,513	-	57,620		(94,439)
Decrease (increase) in special assessment receivable (net)	-	13,429	-	-	-	13,429		-
Decrease (increase) in inventory of supplies	7,700	(58,169)	-	-	-	(50,469)		749
Decrease (increase) in due from other funds	-	-	-	-	-	-		24,401
Decrease (increase) in deferred outflows of resources - pension related	(63,089)	(72,088)	(13,606)	(1,390)	(14,358)	(164,531)		(11,941)
Increase (decrease) in accounts payable	53,670	236,529	(15,205)	203,192	12,518	490,704		(149,538)
Increase (decrease) in accrued wages and benefits	(11,858)	(5,281)	(6,009)	-	(2,911)	(26,059)		(3,909)
Increase (decrease) in other accrued liabilities	(2,195)	(804)	(984)	(448)	(1,142)	(5,573)		-
Increase (decrease) in due to other funds	(2,403)	506	(4,373)	-	4,695	(1,575)		-
Increase (decrease) in compensated absences payable	19,191	11,495	2,745	(3,643)	1,118	30,906		8,152
Increase (decrease) in due to other governments	140	-	-	-	(56,686)	(56,546)		-
Increase (decrease) in due to individuals	39,910	-	-	-	-	39,910		-
Increase (decrease) in net pension liability	16,221	18,535	3,498	357	3,692	42,303		3,071
Increase (decrease) in deferred inflows of resources - pension related	12,616	14,416	2,722	278	2,871	32,903		2,388
<b>Total adjustments</b>	<b>953,971</b>	<b>1,349,499</b>	<b>162,352</b>	<b>253,216</b>	<b>121,987</b>	<b>2,841,025</b>		<b>289,837</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 2,344,062</b>	<b>\$ 2,745,161</b>	<b>\$ 816,199</b>	<b>\$ 166,774</b>	<b>\$ (1,184,509)</b>	<b>\$ 4,887,687</b>	<b>\$</b>	<b>58,007</b>

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, 2015

	Total Agency Funds
<hr/>	
Assets:	
Cash and equity in pooled cash, deposits and investments	\$ 355,312
Cash with fiscal and escrow agent	331,863
<b>Total assets</b>	<b>\$ 687,175</b>
<hr/>	
Liabilities:	
Due to other governments	\$ 551,604
Due to individuals	13,058
Unapportioned monies	122,513
<b>Total liabilities</b>	<b>\$ 687,175</b>
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The notes to the financial statements are an integral part of this statement.

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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

The City of Middletown, Ohio, was incorporated as a City in 1837 under the laws of the State of Ohio. The City operates under a Council-Manager form of government and provides the following services as authorized by its Charter: Public Safety (police and fire), Economic Development and Planning, Public Works and Utilities (maintenance and construction of public improvements, water and sewer service, and waste disposal), Community Revitalization (public transit system and golf course), Public Health Services, Municipal Court Services, and General Government Services. The financial statements of the City of Middletown, Ohio, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies used in the preparation of these financial statements are summarized below.

**A. REPORTING ENTITY**

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

**Blended Component Unit**

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

**Discretely Presented Component Units**

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

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

**Related Organization**

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

**Included within the reporting entity:**

Among activities and services provided by the City are a police force, a fire-fighting force, a municipal court system, a sewage treatment plant, a water treatment plant, an airport, a street maintenance force, a park system, and a staff to provide the necessary support to these service



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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. Interfund services provided and used are not eliminated in the process of consolidation.

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 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

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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.

***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.

***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.

***Storm Water Fund*** - Accounts for the City's provision of storm sewer services to the residents and commercial users of the City.

**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.

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**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.

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.

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***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, 2015.

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."

**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

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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	15 to 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 2015, 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:

***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).

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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, 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

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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	\$800,000
Capital Improvement Fund	\$400,000	
Non Major Governmental Funds	\$469,420	\$0
Enterprise Funds:		
Water Fund	\$0	\$34,710
Sewer Fund	\$0	\$34,710
<b>TOTAL</b>	<b>\$869,420</b>	<b>\$869,420</b>

A brief description of all transfers include:

- \$69,420 in 2015 for anticipated computer replacements, and
- \$1,000,000 includes \$400,000 to the Capital Improvement Fund, and \$400,000 the Auto & Gas Tax Fund for anticipated expenditures.

**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.

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**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, 2015, the total liability of the City for compensated absences was \$5,285,295.

**N. PENSIONS**

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

**O. 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.



**CITY OF MIDDLETOWN  
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**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 2015 increased the original 2015 Appropriation Resolution by \$8,944,075 for all budgeted funds. The majority of these supplemental appropriations are due to the following factors:

- \$3,585,500 for the new AK Project 116 property and construction;
- \$750,000 for employee health care services;
- \$626,730 to transfer funds to the counties for the Housing Assistance program;
- \$500,000 to fund property demolitions associated with the Moving Ohio Forward Grant;
- \$496,302 for wellfield grant changes;
- \$400,000 for 2015 local street improvement expenditures;
- \$350,000 to fund retirement pay outs anticipated for 2015;
- \$275,000 for Fire Department overtime and equipment; and
- \$263,500 for traffic signal system repairs/replacement.

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**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 2015 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 2015, 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, 2014, 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, 2015, are comprised of the following:

**Deposits**

Petty Cash	\$7,575
Certificate of Deposit	\$11,358,831
Demand deposit accounts	<u>\$7,845,251</u>
Subtotal deposits	\$19,211,657

**Investments**

Money Market Funds	\$10,276,655
U.S. Government and Agency	\$10,717,930
STAR Ohio	<u>\$2,938,184</u>
Subtotal investments	<u>\$23,932,769</u>

<b>Total</b>	<u><b>\$43,144,486</b></u>
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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."

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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, 70.3% (\$15,541,243) of the City's bank balance of \$22,113,561 was covered by Federal Deposit Insurance Corporation (FDIC) and the remaining was covered by pooled collateral.

The City's investments at December 31, 2015 are summarized as follows:

	<u>Fair Value</u>	<u>Average Maturity</u> <u>Years</u>
US Treasury Bills	\$10,318,290	0.27
US Treasury Notes	\$399,640	0.79
Star Ohio	\$2,938,184	n/a
US Money Market Funds	<u>\$10,276,655</u>	n/a
	<u>\$23,932,769</u>	

*Credit Risk*

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

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

*Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a failure of a counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment securities are registered in the name of the City per City policy.

*Interest Rate Risk*

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

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**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 Capital Improvement Fund (\$1,101,217).

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, 2015 (using the current financial resource measurement focus), the Capital Improvement Fund had a deficit fund balance of (\$1,269,894) and the Central Ave. Sidewalk, Curb and Gutter Fund had deficit fund balance of (\$118,442).

**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 2015 taxes were collected was \$660,203,890. The full tax rate for all City operations for the fiscal year ended December 31, 2015, 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, 2015. 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 2015 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

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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, 2015 was as follows:

<b>GOVERNMENTAL ACTIVITIES</b>				
<i><u>Capital Asset</u></i>	<i><u>Beginning Balance</u></i>	<i><u>Increase</u></i>	<i><u>Decrease</u></i>	<i><u>Ending Balance</u></i>
Capital assets, not being depreciated:				
Land	\$12,448,078	\$1,606,396	\$0	\$14,054,474
Construction in progress	\$2,247,851	\$2,401,988	(\$1,744,597)	\$2,905,242
<b>Total capital assets, not being depreciated</b>	<b>\$14,695,929</b>	<b>\$4,008,384</b>	<b>(\$1,744,597)</b>	<b>\$16,959,716</b>
Capital assets, being depreciated:				
Land improvements	\$786,331	\$0	\$0	\$786,331
Buildings	\$29,411,929	\$0	\$0	\$29,411,929
Equipment	\$23,289,296	\$905,883	(\$339,996)	\$23,855,183
General infrastructure	\$187,231,117	\$2,705,656	\$0	\$189,936,773
<b>Total capital assets, being depreciated</b>	<b>\$240,718,673</b>	<b>\$3,611,539</b>	<b>(\$339,996)</b>	<b>\$243,990,216</b>
<b>Totals at Historical Cost</b>	<b>\$255,414,602</b>	<b>\$7,619,923</b>	<b>(\$2,084,593)</b>	<b>\$260,949,932</b>
Less accumulated depreciation:				
Land improvements	\$421,947	\$31,571	\$0	\$453,518
Buildings	\$16,862,134	\$854,562	\$0	\$17,716,696
Equipment	\$17,696,888	\$948,348	(\$308,545)	\$18,336,691
General infrastructure	<u>\$140,297,036</u>	<u>\$5,099,191</u>	<u>\$0</u>	<u>\$145,396,227</u>
<b>Total depreciation</b>	<b>\$175,278,005</b>	<b>\$6,933,672</b>	<b>(\$308,545)</b>	<b>\$181,903,132</b>
<b>Capital Assets, Net</b>	<b>\$80,136,597</b>	<b>\$686,251</b>	<b>(\$1,776,048)</b>	<b>\$79,046,800</b>

Depreciation was charged to governmental functions as follows:

Community environment	\$363,449
General Government	\$934,298
Leisure	\$200,972
Public health and welfare	\$17,321
Public safety	\$466,067
Streets and highways	\$4,951,565
<b>Total</b>	<b>\$6,933,672</b>

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<b><i>BUSINESS-TYPE ACTIVITIES</i></b>				
<u><i>Capital Asset</i></u>	<u><i>Beginning Balance</i></u>	<u><i>Increase</i></u>	<u><i>Decrease</i></u>	<u><i>Ending Balance</i></u>
Capital assets, not being depreciated:				
Land	\$3,635,682	\$100,000	\$0	\$3,735,682
Construction in progress	\$3,890,704	\$5,501,263	(\$742,698)	\$8,649,269
<b>Total capital assets, not being depreciated</b>	<b>\$7,526,386</b>	<b>\$5,601,263</b>	<b>(\$742,698)</b>	<b>\$12,384,951</b>
Capital assets, being depreciated:				
Land improvements	\$366,554	\$0	\$0	\$366,554
Buildings	\$28,725,200	\$0	\$0	\$28,725,200
Equipment	\$20,036,648	\$178,690	\$0	\$20,215,338
General infrastructure	\$80,154,505	\$704,801	\$0	\$80,859,306
<b>Total capital assets, being depreciated</b>	<b>\$129,282,907</b>	<b>\$883,491</b>	<b>\$0</b>	<b>\$130,166,398</b>
<b>Totals at Historical Cost</b>	<b>\$136,809,293</b>	<b>\$6,484,754</b>	<b>(\$742,698)</b>	<b>\$142,551,349</b>
Less accumulated depreciation:				
Land improvements	\$329,026	\$19,753	\$0	\$348,779
Buildings	\$15,581,739	\$773,145	\$0	\$16,354,884
Equipment	\$17,666,783	\$249,282	\$0	\$17,916,065
General infrastructure	\$40,769,318	\$1,395,823	\$0	\$42,165,141
<b>Total depreciation</b>	<b>\$74,346,866</b>	<b>\$2,438,003</b>	<b>\$0</b>	<b>\$76,784,869</b>
Total capital assets, being depreciated, net	\$54,936,041	(\$1,554,512)	\$0	\$53,381,529
<b>Capital Assets, Net</b>	<b>\$62,462,427</b>	<b>\$4,046,751</b>	<b>(\$742,698)</b>	<b>\$65,766,480</b>

Depreciation was charged to Enterprise Funds as follows:

Water	\$849,899
Sewer	\$1,227,361
Storm	\$186,196
Solid Waste	\$2,357
Airport	\$127,601
Transit	\$44,589
Total	<u>\$2,438,003</u>

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**NOTE 8 - PENSION PLANS**

***Net Pension Liability***

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

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

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

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

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

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

Plan Description – City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

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

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



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	State and Local	Public Safety	Law Enforcement
<b>2015 Statutory Maximum Contribution Rates</b>			
Employer	14.0%	18.1%	18.1%
Employee	10.0%	*	**
<b>2015 Actual Contribution Rates</b>			
Employer:			
Pension	12.0%	16.1%	16.1%
Post-employment Health Care Benefits	2.0%	2.0%	2.0%
Total Employer	14.0%	18.1%	18.1%
Employee	10.0%	12.0%	13.0%

\* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$1,545,150 for 2015.

***Plan Description – Ohio Police & Fire Pension Fund (OPF)***

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving

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OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

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

	<u>Police</u>	<u>Firefighters</u>
<b>2015 Statutory Maximum Contribution Rates</b>		
Employer	19.50%	24.00%
Employee:		
January 1, 2015 through July 1, 2015	11.50%	11.50%
July 2, 2015 through December 31, 2015	12.25%	12.25%
<b>2015 Actual Contribution Rates</b>		
Employer:		
Pension	19.00%	23.50%
Post-employment Health Care Benefits	<u>0.50%</u>	<u>0.50%</u>
Total Employer	<u><u>19.50%</u></u>	<u><u>24.00%</u></u>
Employee:		
January 1, 2015 through July 1, 2015	11.50%	11.50%
July 2, 2015 through December 31, 2015	12.25%	12.25%

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$2,108,003 for 2015.

In addition to current contributions, the Entity pays installments on a specific liability of the Entity incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2015, the specific liability of the City was \$1,772,637 payable in semi-annual payments through the year 2035.

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

The net pension liability for OPERS was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2014, and was determined by rolling forward the total pension liability as of January 1, 2014, to December 31, 2014. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the

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contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$ 9,849,625	\$ 28,143,411	\$ 37,993,036
Proportion of the Net Pension Liability	0.08166428%	0.54326535%	
Pension Expense	\$ 1,075,387	\$ 2,745,259	\$ 3,820,646

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$ 525,546	\$ 1,212,955	\$ 1,738,501
Entity contributions subsequent to the measurement date	<u>1,545,150</u>	<u>2,108,003</u>	<u>3,653,153</u>
Total Deferred Outflows of Resources	<u><u>\$ 2,070,696</u></u>	<u><u>\$ 3,320,958</u></u>	<u><u>\$ 5,391,654</u></u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	<u>\$ 173,038</u>	<u>\$ -</u>	<u>\$ 173,038</u>

\$3,653,153 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Year Ending December 31:			
2016	\$ 51,546	\$ 303,239	\$ 354,785
2017	51,546	303,239	354,785
2018	118,029	303,239	421,268
2019	<u>131,387</u>	<u>303,239</u>	<u>434,626</u>
Total	<u><u>\$ 352,508</u></u>	<u><u>\$ 1,212,956</u></u>	<u><u>\$ 1,565,464</u></u>

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***Actuarial Assumptions - OPERS***

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy

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for 2014 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.31%
Domestic Equities	19.90%	5.84%
Real Estate	10.00%	4.25%
Private Equity	10.00%	9.25%
International Equities	19.10%	7.40%
Other investments	18.00%	4.59%
Total	100.00%	5.28%

**Discount Rate** The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Entity's proportionate share of the net pension liability	\$ 18,120,487	\$ 9,849,625	\$ 2,883,566

**Actuarial Assumptions – OPF**

OPF's total pension liability as of December 31, 2014 is based on the results of an actuarial valuation date of January 1, 2014, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2014, are presented below:

Valuation Date	January 1, 2014
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2014 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00%	-0.25%
Domestic Equity	16.00%	4.47%
Non-US Equity	16.00%	4.47%
Core Fixed Income *	20.00%	1.62%
Global Inflation Protected *	20.00%	1.33%
High Yield	15.00%	3.39%
Real Estate	12.00%	3.93%
Private Markets	8.00%	6.98%
Timber	5.00%	4.92%
Master Limited Partnerships	8.00%	7.03%
Total	120.00%	

\* levered 2X

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OPF's Board of Trustees has incorporated the "risk parity" concept into OPF's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

***Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
Entity's proportionate share of the net pension liability	\$ 38,924,962	\$ 28,143,411	\$ 19,014,287

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, 2015, 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 \$880,925.

Year	Beginning of Fiscal Year Liability	Current Year Claims & Changes In Estimate	Claims Payments	Balance At Fiscal Year End
2014	\$646,923	\$5,315,208	\$4,954,029	\$1,008,102
2015	\$1,008,102	\$5,904,774	\$6,031,951	\$880,925

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**NOTE 10 - LONG TERM OBLIGATIONS**

Long-term obligation of the City as of December 31, 2015 are as follows:

**A. GOVERNMENTAL ACTIVITIES**

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Principal Due Within One Year	Interest Paid in 2015
1995-1 Street Improvements	\$15,000	\$0	\$15,000	\$0	\$0	\$469
1995-2 Street Improvements	\$8,000	\$0	\$8,000	\$0	\$0	\$496
1996 Street Improvements	\$30,000	\$0	\$15,000	\$15,000	\$15,000	\$1,860
1996 Sewer Imp.-Dick's Creek	\$27,234	\$0	\$13,617	\$13,617	\$13,617	\$1,688
1996 Sewer Imp.-Cin/Dayton Rd.	\$2,766	\$0	\$1,383	\$1,383	\$1,383	\$172
1997 Sophie Street Improvements	\$50,000	\$0	\$15,000	\$35,000	\$15,000	\$2,750
1997 Dix Road Improvements	\$45,000	\$0	\$15,000	\$30,000	\$15,000	\$2,520
1998 Lewis Street Improvements	\$20,000	\$0	\$5,000	\$15,000	\$5,000	\$1,075
1999 Marshall Road Improvements	\$160,000	\$0	\$30,000	\$130,000	\$30,000	\$8,575
2000 Burbank Street Improvements	\$80,000	\$0	\$10,000	\$70,000	\$10,000	\$5,360
2001 Illinois/Longfellow Improve.	\$100,388	\$0	\$10,853	\$89,535	\$13,566	\$5,822
2001 Dick's Creek	\$52,059	\$0	\$5,628	\$46,431	\$7,035	\$3,020
2001 Oxford State Rd Water Line	\$32,553	\$0	\$3,519	\$29,034	\$4,399	\$1,888
2001 Oxford State Rd Intersection	\$26,000	\$0	\$3,000	\$23,000	\$3,000	\$1,521
2004 Roosevelt Ave. Improvements	\$365,000	\$0	\$30,000	\$335,000	\$30,000	\$20,075
2006 Towne Blvd. Improvements	\$435,000	\$0	\$15,000	\$420,000	\$15,000	\$18,563
2007 Cincinnati Dayton Rd Sewer	\$108,000	\$0	\$7,000	\$101,000	\$7,000	\$5,078
2007 Fiesta Storm Sewer	\$1,400	\$0	\$700	\$700	\$700	\$69
2009 Sidewalk, Curb, & Gutter	\$10,000	\$0	\$10,000	\$0	\$0	\$200
2010 Sidewalk, Curb, & Gutter	\$135,000	\$0	\$65,000	\$70,000	\$70,000	\$5,400
2014 Lefferson Road	\$119,372	\$0	\$4,372	\$115,000	\$5,000	\$6,467
2014 S Main St Lighting	\$196,520	\$0	\$16,520	\$180,000	\$20,000	\$8,983
2014 S Main St Sidewalk, Curb & Gutter	\$130,055	\$0	\$25,055	\$105,000	\$25,000	\$4,103
<b>Total Special Assessment Bonds</b>	<b>\$2,149,347</b>	<b>\$0</b>	<b>\$324,647</b>	<b>\$1,824,700</b>	<b>\$305,700</b>	<b>\$106,154</b>



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	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Principal Due Within One Year	Interest Paid in 2015
<i>General Obligation Bonds:</i>						
2008 Street Improvements	\$299,973	\$0	\$148,806	\$151,167	\$151,167	\$9,749
2008 Downtown Improvements	\$3,721,871	\$0	\$692,816	\$3,029,055	\$716,984	\$136,438
2006 Towne Blvd/SR 122/I-75	\$520,000	\$0	\$40,000	\$480,000	\$40,000	\$21,995
2006 Towne Blvd. Extension	\$1,630,000	\$0	\$175,000	\$1,455,000	\$185,000	\$68,419
SR 122/I-75 Interchange	\$5,295,000	\$0	\$270,000	\$5,025,000	\$275,000	\$219,623
2010 Downtown Parking Flat Lot	\$660,000	\$0	\$90,000	\$570,000	\$90,000	\$17,788
2010 Greentree Health Science Academy	\$4,670,000	\$0	\$220,000	\$4,450,000	\$225,000	\$254,783
2013 Court of Appeals	\$2,123,850	\$0	\$213,200	\$1,910,650	\$219,350	\$56,065
2013 MRH Land	\$2,986,150	\$0	\$306,800	\$2,679,350	\$315,650	\$80,285
2015 AK Steel Holding Corp Project	\$0	\$2,045,000	\$0	\$2,045,000	\$70,000	\$43,324
2015 Bender Tract	\$0	\$2,115,000	\$0	\$2,115,000	\$120,000	\$44,076
Premiums	\$250,554	\$0	\$34,215	\$216,339	\$0	\$0
<b>Total General Obligation Bonds</b>	<b>\$22,157,398</b>	<b>\$4,160,000</b>	<b>\$2,190,837</b>	<b>\$24,126,561</b>	<b>\$2,408,151</b>	<b>\$952,545</b>
Long-term Notes	\$2,056,916	\$0	\$2,056,916	\$0	\$0	\$69,213
Compensated Absences	\$4,732,726	\$1,710,057	\$1,644,948	\$4,797,835	\$1,732,993	
Police & Fire Pension						
Unfunded Accrued Liability	\$1,870,378	\$0	\$97,741	\$1,772,637	\$97,741	
Net Pension Liability:						
OPERS	\$7,796,580	\$180,167	\$0	\$7,976,747	\$0	
OP&F	\$26,458,727	\$1,684,684	\$0	\$28,143,411	\$0	
Total Net Pension Liability	\$34,255,307	\$1,864,851	\$0	\$36,120,158	\$0	
<b>Total Governmental Activities</b>	<b>\$67,222,072</b>	<b>\$7,734,908</b>	<b>\$6,315,089</b>	<b>\$68,641,891</b>	<b>\$4,544,585</b>	<b>\$1,127,912</b>

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**B. BUSINESS TYPE ACTIVITIES**

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Principal Due Within One Year	Interest Paid in 2015
<i>General Obligation Bonds:</i>						
2008 Water	\$898,127	\$0	\$167,184	\$730,943	\$173,016	\$32,924
2008 Airport	\$1,230,000	\$0	\$75,000	\$1,155,000	\$75,000	\$52,838
2008 Sewer	\$5,755,000	\$0	\$345,000	\$5,410,000	\$355,000	\$247,100
2014 Wastewater Energy Improvements	\$915,000	\$0	\$50,000	\$865,000	\$50,000	\$29,050
2014 Water Energy Improvements	\$3,370,000	\$0	\$185,000	\$3,185,000	\$190,000	\$106,650
Premium	\$405,452	\$0	\$30,863	\$374,589	\$0	\$0
<b>Total General Obligation Bonds Payable</b>	<b>\$12,573,579</b>	<b>\$0</b>	<b>\$853,047</b>	<b>\$11,720,532</b>	<b>\$843,016</b>	<b>\$468,562</b>
Lease Obligation	\$1,996,812	\$0	\$901,876	\$1,094,936	\$935,630	\$58,372
Compensated Absences	\$456,553	\$256,595	\$225,689	\$487,459	\$230,140	\$0
Net Pension Liability - OPERS	\$1,830,575	\$42,303	\$0	\$1,872,878	\$0	\$0
<b>Total Business Type Activities</b>	<b>\$16,857,519</b>	<b>\$298,898</b>	<b>\$1,980,612</b>	<b>\$15,175,805</b>	<b>\$2,008,786</b>	<b>\$526,934</b>

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

**LEASE OBLIGATION**

The City entered into 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%.

The City's legal debt margin was approximately \$48,928,316 at December 31, 2015. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2015 are as follows:

<b>GOVERNMENTAL ACTIVITIES</b>			
<b>Police and Fire Pension Debt Schedule 12/31/15</b>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	\$52,217	\$45,524	\$97,741
2021-2025	\$261,085	\$227,620	\$488,705
2026-2030	\$261,085	\$227,620	\$488,705
2031-2034	\$163,800	\$142,722	\$306,522
<b>Total</b>	<b>\$947,055</b>	<b>\$825,582</b>	<b>\$1,772,637</b>

**CITY OF MIDDLETOWN**  
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<b>GOVERNMENTAL ACTIVITIES</b>						
<b>General Obligation and Assessment Bonds Schedule 12/31/15</b>						
	<b>General Obligation Bonds</b>			<b>Assessment Bonds</b>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$2,408,151	\$957,474	\$3,365,625	\$305,700	\$89,873	\$395,573
2017	\$2,306,151	\$888,244	\$3,194,395	\$217,000	\$74,866	\$291,866
2018	\$2,379,348	\$818,135	\$3,197,483	\$192,000	\$64,725	\$256,725
2019	\$2,451,572	\$733,203	\$3,184,775	\$197,000	\$55,901	\$252,901
2020	\$1,705,000	\$643,809	\$2,348,809	\$138,000	\$45,165	\$183,165
2021-2025	\$6,945,000	\$2,250,076	\$9,195,076	\$699,000	\$121,377	\$820,377
2026-2030	\$4,680,000	\$965,260	\$5,645,260	\$36,000	\$14,960	\$50,960
2031-2035	\$1,035,000	\$128,313	\$1,163,313	\$40,000	\$5,250	\$45,250
Total	\$23,910,222	\$7,384,514	\$31,294,736	\$1,824,700	\$472,117	\$2,296,817

<b>BUSINESS TYPE ACTIVITIES</b>			
<b>General Obligation Bonds Schedule - 12/31/15</b>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$843,016	\$444,779	\$1,287,795
2017	\$878,847	\$420,381	\$1,299,228
2018	\$895,652	\$390,871	\$1,286,523
2019	\$923,428	\$356,817	\$1,280,245
2020	\$765,000	\$326,563	\$1,091,563
2021-2025	\$4,335,000	\$1,121,750	\$5,456,750
2026-2029	\$2,705,000	\$224,901	\$2,929,901
Total	\$11,345,943	\$3,286,062	\$14,632,005

<b>BUSINESS TYPE ACTIVITIES</b>			
<b>Lease Obligation Schedule 12/31/15</b>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$935,630	\$24,617	\$960,247
2017	\$159,306	\$733	\$160,039
Total	\$1,094,936	\$25,350	\$1,120,286

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.

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

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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, 2015, the amount of defeased debt outstanding amounted to \$4,160,000.

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.

**NOTE 12 - INTERFUND RECEIVABLES AND PAYABLES**

The City's inter-fund receivables and payables at the end of 2015 were comprised of operating advances from the General Fund to other operating funds (\$2,995,500) and payments to the Municipal Garage Fund by the City operating funds for December 2015 services (\$109,032). Inter-fund balances as of December 31, 2015 are as follows:

<b>Fund</b>	<b>Receivables</b>	<b>Payables</b>
<b>Governmental Funds:</b>		
General Fund	\$3,613,173	\$47,085
Capital Improvements Fund	\$0	\$1,383,500
Non major government funds	\$0	\$1,497,662
<b>Total governmental funds</b>	<b>\$3,613,173</b>	<b>\$2,928,247</b>
<b>Enterprise Funds:</b>		
Water	\$0	\$6,615
Sewer	\$0	\$6,531
Storm Water	\$0	\$6,005
Non major business type activities	\$0	\$25,107
<b>Total enterprise funds</b>	<b>\$0</b>	<b>\$44,258</b>
<b>Internal Service Funds</b>		
Internal service funds	\$109,332	\$750,000
<b>Total internal service funds</b>	<b>\$109,332</b>	<b>\$750,000</b>
<b>Total all funds</b>	<b>\$3,722,505</b>	<b>\$3,722,505</b>

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**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, 2015, to December 31, 2015, the City received federal and State grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial to the financial statements as a whole.

**NOTE 14 - POST EMPLOYMENT BENEFITS**

**PUBLIC EMPLOYEES RETIREMENT SYSTEM**

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

**A. Plan Description**

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains two cost-sharing multiple employer defined benefit post-employment healthcare trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have twenty 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. Please see the Plan Statement in the OPERS 2014 CAFR for details.

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

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OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, 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 health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. 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 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0% for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payrolls deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5%.

**C. City Contributions**

The total employer contribution rate, in Section B, is the statutorily required contribution rates for OPERS. The portion of the City of Middletown's contributions used to fund health care for the years ending December 31, 2015, 2014, and 2013 were \$220,647, \$217,596, and \$117,988, respectively.

**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

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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.

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

#### **B. Funding Policy**

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to the health care plan was .5% from January 1, 2015 through December 31, 2015. 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 for the years ending December 31, 2015, 2014, and 2013 were \$2,317,516, \$2,537,230, and \$1,981,137 of which \$54,120, \$59,155, and \$308,502, respectively, was allocated to the health care plan.

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**NOTE 15 - RISK MANAGEMENT**

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

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

**Casualty and Property Coverage**

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 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 &amp; Property</u> <u>Coverage</u>	<u>2014</u>	<u>2013</u>
Assets	\$35,402,177	\$34,411,883
Liabilities	<u>(\$12,363,257)</u>	<u>(\$12,760,194)</u>
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.



**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

Contributions to PEP

2011	\$586,979
2012	\$583,046
2013	\$603,544
2014	\$594,402
2015	\$596,896

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, 2015, 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
Rack & Ballauer Excavating	Central Avenue Improvements	\$3,159,756
Ford Development Corp.	S Verity Parkway water main replacement	\$1,145,098
Kirk Brothers Co. Inc.	WWTP influent screen replacement	\$1,133,000
Al Neyer LLC	infrastructure design & construction - AK Research Road	\$1,079,808
Capital Electric Line	Railroad signal preemption project	\$551,715
Perfection Group	Energy service improvements at treatment plants	\$412,922
Metropolitan Environmental Svcs	Contract changes of STM/Wrenn site remediation	\$375,687
OR Colan Group LLC	Right-of-way acquisitions for Yankee Road	\$369,475
Pennicare Inc	Purchase of 2 medics for Fire Division	\$335,083
Kirk Brothers Co. Inc.	Clarifier replacement at Waste Water Treatment Plant	\$238,492
Carneuse Lime & Stone Corp.	Purchase of chemicals to treat drinking water	\$197,351
John R Jurgensen Co.	2015 Local street improvements	\$176,660
Ray Hensley Inc.	2015 Local street improvements	\$144,301
Cardno ATC Inc	STM/Wrenn site remediation change order	\$141,848
Chemco Systems LP	Installation of new lime slaker at Water Treatment Plant	\$128,800
Brown & Caldwell Ohio LLC	Long term control plan	\$118,144
Innovative Software Services	Purchase of Income tax software	\$198,709
Total		\$9,906,849

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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**B. Encumbrance Commitments**

At December 31, 2015, the City had encumbrance commitments of \$698,187 in the General Fund, \$2,931,786 in the Capital Improvements Fund and \$1,831,912 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 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, 2015 is \$176,675,000 hospital facilities revenue bonds issued on behalf of Atrium Medical Center.

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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The \$9,425,000 demand revenue bonds issued on behalf of Fenwick High School in 2003 was paid off in August 2015.

**NOTE 20 - JOINT ECONOMIC DEVELOPMENT DISTRICTS**

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

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

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

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

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

**NOTE 21 – FUND BALANCE**

The fund balances for all governmental funds are classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources. The constraints placed on the fund balance for the major governmental funds and all other non-major governmental funds are presented as follows:

**CITY OF MIDDLETOWN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

Fund Balances	General Fund	Special Assessment Debt Service Fund	Capital Improvements Fund	Non-major Governmental Funds	Total Governmental Funds
Nonspendable					
Inventory of supplies	29,534			412,124	441,658
Interfund loans	3,613,173				3,613,173
Total Nonspendable	3,642,707	-	-	412,124	4,054,831
Restricted for					
Capital improvements				119,374	119,374
Debt service		452,598		1,475	454,073
TIF agreements				1,023,378	1,023,378
Housing assistance				400,512	400,512
Community development				2,378,852	2,378,852
Public health				45,739	45,739
Public safety	86,439			1,976,275	2,062,714
Roads				1,086,531	1,086,531
Total Restricted	86,439	452,598	-	7,032,136	7,571,173
Committed					
Capital improvements				1,378,922	1,378,922
Debt service				176,358	176,358
Recreation				151,947	151,947
Purchase of capital assets				1,996,231	1,996,231
Total Committed	-	-	-	3,703,458	3,703,458
Assigned					
Purchase commitments	549,000			-	549,000
Total Assigned	549,000	-	-	-	549,000
Unassigned (deficit)	5,181,207		(232,189)	(258,773)	4,690,245
Total Fund Balances	9,459,353	452,598	(232,189)	10,888,945	20,568,707

**NOTE 22 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION**

For 2015, the City implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2014:

**CITY OF MIDDLETOWN**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

	Governmental Activities	Business-Type Activities			
Net position December 31, 2014	\$ 78,838,584	\$ 70,619,556			
Adjustments:					
Net Pension Liability	(34,255,307)	(1,830,575)			
Deferred Outflow - Payments Subsequent to Measurement Date	3,249,749	229,206			
ISF Consolidation Impact	23,243	(23,243)			
Restated Net Position December 31, 2014	<u>\$ 47,856,269</u>	<u>\$ 68,994,944</u>			
	Water	Sewer	Storm Water	Solid Waste	Transit
Net position December 31, 2014	\$ 24,791,515	\$ 31,020,476	\$ 8,343,149	\$ 713,747	\$ 1,222,178
Adjustments:					
Net Pension Liability	(701,932)	(802,063)	(151,373)	(15,459)	(159,748)
Deferred Outflow - Payments Subsequent to Measurement Date	87,889	100,427	18,953	1,935	20,002
Restated Net Position December 31, 2014	<u>\$ 24,177,472</u>	<u>\$ 30,318,840</u>	<u>\$ 8,210,729</u>	<u>\$ 700,223</u>	<u>\$ 1,082,432</u>
	Municipal Garage (ISF)	Allocable to Business-Type Activities (20%)			
Net position December 31, 2014	\$ 7,811,329	n/a			
Adjustments:					
Net Pension Liability	(132,850)	(26,570)			
Deferred Outflow - Payments Subsequent to Measurement Date	16,634	3,327			
Restated Net Position December 31, 2014	<u>\$ 7,695,113</u>	<u>\$ (23,243)</u>			

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

**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, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Property taxes	\$ 2,579,431	\$ 2,579,431	\$ 2,526,564	\$ (52,867)
Municipal income taxes	14,974,932	15,724,932	15,845,841	120,909
Intergovernmental revenue	1,126,572	1,126,572	1,289,943	163,371
Charges for services	4,305,604	4,305,604	4,244,017	(61,587)
Fees, licenses, and permits	371,180	371,180	325,329	(45,851)
Fines and forfeits	211,605	211,605	43,770	(167,835)
Interest earnings	50,102	50,102	40,566	(9,536)
Miscellaneous	1,211,210	1,211,210	865,748	(345,462)
<b>Total revenues</b>	<b>24,830,636</b>	<b>25,580,636</b>	<b>25,181,778</b>	<b>(398,858)</b>

Expenditures:

Current

Community Environment

Community revitalization administration				
Personal services	98,321	98,321	95,550	2,771
Other	12,000	12,000	11,994	6
Community development				
Personal services	363,816	363,816	363,756	60
Street lighting				
Other	784,512	749,303	721,941	27,362
<b>Total community environment</b>	<b>1,258,649</b>	<b>1,223,440</b>	<b>1,193,241</b>	<b>30,199</b>

Leisure Time Activities

Community center				
Other	115,000	115,000	148,429	(33,429)
Recreation				
Other	25,000	25,000	25,000	-
Parks maintenance				
Personal services	442,028	447,528	439,925	7,603
Other	329,245	323,165	308,321	14,844
<b>Total leisure time activities</b>	<b>911,273</b>	<b>910,693</b>	<b>921,675</b>	<b>(10,982)</b>

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, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
<b>Public Safety</b>				
Public safety administration				
Personal services	147,002	147,002	129,011	17,991
Other	7,300	7,300	4,387	2,913
Fire administration				
Personal services	321,477	176,477	194,010	(17,533)
Other	11,501	11,501	8,130	3,371
Fire operations				
Personal services	5,573,333	5,698,333	5,578,311	120,022
Other	1,149,927	1,149,802	987,866	161,936
Fire prevention/training				
Personal services	221,252	161,252	165,015	(3,763)
Other	8,711	8,711	6,276	2,435
Police administration				
Personal services	387,081	387,081	381,196	5,885
Other	97,000	97,000	84,368	12,632
Criminal investigation				
Personal services	1,307,500	1,364,500	1,333,350	31,150
Other	20,000	20,000	18,183	1,817
Uniform patrol				
Personal services	4,723,611	4,568,611	4,608,509	(39,898)
Other	1,053,519	1,057,906	826,298	231,608
Police services				
Personal services	335,800	305,800	298,924	6,876
Other	8,450	8,450	7,020	1,430
Police and fire dispatch				
Personal services	1,009,310	1,059,310	1,050,440	8,870
Other	75,000	75,000	65,498	9,502
Jail management				
Personal services	848,243	813,243	811,001	2,242
Other	361,445	351,445	344,656	6,789
Building inspection and services				
Personal services	259,827	259,827	259,759	68
Other	70,103	70,103	68,275	1,828
Building maintenance				
Personal services	204,173	184,173	173,963	10,210
Other	184,892	184,845	184,479	366
<b>Total public safety</b>	<b>18,386,457</b>	<b>18,167,672</b>	<b>17,588,925</b>	<b>578,747</b>

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, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
<b>General Government</b>				
City council				
Personal services	141,364	104,864	103,679	1,185
Other	51,060	51,060	45,891	5,169
City manager				
Personal services	306,510	265,510	260,649	4,861
Other	19,500	28,583	21,534	7,049
Finance administration				
Personal services	196,824	174,824	170,988	3,836
Other	25,420	25,420	23,430	1,990
Treasurer				
Personal services	195,696	169,096	161,778	7,318
Other	10,681	15,681	14,204	1,477
Information systems				
Personal services	405,917	405,917	403,166	2,751
Other	84,648	84,648	73,627	11,021
Personnel				
Personal services	177,334	136,877	132,264	4,613
Other	185,585	194,888	166,955	27,933
Law				
Personal services	378,861	413,861	408,240	5,621
Other	83,626	81,685	79,875	1,810
Purchasing				
Personal services	49,755	49,755	42,699	7,056
Other	3,280	3,280	1,994	1,286
Planning				
Personal services	114,939	115,939	113,707	2,232
Other	184,843	183,843	181,489	2,354
Economic development				
Personal services	369,644	327,644	321,640	6,004
Other	79,613	111,613	111,272	341
Engineering				
Personal services	421,679	368,679	366,443	2,236
Other	88,165	88,165	85,877	2,288
<b>Total general government</b>	<b>3,574,944</b>	<b>3,401,832</b>	<b>3,291,401</b>	<b>110,431</b>

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, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Miscellaneous				
Non-departmental				
Personal services	23,341	64,341	62,402	1,939
Other	1,773,219	1,754,216	1,651,707	102,509
<b>Total miscellaneous</b>	<b>1,796,560</b>	<b>1,818,557</b>	<b>1,714,109</b>	<b>104,448</b>
<b>Total expenditures</b>	<b>25,927,883</b>	<b>25,522,194</b>	<b>24,709,351</b>	<b>812,843</b>
Excess of revenues over (under) expenditures	(1,097,247)	58,442	472,427	413,985
Other financing sources (uses)				
Transfers-In	45,000	45,000	-	(45,000)
Advances Out	-	(2,995,500)	(3,612,646)	(617,146)
Transfers-out	(30,000)	(1,030,000)	(1,000,000)	30,000
Other uses	-	-	(50,414)	(50,414)
<b>Total other financing sources (uses)</b>	<b>15,000</b>	<b>(3,980,500)</b>	<b>(4,663,060)</b>	<b>(682,560)</b>
Net change in fund balance	(1,082,247)	(3,922,058)	(4,190,633)	(268,575)
Fund balance, beginning of year	7,575,656	7,575,656	7,575,656	-
Appropriation for prior year encumbrances	525,794	525,794	525,794	-
<b>Fund balance, end of the year</b>	<b>\$ 7,019,203</b>	<b>\$ 4,179,392</b>	<b>\$ 3,910,817</b>	<b>\$ (268,575)</b>

See notes to the required supplementary informaton.

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**City of Middletown, Butler County, Ohio**  
**Required Supplementary Information**  
**Schedule of the Entity's Proportionate Share of the Net Pension Liability**  
**Ohio Public Employees Retirement System - Traditional Plan**  
**Last Two Years \***

	2014	2013
Entity's Proportion of the Net Pension Liability	0.08166428%	0.08166428%
Entity's Proportionate Share of the Net Pension Liability	\$ 9,849,625	\$ 9,627,155
Entity's Covered-Employee Payroll	\$ 10,884,143	\$ 11,843,740
Entity's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	90.50%	81.28%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	86.45%	86.36%

\* Information prior to 2013 is not available.

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

**City of Middletown, Butler County, Ohio**  
**Required Supplementary Information**  
**Schedule of the Entity's Proportionate Share of the Net Pension Liability**  
**Ohio Police and Fire Pension Fund**  
**Last Two Years \***

	2014	2013
Entity's Proportion of the Net Pension Liability	0.54326535%	0.54326535%
Entity's Proportionate Share of the Net Pension Liability	\$ 28,143,411	\$ 26,458,727
Entity's Covered-Employee Payroll	\$ 10,647,153	\$ 11,049,711
Entity's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	264.33%	239.45%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	72.20%	73.00%

\* Information prior to 2013 is not available.

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

**City of Middletown, Butler County, Ohio**  
**Required Supplementary Information**  
**Schedule of Entity Contributions**  
**Ohio Public Employees Retirement System - Traditional Plan**  
**Last Three Years \***

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 1,545,150	\$ 1,205,425	\$ 1,658,124
Contributions in Relation to the Contractually Required Contribution	<u>(1,545,150)</u>	<u>(1,205,425)</u>	<u>(1,658,124)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Entity Covered-Employee Payroll	\$ 11,036,783	\$ 10,884,143	\$ 11,843,740
Contributions as a Percentage of Covered-Employee Payroll	14.00%	11.08%	14.00%

\* Information prior to 2013 is not available.

**City of Middletown, Butler County, Ohio**  
**Required Supplementary Information**  
**Schedule of Entity Contributions**  
**Ohio Police and Fire Pension Fund**  
**Last Ten Years**

	2015	2014	2013	2012	2011
Contractually Required Contribution	\$ 2,108,003	\$ 2,273,530	\$ 2,750,824	\$ 2,446,776	\$ 2,403,989
Contributions in Relation to the Contractually Required Contribution	(2,108,003)	(2,273,530)	(2,750,824)	(2,446,776)	(2,403,989)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Entity Covered-Employee Payroll	\$ 9,724,488	\$ 10,647,153	\$ 11,049,711	\$ 10,869,951	\$ 11,108,040
Contributions as a Percentage of Covered-Employee Payroll	21.68%	21.35%	24.89%	22.51%	21.64%
	2010	2009	2008	2007	2006
Contractually Required Contribution	\$ 2,332,959	\$ 2,298,244	\$ 2,246,576	\$ 2,106,675	\$ 1,531,682
Contributions in Relation to the Contractually Required Contribution	(2,332,959)	(2,298,244)	(2,246,576)	(2,106,675)	(1,531,682)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Entity Covered-Employee Payroll	\$ 10,858,318	\$ 10,590,805	\$ 10,211,400	\$ 9,987,602	\$ 9,811,468
Contributions as a Percentage of Covered-Employee Payroll	21.49%	21.70%	22.00%	21.09%	15.61%

**CITY OF MIDDLETOWN**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2015**

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**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 inter-fund loans are treated as other sources or uses (budget basis) rather than an increase or decrease in an asset or liability account (GAAP basis).

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

<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	
	<b>General Fund</b>
GAAP basis (as reported)	\$495,155
Advances	\$0
Adjustments: revenue and other sources	(\$1,763,935)
Expenditures and other uses	(2,396,059)
Other	\$0
Encumbrances	(\$525,794)
<b>Budget basis</b>	<b>(\$4,190,633)</b>

**CITY OF MIDDLETOWN  
FUND DESCRIPTIONS  
DECEMBER 31, 2015**

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**SPECIAL REVENUE FUNDS:**

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

**Non Major Special Revenue Funds:**

**AUTO AND GAS TAX FUND**

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

**ACQUISITION FOR PARKS FUND**

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

**HEALTH FUND**

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

**EMERGENCY MEDICAL SERVICES FUND (EMS)**

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

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

To account for the Urban Development Action Grant loans.

**COURT COMPUTERIZATION FUND**

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

**LAW ENFORCEMENT 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, 2015**

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**Non Major Special Revenue Funds continued:**

**CIVIC DEVELOPMENT FUND**

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

**MUNICIPAL COURT FUND**

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

**POLICE GRANT FUND**

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

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

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

**COURT SPECIAL PROJECTS FUND**

To accumulate funds for projects designated by the Municipal Court.

**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 MIDDLETOWN  
FUND DESCRIPTIONS  
DECEMBER 31, 2015**

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**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.

**HOUSING ASSISTANCE FUND**

To account for monies received from the Department of Housing and Urban Development for the City's housing assistance program.

**INCOME TAX FUND**

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

**TERMINATION PAY FUND**

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

**DEBT SERVICE FUNDS:**

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

**Non Major Debt Service Funds:**

**GENERAL OBLIGATION DEBT SERVICE FUND**

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

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

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

**CITY OF MIDDLETOWN  
FUND DESCRIPTIONS  
DECEMBER 31, 2015**

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**Non Major Debt Service Funds continued:**

**DOWNTOWN TAX INCREMENT FINANCING DISTRICT FUND**

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

**AERONCA TAX INCREMENT FINANCING DISTRICT FUND**

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

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

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

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

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

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

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

**RENAISSANCE NORTH TAX INCREMENT FINANCING DISTRICT FUND**

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

**RENAISSANCE SOUTH TAX INCREMENT FINANCING DISTRICT FUND**

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

**MANCHESTER ROAD TAX INCREMENT FINANCING DISTRICT FUND**

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

**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, 2015**

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**CAPITAL PROJECT FUNDS:**

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

**Non Major Capital Project Funds:**

**EAST END DEVELOPMENT FUND**

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

**DOWNTOWN IMPROVEMENTS FUND**

To account for improvement projects in the downtown area.

**COMPUTER REPLACEMENT FUND**

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

**PROPERTY DEVELOPMENT FUND**

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

**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.

**ECONOMIC DEVELOPMENT BOND SERVICE FUND**

To accumulate costs and revenue sources for economic development projects.



**CITY OF MIDDLETOWN, OHIO  
COMBINING BALANCE SHEET  
NON MAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2015**

	Non Major Special Revenue Funds	Non Major Debt Service Funds	Non Major Capital Project Funds	Total Non Major Governmental Funds
<b>Assets:</b>				
Cash and equity in pooled cash, deposits and investments	\$ 5,795,084	\$ 1,199,736	\$ 3,705,821	\$ 10,700,641
Receivables (net of allowance for uncollectibles):				
Property taxes	1,108,743	-	-	1,108,743
Accounts	179,770	-	7,702	187,472
Loans	1,166,726	-	-	1,166,726
Interest	150,512	-	-	150,512
Special assessments	378,355	-	-	378,355
Payment in lieu of taxes	-	586,853	-	586,853
Due from other governments	1,298,940	8,668	-	1,307,608
Inventory of supplies	490,711	-	-	490,711
<b>Total assets</b>	<b>\$ 10,568,841</b>	<b>\$ 1,795,257</b>	<b>\$ 3,713,523</b>	<b>\$ 16,077,621</b>
<b>Liabilities:</b>				
Accounts payable	\$ 181,146	\$ -	\$ 97,456	\$ 278,602
Accrued wages and benefits	81,029	-	-	81,029
Other accrued liabilities	54,393	-	-	54,393
Due to other funds	1,267,989	-	229,673	1,497,662
Due to other governments	123,349	-	-	123,349
<b>Total liabilities</b>	<b>1,707,906</b>	<b>-</b>	<b>327,129</b>	<b>2,035,035</b>
<b>Deferred inflows:</b>				
Revenues levied for the next year and unavailable revenue	2,558,120	595,521	-	3,153,641
<b>Total deferred inflows</b>	<b>2,558,120</b>	<b>595,521</b>	<b>-</b>	<b>3,153,641</b>
<b>Fund balances:</b>				
Nonspendable	412,124	-	-	412,124
Restricted	5,887,909	1,023,378	120,849	7,032,136
Committed	151,947	176,358	3,375,153	3,703,458
Unassigned	(149,165)	-	(109,608)	(258,773)
<b>Total fund balances</b>	<b>6,302,815</b>	<b>1,199,736</b>	<b>3,386,394</b>	<b>10,888,945</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 10,568,841</b>	<b>\$ 1,795,257</b>	<b>\$ 3,713,523</b>	<b>\$ 16,077,621</b>

**CITY OF MIDDLETOWN, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>Non Major Special Revenue Funds</b>	<b>Non Major Debt Service Funds</b>	<b>Non Major Capital Project Funds</b>	<b>Total Non Major Governmental Funds</b>
Revenues:				
Property taxes	\$ 1,001,467	\$ -	\$ -	\$ 1,001,467
Municipal income taxes	2,508,091	1,898,000	8,000	4,414,091
Payment in lieu of taxes	-	1,483,041	-	1,483,041
Intergovernmental revenues	3,459,132	478,910	119,640	4,057,682
Charges for services	233,836	-	-	233,836
Fees, licenses, and permits	77,600	-	-	77,600
Fines and forfeits	1,693,725	-	-	1,693,725
Special assessments	160,110	-	32,776	192,886
Investment income	12,808	-	20,944	33,752
Miscellaneous	492,087	269,265	279,095	1,040,447
<b>Total revenues</b>	<b>9,638,856</b>	<b>4,129,216</b>	<b>460,455</b>	<b>14,228,527</b>
Expenditures:				
Current				
Public safety	4,220,726	-	-	4,220,726
Public health and welfare	405,073	-	-	405,073
Community environment	2,608,268	-	1,623,975	4,232,243
Highways and streets	2,499,379	-	60,579	2,559,958
General government	-	-	158,097	158,097
Miscellaneous	186,412	725,090	-	911,502
Debt service				
Principal retirement	-	2,156,622	2,056,916	4,213,538
Interest and fiscal charges	-	874,246	250,621	1,124,867
<b>Total expenditures</b>	<b>9,937,804</b>	<b>3,755,958</b>	<b>4,150,188</b>	<b>17,843,950</b>
Excess of revenues over (under) expenditures	(298,948)	373,258	(3,689,733)	(3,615,423)
Other financing sources (uses):				
Transfers-in	400,000	-	69,420	469,420
Proceeds of bonds	-	-	4,160,000	4,160,000
<b>Total other financing sources (uses)</b>	<b>400,000</b>	<b>-</b>	<b>4,229,420</b>	<b>4,629,420</b>
Net change in fund balances	101,052	373,258	539,687	1,013,997
Fund balance, beginning of year	6,201,763	826,478	2,846,707	9,874,948
<b>Fund balance, end of the year</b>	<b>\$ 6,302,815</b>	<b>\$ 1,199,736</b>	<b>\$ 3,386,394</b>	<b>\$ 10,888,945</b>

**CITY OF MIDDLETOWN, OHIO  
COMBINING BALANCE SHEET  
NON MAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2015**

	Auto & Gas Tax	Acquisition for Parks	Health Fund	Emergency Medical Services	Urban Development Action Grant	Court Computer- ization
<b>Assets:</b>						
Cash and equity in pooled cash, deposits and investments	\$ 1,018,437	\$ 151,947	\$ 120,549	\$ 55,629	\$ 168,395	\$ 75,560
Receivables (net of allowance for uncollectibles):						
Property taxes	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Loans	-	-	-	-	26,100	-
Special assessments	-	-	-	-	-	-
Due from other governments	1,181,850	-	-	-	-	-
Inventory of supplies	412,124	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2,612,411</b>	<b>\$ 151,947</b>	<b>\$ 120,549</b>	<b>\$ 55,629</b>	<b>\$ 194,495</b>	<b>\$ 75,560</b>
<b>Liabilities:</b>						
Accounts payable	\$ 58,380	\$ -	\$ 28,404	\$ -	\$ -	\$ 32,273
Accrued wages and benefits	24,916	-	11,379	-	-	-
Other accrued liabilities	8,532	-	35,027	-	-	-
Due to other funds	17,989	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
<b>Total liabilities</b>	<b>109,817</b>	<b>-</b>	<b>74,810</b>	<b>-</b>	<b>-</b>	<b>32,273</b>
<b>Deferred inflows:</b>						
Revenues levied for the next year and unavailable revenue	1,003,939	-	-	-	-	-
<b>Total deferred inflows</b>	<b>1,003,939</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>						
Nonspendable	412,124	-	-	-	-	-
Restricted	1,086,531	-	45,739	55,629	194,495	43,287
Committed	-	151,947	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances</b>	<b>1,498,655</b>	<b>151,947</b>	<b>45,739</b>	<b>55,629</b>	<b>194,495</b>	<b>43,287</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 2,612,411</b>	<b>\$ 151,947</b>	<b>\$ 120,549</b>	<b>\$ 55,629</b>	<b>\$ 194,495</b>	<b>\$ 75,560</b>

	Law Enforcement Trust	Mandatory Drug Fine	Probation Services	Indigent Driver Alcohol Treatment	Enforce- ment Education	Civic Develop- ment	Municipal Court	Police Grant	Court IDIAM
\$	10,839	\$ 212,533	\$ 264,387	\$ 22,746	\$ 56,496	\$ 395,199	\$ 353,907	\$ 154,691	\$ 39,877
	-	-	-	-	-	-	-	-	-
	-	-	8,392	-	-	64,393	97,242	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
<b>\$</b>	<b>10,839</b>	<b>\$ 212,533</b>	<b>\$ 272,779</b>	<b>\$ 22,746</b>	<b>\$ 56,496</b>	<b>\$ 459,592</b>	<b>\$ 451,149</b>	<b>\$ 154,691</b>	<b>\$ 39,877</b>
\$	-	\$ 4,658	\$ -	\$ -	\$ -	\$ 7,924	\$ 4,957	\$ -	\$ -
	-	-	-	-	-	-	44,734	-	-
	-	-	-	-	-	-	10,834	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	<b>4,658</b>	-	-	-	<b>7,924</b>	<b>60,525</b>	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	10,839	207,875	272,779	22,746	56,496	451,668	390,624	154,691	39,877
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	<b>10,839</b>	<b>207,875</b>	<b>272,779</b>	<b>22,746</b>	<b>56,496</b>	<b>451,668</b>	<b>390,624</b>	<b>154,691</b>	<b>39,877</b>
<b>\$</b>	<b>10,839</b>	<b>\$ 212,533</b>	<b>\$ 272,779</b>	<b>\$ 22,746</b>	<b>\$ 56,496</b>	<b>\$ 459,592</b>	<b>\$ 451,149</b>	<b>\$ 154,691</b>	<b>\$ 39,877</b>

(continued)



**CITY OF MIDDLETOWN, OHIO  
COMBINING BALANCE SHEET  
NON MAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2015**

	<b>Court Special Projects</b>	<b>Pool Fund</b>	<b>Home Program</b>	<b>Community Develop- ment</b>	<b>Community Development Escrow</b>	<b>Police Pension</b>
<b>Assets:</b>						
Cash and equity in pooled cash, deposits and investments	\$ 235,757	\$ -	\$ 27,425	\$ 126,555	\$ 587,495	\$ 220,046
Receivables (net of allowance for uncollectibles):						
Property taxes	-	-	-	-	-	184,098
Accounts	9,743	-	-	-	-	-
Interest	-	-	-	-	-	-
Loans	-	-	-	-	890,626	-
Special assessments	-	-	-	-	-	-
Due from other governments	-	-	35,822	14,185	-	11,525
Inventory of supplies	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 245,500</b>	<b>\$ -</b>	<b>\$ 63,247</b>	<b>\$ 140,740</b>	<b>\$ 1,478,121</b>	<b>\$ 415,669</b>
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ -	\$ 27,500	\$ 17,050	\$ -	\$ -
Accrued wages and benefits	-	-	-	-	-	-
Other accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	50,000	100,000	-	-
Due to other governments	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>77,500</b>	<b>117,050</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows:</b>						
Revenues levied for the next year and unavailable revenue	-	-	-	-	-	195,623
<b>Total deferred inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>195,623</b>
<b>Fund balances:</b>						
Nonspendable	-	-	-	-	-	-
Restricted	245,500	-	-	23,690	1,478,121	220,046
Committed	-	-	-	-	-	-
Unassigned	-	-	(14,253)	-	-	-
<b>Total fund balances</b>	<b>245,500</b>	<b>-</b>	<b>(14,253)</b>	<b>23,690</b>	<b>1,478,121</b>	<b>220,046</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 245,500</b>	<b>\$ -</b>	<b>\$ 63,247</b>	<b>\$ 140,740</b>	<b>\$ 1,478,121</b>	<b>\$ 415,669</b>

Fire Pension	Neighborhood Stabilization Program	Conservancy District	Nuisance Abatement	Senior Services	HUD Section 108 Loan	Housing Assistance	Totals	
\$ 255,886	\$ 250,529	\$ 12,282	\$ 976,155	\$ -	\$ 1,762	\$ -	\$	5,795,084
184,098	-	85,669	-	654,878	-	-		1,108,743
-	-	-	-	-	-	-		179,770
-	-	-	-	-	-	150,512		150,512
-	-	-	-	-	-	250,000		1,166,726
-	-	-	378,355	-	-	-		378,355
11,525	-	5,391	-	38,642	-	-		1,298,940
-	78,587	-	-	-	-	-		490,711
<b>\$ 451,509</b>	<b>\$ 329,116</b>	<b>\$ 103,342</b>	<b>\$ 1,354,510</b>	<b>\$ 693,520</b>	<b>\$ 1,762</b>	<b>\$ 400,512</b>	<b>\$</b>	<b>10,568,841</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	181,146
-	-	-	-	-	-	-		81,029
-	-	-	-	-	-	-		54,393
-	100,000	-	1,000,000	-	-	-		1,267,989
-	-	123,349	-	-	-	-		123,349
-	<b>100,000</b>	<b>123,349</b>	<b>1,000,000</b>	-	-	-		<b>1,707,906</b>
195,623	-	91,060	378,355	693,520	-	-		2,558,120
<b>195,623</b>	-	<b>91,060</b>	<b>378,355</b>	<b>693,520</b>	-	-		<b>2,558,120</b>
-	-	-	-	-	-	-		412,124
255,886	229,116	-	-	-	1,762	400,512		5,887,909
-	-	-	-	-	-	-		151,947
-	-	(111,067)	(23,845)	-	-	-		(149,165)
<b>255,886</b>	<b>229,116</b>	<b>(111,067)</b>	<b>(23,845)</b>	-	<b>1,762</b>	<b>400,512</b>		<b>6,302,815</b>
<b>\$ 451,509</b>	<b>\$ 329,116</b>	<b>\$ 103,342</b>	<b>\$ 1,354,510</b>	<b>\$ 693,520</b>	<b>\$ 1,762</b>	<b>\$ 400,512</b>	<b>\$</b>	<b>10,568,841</b>

**CITY OF MIDDLETOWN, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON MAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>Auto &amp; Gas Tax</b>	<b>Acquisition for Parks</b>	<b>Health Fund</b>	<b>Emergency Medical Services</b>	<b>Urban Development Action Grant</b>	<b>Court Computer- ization</b>
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Municipal income taxes	406,000	-	115,000	-	-	-
Intergovernmental revenues	2,337,120	-	33,620	4,500	-	-
Charges for services	-	-	233,836	-	-	-
Fees, licenses, and permits	-	77,600	-	-	-	-
Fines and forfeits	-	-	-	-	-	59,982
Special assessments	-	-	-	-	-	-
Interest earnings	7,552	-	-	-	1,439	-
Miscellaneous	122,804	-	23,377	1,000	-	-
<b>Total revenues</b>	<b>2,873,476</b>	<b>77,600</b>	<b>405,833</b>	<b>5,500</b>	<b>1,439</b>	<b>59,982</b>
Expenditures:						
Current						
Public safety	532,880	-	-	-	-	54,639
Public health and welfare	-	-	381,494	23,579	-	-
Leisure time activities	-	-	-	-	-	-
Community environment	-	-	-	-	18,368	-
Highways and streets	2,499,379	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
<b>Total expenditures</b>	<b>3,032,259</b>	<b>-</b>	<b>381,494</b>	<b>23,579</b>	<b>18,368</b>	<b>54,639</b>
Net change in fund balances	241,217	77,600	24,339	(18,079)	(16,929)	5,343
Fund balance, beginning of year	1,257,438	74,347	21,400	73,708	211,424	37,944
<b>Fund balance, end of the year</b>	<b>\$ 1,498,655</b>	<b>\$ 151,947</b>	<b>\$ 45,739</b>	<b>\$ 55,629</b>	<b>\$ 194,495</b>	<b>\$ 43,287</b>

<b>Law Enforcement Trust</b>	<b>Mandatory Drug Fine</b>	<b>Probation Services</b>	<b>Indigent Driver Alcohol Treatment</b>	<b>Enforce- ment Education</b>	<b>Civic Develop- ment</b>	<b>Municipal Court</b>	<b>Police Grant</b>	<b>Court IDIAM</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	300,000	-	-
-	-	-	-	-	-	-	53,397	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
18,150	82,105	118,674	18,456	5,187	-	1,250,009	-	9,208
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,518	-
-	9,413	-	-	6,240	322,482	3,576	-	-
<b>18,150</b>	<b>91,518</b>	<b>118,674</b>	<b>18,456</b>	<b>11,427</b>	<b>322,482</b>	<b>1,553,585</b>	<b>54,915</b>	<b>9,208</b>
9,227	43,214	121,673	1,926	9,909	-	1,522,436	83,527	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	171,231	-	-	-
<b>9,227</b>	<b>43,214</b>	<b>121,673</b>	<b>1,926</b>	<b>9,909</b>	<b>171,231</b>	<b>1,522,436</b>	<b>83,527</b>	<b>-</b>
8,923	48,304	(2,999)	16,530	1,518	151,251	31,149	(28,612)	9,208
1,916	159,571	275,778	6,216	54,978	300,417	359,475	183,303	30,669
<b>\$ 10,839</b>	<b>\$ 207,875</b>	<b>\$ 272,779</b>	<b>\$ 22,746</b>	<b>\$ 56,496</b>	<b>\$ 451,668</b>	<b>\$ 390,624</b>	<b>\$ 154,691</b>	<b>\$ 39,877</b>

(continued)

**CITY OF MIDDLETOWN, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON MAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>Court Special Projects</b>	<b>Pool Fund</b>	<b>Home Program</b>	<b>Community Develop- ment</b>	<b>Community Development Escrow</b>	<b>Police Pension</b>
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 173,815
Municipal income taxes	-	-	-	-	-	763,000
Intergovernmental revenues	-	-	121,963	562,293	-	32,427
Charges for services	-	-	-	-	-	-
Fees, licenses, and permits	-	-	-	-	-	-
Fines and forfeits	131,944	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Interest earnings	-	-	-	125	2,174	-
Miscellaneous	-	-	1,564	-	-	-
<b>Total revenues</b>	<b>131,944</b>	<b>-</b>	<b>123,527</b>	<b>562,418</b>	<b>2,174</b>	<b>969,242</b>
Expenditures:						
Current						
Public safety	74,204	-	-	-	-	843,000
Public health and welfare	-	-	-	-	-	-
Leisure time activities	-	17,946	-	-	-	-
Community environment	-	-	140,652	570,361	-	-
Highways and streets	-	-	-	-	-	-
Miscellaneous	-	-	-	-	6,359	4,411
<b>Total expenditures</b>	<b>74,204</b>	<b>17,946</b>	<b>140,652</b>	<b>570,361</b>	<b>6,359</b>	<b>847,411</b>
Net change in fund balances	57,740	(17,946)	(17,125)	(7,943)	(4,185)	121,831
Fund balance, beginning of year	187,760	17,946	2,872	31,633	1,482,306	98,215
<b>Fund balance, end of the year</b>	<b>\$ 245,500</b>	<b>\$ -</b>	<b>\$ (14,253)</b>	<b>\$ 23,690</b>	<b>\$ 1,478,121</b>	<b>\$ 220,046</b>

	Fire	Neighborhood	Conservancy	Nuisance	Senior	HUD Section	Housing	
	Pension	Stabilization	District	Abatement	Services	108 Loan	Assistance	Totals
\$	173,814	\$ -	\$ 75,119	\$ -	\$ 578,719	\$ -	\$ -	\$ 1,001,467
	924,091	-	-	-	-	-	-	2,508,091
	32,428	168,977	10,872	-	77,868	-	23,667	3,459,132
	-	-	-	-	-	-	-	233,836
	-	-	-	-	-	-	-	77,600
	-	-	-	10	-	-	-	1,693,725
	-	-	-	160,110	-	-	-	160,110
	-	-	-	-	-	-	-	12,808
	-	-	-	-	-	-	1,631	492,087
	<b>1,130,333</b>	<b>168,977</b>	<b>85,991</b>	<b>160,120</b>	<b>656,587</b>	<b>-</b>	<b>25,298</b>	<b>9,638,856</b>
	924,091	-	-	-	-	-	-	4,220,726
	-	-	-	-	-	-	-	405,073
	-	-	-	-	-	-	-	17,946
	-	18,097	125,425	453,798	656,588	-	624,979	2,608,268
	-	-	-	-	-	-	-	2,499,379
	4,411	-	-	-	-	-	-	186,412
	<b>928,502</b>	<b>18,097</b>	<b>125,425</b>	<b>453,798</b>	<b>656,588</b>	<b>-</b>	<b>624,979</b>	<b>9,937,804</b>
	201,831	150,880	(39,434)	(293,678)	(1)	-	(599,681)	101,052
	54,055	78,236	(71,633)	269,833	1	1,762	1,000,193	6,201,763
<b>\$</b>	<b>255,886</b>	<b>\$ 229,116</b>	<b>\$ (111,067)</b>	<b>\$ (23,845)</b>	<b>\$ -</b>	<b>\$ 1,762</b>	<b>\$ 400,512</b>	<b>\$ 6,302,815</b>

**CITY OF MIDDLETOWN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**AUTO AND GAS TAX FUND**  
**FOR YEAR ENDED DECEMBER 31, 2015**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income tax	\$ 406,000	\$ 406,000	\$ 406,000	\$ -
Intergovernmental revenue	2,372,530	2,372,530	2,421,083	48,553
Interest earnings	4,500	4,500	7,553	3,053
Rentals and leases	-	-	(300)	(300)
Miscellaneous	96,823	96,823	123,557	26,734
<b>Total revenues</b>	<b>2,879,853</b>	<b>2,879,853</b>	<b>2,957,893</b>	<b>78,040</b>
Expenditures:				
Current				
Public safety:				
Electronic Maintenance				
Personal Services	227,549	227,549	217,947	9,602
Other	358,576	484,834	449,642	35,192
Total public safety	586,125	712,383	667,589	44,794
Highways and streets:				
Street Maintenance				
Personal Services	841,229	841,229	710,584	130,645
Other	1,325,209	1,856,451	1,593,989	262,462
Grounds Maintenance				
Personal Services	155,476	155,476	147,619	7,857
Other	309,900	317,388	258,991	58,397
Total highways and streets	2,631,814	3,170,544	2,711,183	459,361
<b>Total expenditures</b>	<b>3,217,939</b>	<b>3,882,927</b>	<b>3,378,772</b>	<b>504,155</b>
Excess of revenues over (under) expenditures	(338,086)	(1,003,074)	(420,879)	582,195
Other financing sources (uses):				
Transfers-in	350,000	750,000	400,000	(350,000)
<b>Total other financing sources (uses)</b>	<b>350,000</b>	<b>750,000</b>	<b>400,000</b>	<b>(350,000)</b>
Net change in fund balance	11,914	(253,074)	(20,879)	232,195
Fund balance, beginning of the year	36,769	36,769	36,769	-
Appropriation for prior year encumbrances	670,141	670,141	670,141	-
<b>Fund balance, end of the year</b>	<b>\$ 718,824</b>	<b>\$ 453,836</b>	<b>\$ 686,031</b>	<b>\$ 232,195</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
ACQUISITION FOR PARKS FUND  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Charges for services	\$ -	\$ -	\$ 77,600	\$ 77,600
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>77,600</b>	<b>77,600</b>
Expenditures:				
Current				
Leisure activities	-	-	-	-
Other	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	-	-	77,600	77,600
Fund balance, beginning of the year	74,347	74,347	74,347	-
<b>Fund balance, end of the year</b>	<b>\$ 74,347</b>	<b>\$ 74,347</b>	<b>\$ 151,947</b>	<b>\$ 77,600</b>



**CITY OF MIDDLETOWN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**HEALTH FUND**  
**FOR YEAR ENDED DECEMBER 31, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Municipal income taxes	\$ 115,000	\$ 115,000	\$ 115,000	\$ -
Intergovernmental revenue	9,096	35,096	34,290	(806)
Charges for services	201,602	218,602	239,264	20,662
Miscellaneous	12,080	29,490	23,377	(6,113)
<b>Total revenues</b>	<b>337,778</b>	<b>398,188</b>	<b>411,931</b>	<b>13,743</b>
Expenditures:				
Current				
Health/Environment Admin.				
Personal services	342,283	334,783	330,991	3,792
Other	37,768	45,268	44,543	725
<b>Total expenditures</b>	<b>380,051</b>	<b>380,051</b>	<b>375,534</b>	<b>4,517</b>
Excess of revenues over/under expenditures	(42,273)	18,137	36,397	18,260
Other financing sources:				
Other sources	-	-	6,892	6,892
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>6,892</b>	<b>6,892</b>
Net change in fund balance	(42,273)	18,137	43,289	25,152
Fund balance, beginning of the year	77,260	77,260	77,260	-
<b>Fund balance, end of the year</b>	<b>\$ 34,987</b>	<b>\$ 95,397</b>	<b>\$ 120,549</b>	<b>\$ 25,152</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
EMS FUND  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ -	\$ -	\$ 4,500	\$ 4,500
Miscellaneous	\$ -	\$ -	\$ 1,000	\$ 1,000
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>5,500</b>	<b>5,500</b>
Expenditures:				
Current				
Public health				
Other	73,708	73,708	30,039	43,669
<b>Total expenditures</b>	<b>73,708</b>	<b>73,708</b>	<b>30,039</b>	<b>43,669</b>
Net change in fund balance	(73,708)	(73,708)	(24,539)	49,169
Fund balance, beginning of the year	73,708	73,708	73,708	-
<b>Fund balance, end of the year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 49,169</b>	<b>\$ 49,169</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
URBAN DEVELOPMENT ACTION GRANT FUND  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Interest earnings	\$ 1,150	\$ 1,150	\$ 1,270	\$ 120
Miscellaneous	43,100	43,100	20,467	(22,633)
<b>Total revenues</b>	<b>44,250</b>	<b>44,250</b>	<b>21,737</b>	<b>(22,513)</b>
Expenditures:				
Current				
Community environment				
Other	50,000	91,194	77,420	13,774
<b>Total expenditures</b>	<b>50,000</b>	<b>91,194</b>	<b>77,420</b>	<b>13,774</b>
Net change in fund balance	(5,750)	(46,944)	(55,683)	(8,739)
Fund balance, beginning of the year	131,161	131,161	131,161	-
Appropriation for prior year encumbrances	45,683	45,683	45,683	-
<b>Fund balance, end of the year</b>	<b>\$ 171,094</b>	<b>\$ 129,900</b>	<b>\$ 121,161</b>	<b>\$ (8,739)</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
COURT COMPUTERIZATION FUND  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeitures	\$ 75,000	\$ 75,000	\$ 65,311	\$ (9,689)
<b>Total revenues</b>	<b>75,000</b>	<b>75,000</b>	<b>65,311</b>	<b>(9,689)</b>
Expenditures:				
Current				
Public safety				
Other	100,000	100,000	82,419	17,581
<b>Total expenditures</b>	<b>100,000</b>	<b>100,000</b>	<b>82,419</b>	<b>17,581</b>
Net change in fund balance	(25,000)	(25,000)	(17,108)	7,892
Fund balance, beginning of the year	63,005	63,005	63,005	-
<b>Fund balance, end of the year</b>	<b>\$ 38,005</b>	<b>\$ 38,005</b>	<b>\$ 45,897</b>	<b>\$ 7,892</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
LAW ENFORCEMENT FUND  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
Miscellaneous	-	-	18,150	-
<b>Total revenues</b>	<b>50,000</b>	<b>50,000</b>	<b>18,150</b>	<b>(50,000)</b>
Expenditures:				
Current				
Public safety				
Other	10,000	10,000	9,227	773
<b>Total expenditures</b>	<b>10,000</b>	<b>10,000</b>	<b>9,227</b>	<b>773</b>
Net change in fund balance	40,000	40,000	8,923	(49,227)
Fund balance, beginning of the year	1,916	1,916	1,916	-
<b>Fund balance, end of the year</b>	<b>\$ 41,916</b>	<b>\$ 41,916</b>	<b>\$ 10,839</b>	<b>\$ (49,227)</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
MANDATORY DRUG FINE FUND  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ 73,000	\$ 73,000	\$ 102,455	\$ 29,455
Miscellaneous	12,000	12,000	9,412	(2,588)
<b>Total revenues</b>	<b>85,000</b>	<b>85,000</b>	<b>111,867</b>	<b>26,867</b>
Expenditures:				
Current				
Public safety				
Other	50,000	58,693	57,225	1,468
<b>Total expenditures</b>	<b>50,000</b>	<b>58,693</b>	<b>57,225</b>	<b>1,468</b>
Net change in fund balance	35,000	26,307	54,642	28,335
Fund balance, beginning of the year	146,100	146,100	146,100	-
Appropriation for prior year encumbrances	3,098	3,098	3,098	-
<b>Fund balance, end of the year</b>	<b>\$ 184,198</b>	<b>\$ 175,505</b>	<b>\$ 203,840</b>	<b>\$ 28,335</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
PROBATION SERVICES FUND  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ 125,000	\$ 125,000	\$ 120,187	\$ (4,813)
<b>Total revenues</b>	<b>125,000</b>	<b>125,000</b>	<b>120,187</b>	<b>(4,813)</b>
Expenditures:				
Current				
Public safety				
Personal Services	79,680	79,680	80,914	(1,234)
Other	70,000	70,000	43,331	26,669
<b>Total expenditures</b>	<b>149,680</b>	<b>149,680</b>	<b>124,245</b>	<b>25,435</b>
Net change in fund balance	(24,680)	(24,680)	(4,058)	20,622
Fund balance, beginning of the year	268,445	268,445	268,445	-
<b>Fund balance, end of the year</b>	<b>\$ 243,765</b>	<b>\$ 243,765</b>	<b>\$ 264,387</b>	<b>\$ 20,622</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
INDIGENT DRIVER ALCOHOL TREATMENT FUND  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ 20,000	\$ 20,000	\$ 19,636	\$ (364)
<b>Total revenues</b>	<b>20,000</b>	<b>20,000</b>	<b>19,636</b>	<b>(364)</b>
Expenditures:				
Current				
Public safety				
Other	10,000	10,000	2,087	7,913
<b>Total expenditures</b>	<b>10,000</b>	<b>10,000</b>	<b>2,087</b>	<b>7,913</b>
Net change in fund balance	10,000	10,000	17,549	7,549
Fund balance, beginning of the year	5,197	5,197	5,197	-
<b>Fund balance, end of the year</b>	<b>\$ 15,197</b>	<b>\$ 15,197</b>	<b>\$ 22,746</b>	<b>\$ 7,549</b>



**CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
ENFORCEMENT/EDUCATION FUND  
FOR YEAR ENDED DECEMBER 31, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Fines and forfeits	\$ 12,000	\$ 12,000	\$ 3,480	\$ (8,520)
Miscellaneous	-	-	8,111	8,111
<b>Total revenues</b>	<b>12,000</b>	<b>12,000</b>	<b>11,591</b>	<b>(409)</b>
Expenditures:				
Current				
Public safety				
Personal Services	5,623	5,623	-	5,623
Other	10,500	10,500	9,909	591
<b>Total expenditures</b>	<b>16,123</b>	<b>16,123</b>	<b>9,909</b>	<b>6,214</b>
Net change in fund balance	(4,123)	(4,123)	1,682	5,805
Fund balance, beginning of year	54,814	54,814	54,814	-
<b>Fund balance, end of the year</b>	<b>\$ 50,691</b>	<b>\$ 50,691</b>	<b>\$ 56,496</b>	<b>\$ 5,805</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
CIVIC DEVELOPMENT FUND  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Miscellaneous	\$ 218,301	\$ 218,301	\$ 317,373	\$ 99,072
<b>Total revenues</b>	<b>218,301</b>	<b>218,301</b>	<b>317,373</b>	<b>99,072</b>
Expenditures:				
Current				
Miscellaneous				
Other	170,000	179,090	179,085	5
<b>Total expenditures</b>	<b>170,000</b>	<b>179,090</b>	<b>179,085</b>	<b>5</b>
Net change in fund balance	48,301	39,211	138,288	99,077
Fund balance, beginning of the year	234,662	234,662	234,662	-
Appropriation for prior year encumbrances	9,090	9,090	9,090	-
<b>Fund balance, end of the year</b>	<b>\$ 292,053</b>	<b>\$ 282,963</b>	<b>\$ 382,040</b>	<b>\$ 99,077</b>

**CITY OF MIDDLETOWN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**MUNICIPAL COURT FUND**  
**FOR YEAR ENDED DECEMBER 31, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Municipal income tax	\$ 300,000	\$ 300,000	\$ 300,000	\$ -
Fines and forfeits	1,329,185	1,329,185	1,246,033	(83,152)
Miscellaneous	6,813	6,813	3,576	(3,237)
<b>Total revenues</b>	<b>1,635,998</b>	<b>1,635,998</b>	<b>1,549,609</b>	<b>(86,389)</b>
Expenditures:				
Current				
Public safety				
Personal Services	1,416,496	1,416,496	1,384,165	32,331
Other	213,944	213,944	140,332	73,612
<b>Total expenditures</b>	<b>1,630,440</b>	<b>1,630,440</b>	<b>1,524,497</b>	<b>105,943</b>
Net change in fund balance	5,558	5,558	25,112	19,554
Fund balance, beginning of the year	328,795	328,795	328,795	-
<b>Fund balance, end of the year</b>	<b>\$ 334,353</b>	<b>\$ 334,353</b>	<b>\$ 353,907</b>	<b>\$ 19,554</b>

**CITY OF MIDDLETOWN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**POLICE GRANT FUND**  
**FOR YEAR ENDED DECEMBER 31, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Intergovernmental revenue	\$ 112,817	\$ 112,817	53,397	\$ (59,420)
Interest earnings	1,120	1,120	1,517	397
Miscellaneous	10,000	10,000	-	(10,000)
<b>Total revenues</b>	<b>123,937</b>	<b>123,937</b>	<b>54,914</b>	<b>(69,023)</b>
Expenditures:				
Current				
Public safety:				
Other				
Step Grant				
Personal Services	20,623	20,623	7,435	13,188
Step Grant II				
Personal Services	30,934	30,934	7,767	23,167
OVI Task Force Grant				
Personal Services	17,000	17,000	10,071	6,929
Body Armor Grant	-	6,523	6,523	-
Local Solicitation Grant	32,966	32,966	32,966	-
2014 Community Foundation Grant	10,000	10,000	9,114	886
2013 JAG Local Solicitation Grant	11,294	11,294	11,294	-
<b>Total expenditures</b>	<b>122,817</b>	<b>129,340</b>	<b>85,170</b>	<b>44,170</b>
Net change in fund balance	1,120	(5,403)	(30,256)	(24,853)
Fund balance, beginning of the year	178,181	178,181	178,181	-
Appropriation for prior year encumbrances	6,766	6,766	6,766	-
<b>Fund balance, end of the year</b>	<b>\$ 186,067</b>	<b>\$ 179,544</b>	<b>154,691</b>	<b>\$ (24,853)</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
COURT IDIAM FUND  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines & forfeits	\$ 11,000	\$ 11,000	\$ 8,179	\$ (2,821)
<b>Total revenues</b>	<b>11,000</b>	<b>11,000</b>	<b>8,179</b>	<b>(2,821)</b>
Expenditures:				
Current				
Public safety				
Other	35,000	35,000	-	35,000
<b>Total expenditures</b>	<b>35,000</b>	<b>35,000</b>	<b>-</b>	<b>35,000</b>
Net change in fund balance	(24,000)	(24,000)	8,179	32,179
Fund balance, beginning of the year	31,698	31,698	31,698	-
<b>Fund balance, end of the year</b>	<b>\$ 7,698</b>	<b>\$ 7,698</b>	<b>\$ 39,877</b>	<b>\$ 32,179</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
COURT SPECIAL PROJECTS FUND  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines & forfeits	\$ 150,000	\$ 150,000	\$ 133,094	\$ (16,906)
<b>Total revenues</b>	<b>150,000</b>	<b>150,000</b>	<b>133,094</b>	<b>(16,906)</b>
Expenditures:				
Current				
Public safety				
Other	150,000	150,000	86,367	63,633
<b>Total expenditures</b>	<b>150,000</b>	<b>150,000</b>	<b>86,367</b>	<b>63,633</b>
Net change in fund balance	-	-	46,727	46,727
Fund balance, beginning of the year	189,030	189,030	189,030	-
<b>Fund balance, end of the year</b>	<b>\$ 189,030</b>	<b>\$ 189,030</b>	<b>\$ 235,757</b>	<b>\$ 46,727</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
POOL FUND  
FOR YEAR ENDED DECEMBER 31, 2015

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

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
HOME PROGRAM FUND  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ 390,000	\$ 390,000	\$ 129,152	\$ (260,848)
Miscellaneous	-	-	1,564	1,564
<b>Total revenues</b>	<b>390,000</b>	<b>390,000</b>	<b>130,716</b>	<b>(259,284)</b>
Expenditures:				
Current				
Community environment				
Other	390,000	390,000	134,622	255,378
<b>Total expenditures</b>	<b>390,000</b>	<b>390,000</b>	<b>134,622</b>	<b>255,378</b>
Net change in fund balance	-	-	(3,906)	(3,906)
Fund balance, beginning of the year	31,331	31,331	31,331	-
<b>Fund balance, end of the year</b>	<b>\$ 31,331</b>	<b>\$ 31,331</b>	<b>\$ 27,425</b>	<b>\$ (3,906)</b>



**CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
COMMUNITY DEVELOPMENT FUND  
FOR YEAR ENDED DECEMBER 31, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Intergovernmental revenue	\$ 1,159,500	\$ 1,059,500	\$ 848,108	\$ (211,392)
Interest earnings	-	-	124	124
Miscellaneous	2,500	2,500	-	(2,500)
<b>Total revenues</b>	<b>1,162,000</b>	<b>1,062,000</b>	<b>848,232</b>	<b>(213,768)</b>
Expenditures:				
Current				
Community environment				
Other	1,062,000	893,208	638,545	254,663
<b>Total expenditures</b>	<b>1,062,000</b>	<b>893,208</b>	<b>638,545</b>	<b>254,663</b>
Net change in fund balance	100,000	168,792	209,687	40,895
Fund balance, beginning of the year	(193,847)	(193,847)	(193,847)	-
Appropriation for prior year encumbrances	56,208	56,208	56,208	
<b>Fund balance, end of the year</b>	<b>\$ (37,639)</b>	<b>\$ 31,153</b>	<b>\$ 72,048</b>	<b>\$ 40,895</b>

**CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
COMMUNITY DEVELOPMENT ESCROW FUND  
FOR YEAR ENDED DECEMBER 31, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Interest earnings	\$ -	\$ -	\$ 2,174	\$ 2,174
Miscellaneous	65,000	65,000	35,589	(29,411)
<b>Total revenues</b>	<b>65,000</b>	<b>65,000</b>	<b>37,763</b>	<b>(27,237)</b>
Expenditures:				
Current				
Community Environment	300,000	300,000	8,541	291,459
Miscellaneous	(47,500)	(47,500)	(7,650)	(39,850)
<b>Total expenditures</b>	<b>252,500</b>	<b>252,500</b>	<b>891</b>	<b>251,609</b>
Net change in fund balance	(187,500)	(187,500)	36,872	224,372
Fund balance, beginning of the year	550,623	550,623	550,623	-
<b>Fund balance, end of the year</b>	<b>\$ 363,123</b>	<b>\$ 363,123</b>	<b>\$ 587,495</b>	<b>\$ 224,372</b>

**CITY OF MIDDLETOWN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**POLICE PENSION FUND**  
**FOR YEAR ENDED DECEMBER 31, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Property taxes	\$ 186,465	\$ 186,465	\$ 173,815	\$ (12,650)
Intergovernmental revenue	26,400	26,400	32,427	6,027
Municipal income taxes	883,000	883,000	763,000	(120,000)
<b>Total revenues</b>	<b>1,095,865</b>	<b>1,095,865</b>	<b>969,242</b>	<b>(126,623)</b>
Expenditures:				
Current				
Public safety				
Miscellaneous	3,000	3,000	4,411	(1,411)
Public Safety	1,180,809	1,180,809	843,000	337,809
<b>Total expenditures</b>	<b>1,183,809</b>	<b>1,183,809</b>	<b>847,411</b>	<b>336,398</b>
Net change in fund balance	(87,944)	(87,944)	121,831	209,775
Fund balance, beginning of the year	98,215	98,215	98,215	
<b>Fund balance, end of the year</b>	<b>\$ 10,271</b>	<b>\$ 10,271</b>	<b>\$ 220,046</b>	<b>\$ 209,775</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FIRE PENSION FUND  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property taxes	\$ 186,465	\$ 186,465	\$ 173,815	\$ (12,650)
Intergovernmental revenue	26,400	26,400	32,427	6,027
Municipal income taxes	1,065,000	1,065,000	924,091	(140,909)
<b>Total revenues</b>	<b>1,277,865</b>	<b>1,277,865</b>	<b>1,130,333</b>	<b>(147,532)</b>
Expenditures:				
Current				
Public safety				
Miscellaneous	3,000	3,000	4,411	(1,411)
Public Safety	1,318,322	1,318,322	924,091	394,231
<b>Total expenditures</b>	<b>1,321,322</b>	<b>1,321,322</b>	<b>928,502</b>	<b>392,820</b>
Net change in fund balance	(43,457)	(43,457)	201,831	245,288
Fund balance, beginning of the year	54,055	54,055	54,055	-
<b>Fund balance, end of the year</b>	<b>\$ 10,598</b>	<b>\$ 10,598</b>	<b>\$ 255,886</b>	<b>\$ 245,288</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
NEIGHBORHOOD STABILIZATION PROGRAM FUND  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ 470,000	\$ 470,000	\$ 168,976	\$ (301,024)
<b>Total revenues</b>	<b>470,000</b>	<b>470,000</b>	<b>168,976</b>	<b>(301,024)</b>
Expenditures:				
Current				
Community environment				
Other	470,000	470,000	29,542	440,458
<b>Total expenditures</b>	<b>470,000</b>	<b>470,000</b>	<b>29,542</b>	<b>440,458</b>
Net change in fund balance	-	-	139,434	139,434
Fund balance, beginning of the year	111,095	111,095	111,095	-
<b>Fund balance, end of the year</b>	<b>\$ 111,095</b>	<b>\$ 111,095</b>	<b>\$ 250,529</b>	<b>\$ 139,434</b>

**CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
CONSERVANCY DISTRICT FUND  
FOR YEAR ENDED DECEMBER 31, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Municipal income tax	\$ 34,000	\$ 34,000	\$ -	\$ (34,000)
Property taxes	89,600	89,600	75,119	(14,481)
Intergovernmental revenue	11,200	11,200	10,873	(327)
<b>Total revenues</b>	<b>134,800</b>	<b>134,800</b>	<b>85,992</b>	<b>(48,808)</b>
Expenditures:				
Current				
Community environment				
Other	144,500	144,500	125,426	19,074
<b>Total expenditures</b>	<b>144,500</b>	<b>144,500</b>	<b>125,426</b>	<b>19,074</b>
Net change in fund balance	(9,700)	(9,700)	(39,434)	(29,734)
Fund balance, beginning of the year	51,716	51,716	51,716	-
<b>Fund balance, end of the year</b>	<b>\$ 42,016</b>	<b>\$ 42,016</b>	<b>\$ 12,282</b>	<b>\$ (29,734)</b>

**CITY OF MIDDLETOWN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**NUISANCE ABATEMENT FUND**  
**FOR YEAR ENDED DECEMBER 31, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Special assessments	\$ 200,000	\$ 200,000	\$ 160,559	\$ (39,441)
Miscellaneous	-	-	10	10
<b>Total revenues</b>	<b>200,000</b>	<b>200,000</b>	<b>160,569</b>	<b>(39,431)</b>
Expenditures:				
Current				
Community environment				
Other	230,000	818,200	500,644	317,556
<b>Total expenditures</b>	<b>230,000</b>	<b>818,200</b>	<b>500,644</b>	<b>317,556</b>
Excess of revenues over (under) expenditures	(30,000)	(618,200)	(340,075)	278,125
Other financing sources (uses):				
Transfers-in	30,000	530,000	1,000,000	470,000
<b>Total other financing sources (uses)</b>	<b>30,000</b>	<b>530,000</b>	<b>1,000,000</b>	<b>470,000</b>
Net change in fund balance	-	(88,200)	659,925	748,125
Fund balance, beginning of the year	235,330	235,330	235,330	-
Appropriation for prior year encumbrances	38,200	38,200	38,200	-
<b>Fund balance, end of the year</b>	<b>\$ 273,530</b>	<b>\$ 185,330</b>	<b>\$ 933,455</b>	<b>\$ 748,125</b>

**CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
SENIOR SERVICES FUND  
FOR YEAR ENDED DECEMBER 31, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Property taxes	\$ 621,550	\$ 621,550	\$ 578,719	\$ (42,831)
Intergovernmental revenue	87,550	87,550	77,868	(9,682)
<b>Total revenues</b>	<b>709,100</b>	<b>709,100</b>	<b>656,587</b>	<b>(52,513)</b>
Expenditures:				
Current				
Community environment				
Other	709,100	709,100	656,588	52,512
<b>Total expenditures</b>	<b>709,100</b>	<b>709,100</b>	<b>656,588</b>	<b>52,512</b>
Net change in fund balance	-	-	(1)	(1)
Fund balance, beginning of the year	1	1	1	-
<b>Fund balance, end of the year</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ (1)</b>



CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
HUD SECTION 108 LOAN  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Miscellaneous revenue	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures:				
Current				
Community environment				
Other	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	-	-	-	-
Fund balance, beginning of the year	1,762	1,762	1,762	-
<b>Fund balance, end of the year</b>	<b>\$ 1,762</b>	<b>\$ 1,762</b>	<b>\$ 1,762</b>	<b>\$ -</b>

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, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ -	\$ -	\$ 23,667	\$ 23,667
Miscellaneous	-	626,729	1,632	(625,097)
<b>Total revenues</b>	<b>-</b>	<b>626,729</b>	<b>25,299</b>	<b>(601,430)</b>
Expenditures:				
Current				
Community Environment				
Other	-	629,374	626,730	2,644
<b>Total expenditures</b>	<b>-</b>	<b>629,374</b>	<b>626,730</b>	<b>2,644</b>
Net change in fund balance	-	(2,645)	(601,431)	(598,786)
Fund balance, beginning of the year	541,431	541,431	541,431	-
Appropriation for prior year encumbrances	60,000	60,000	60,000	-
<b>Fund balance, end of the year</b>	<b>\$ 601,431</b>	<b>\$ 598,786</b>	<b>\$ -</b>	<b>\$ (598,786)</b>

See notes to the required supplementary informaton.

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
INCOME TAX FUND  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income tax	\$ 663,442	\$ 663,442	\$ 675,812	\$ 12,370
<b>Total revenues</b>	<b>663,442</b>	<b>663,442</b>	<b>675,812</b>	<b>12,370</b>
Expenditures:				
Current				
General government				
Personal services	517,360	487,360	454,580	32,780
Other	117,605	147,769	144,777	2,992
<b>Total expenditures</b>	<b>634,965</b>	<b>635,129</b>	<b>599,357</b>	<b>35,772</b>
Net change in fund balance	28,477	28,313	76,455	48,142
Fund balance, beginning of the year	33,671	33,671	33,671	-
Appropriation for prior year encumbrances	164	164	164	
<b>Fund balance, end of the year</b>	<b>\$ 62,312</b>	<b>\$ 62,148</b>	<b>\$ 110,290</b>	<b>\$ 48,142</b>

**CITY OF MIDDLETOWN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**TERMINATION PAY FUND**  
**FOR YEAR ENDED DECEMBER 31, 2015**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income tax	\$ 400,000	\$ 750,000	\$ 650,000	\$ (100,000)
<b>Total revenues</b>	<b>400,000</b>	<b>750,000</b>	<b>650,000</b>	<b>(100,000)</b>
Expenditures:				
Current				
Personal services:				
Public safety	200,000	600,000	574,692	25,308
Public health & welfare	25,000	10,000	-	10,000
Leisure time activities	20,000	20,000	6,857	13,143
Community environment	30,000	50,000	-	50,000
General government	170,000	100,000	20,158	79,842
Highways & streets	5,000	10,000	1,311	8,689
Miscellaneous		10,000	7,157	2,843
<b>Total expenditures</b>	<b>450,000</b>	<b>800,000</b>	<b>610,175</b>	<b>189,825</b>
Net change in fund balance	(50,000)	(50,000)	39,825	89,825
Fund balance, beginning of the year	75,044	75,044	75,044	-
<b>Fund balance, end of the year</b>	<b>\$ 25,044</b>	<b>\$ 25,044</b>	<b>\$ 114,869</b>	<b>\$ 89,825</b>

**CITY OF MIDDLETOWN, OHIO  
COMBINING BALANCE SHEET  
NON MAJOR DEBT SERVICE FUNDS  
DECEMBER 31, 2015**

	<b>General Obligation Debt Service</b>	<b>East End - Towne Blvd Tax Increment Financing District</b>	<b>Downtown Tax Increment Financing District</b>	<b>Aeronca Tax Increment Financing District</b>	<b>Airport - Riverfront Tax Increment Financing District</b>	<b>Miller Road North Tax Increment Financing District</b>
Assets						
Cash and equity in pooled cash, deposits and investments	\$ 176,358	\$ 280,533	\$ 16,058	\$ 4,423	\$ 6,851	\$ 73,196
Receivables (net of allowance for uncollectibles):						
Payments in lieu of taxes	-	180,121	9,076	-	988	9,240
Due from other governments	8,668	-	-	-	-	-
<b>Total assets</b>	<b>\$ 185,026</b>	<b>\$ 460,654</b>	<b>\$ 25,134</b>	<b>\$ 4,423</b>	<b>\$ 7,839</b>	<b>\$ 82,436</b>
Deferred inflows						
Revenues levied for the next year and unavailable revenue	\$ 8,668	\$ 180,121	\$ 9,076	\$ -	\$ 988	\$ 9,240
<b>Total deferred inflows</b>	<b>8,668</b>	<b>180,121</b>	<b>9,076</b>	<b>-</b>	<b>988</b>	<b>9,240</b>
Fund balances:						
Restricted	-	280,533	16,058	4,423	6,851	73,196
Committed	176,358	-	-	-	-	-
<b>Total fund balance</b>	<b>176,358</b>	<b>280,533</b>	<b>16,058</b>	<b>4,423</b>	<b>6,851</b>	<b>73,196</b>
<b>Total deferred inflows and fund balance</b>	<b>\$ 185,026</b>	<b>\$ 460,654</b>	<b>\$ 25,134</b>	<b>\$ 4,423</b>	<b>\$ 7,839</b>	<b>\$ 82,436</b>

<b>Towne Mall Hospital Tax Increment Financing District</b>	<b>Renaissance North Tax Increment Financing District</b>	<b>Renaissance South Tax Increment Financing District</b>	<b>Manchester Road Tax Increment Financing District</b>	<b>Greentree Tax Increment Financing District</b>	<b>Made Industrial Park Tax Increment Financing</b>	<b>South Yankee Road Tax Increment Financing</b>	<b>Totals</b>
\$ 156,931	\$ 106,187	\$ 143,865	\$ 378	\$ 210,748	\$ 1,164	\$ 23,044	\$ 1,199,736
134,498	50,664	47,409	-	154,857	-	-	586,853
-	-	-	-	-	-	-	8,668
<b>\$ 291,429</b>	<b>\$ 156,851</b>	<b>\$ 191,274</b>	<b>\$ 378</b>	<b>\$ 365,605</b>	<b>\$ 1,164</b>	<b>\$ 23,044</b>	<b>\$ 1,795,257</b>
\$ 134,498	\$ 50,664	\$ 47,409	\$ -	\$ 154,857	\$ -	\$ -	\$ 595,521
<b>134,498</b>	<b>50,664</b>	<b>47,409</b>	<b>-</b>	<b>154,857</b>	<b>-</b>	<b>-</b>	<b>595,521</b>
156,931	106,187	143,865	378	210,748	1,164	23,044	1,023,378
-	-	-	-	-	-	-	176,358
<b>156,931</b>	<b>106,187</b>	<b>143,865</b>	<b>378</b>	<b>210,748</b>	<b>1,164</b>	<b>23,044</b>	<b>1,199,736</b>
<b>\$ 291,429</b>	<b>\$ 156,851</b>	<b>\$ 191,274</b>	<b>\$ 378</b>	<b>\$ 365,605</b>	<b>\$ 1,164</b>	<b>\$ 23,044</b>	<b>\$ 1,795,257</b>

**CITY OF MIDDLETOWN, OHIO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NON MAJOR DEBT SERVICE FUNDS  
FOR YEAR ENDED DECEMBER 31, 2015**

	<b>General Obligation Debt Service</b>	<b>East End - Towne Blvd Tax Increment Financing District</b>	<b>Downtown Tax Increment Financing District</b>	<b>Aeronca Tax Increment Financing District</b>	<b>Airport - Riverfront Tax Increment Financing District</b>	<b>Miller Road North Tax Increment Financing District</b>
Revenues						
Municipal income taxes	\$ 1,898,000	\$ -	\$ -	\$ -	\$ -	\$ -
Payment in lieu of taxes	-	322,845	9,437	-	1,466	8,825
Intergovernmental	478,910	-	-	-	-	-
Miscellaneous revenues	269,265	-	-	-	-	-
<b>Total revenues</b>	<b>2,646,175</b>	<b>322,845</b>	<b>9,437</b>	<b>-</b>	<b>1,466</b>	<b>8,825</b>
Expenditures						
Debt service						
Principal retirement	1,754,627	226,995	15,000	-	-	-
Interest and fiscal charges	723,832	90,414	-	-	-	-
Miscellaneous	-	87,208	-	-	-	-
<b>Total expenditures</b>	<b>2,478,459</b>	<b>404,617</b>	<b>15,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	167,716	(81,772)	(5,563)	-	1,466	8,825
Fund balance, beginning of the year	8,642	362,305	21,621	4,423	5,385	64,371
<b>Fund balance, end of the year</b>	<b>\$ 176,358</b>	<b>\$ 280,533</b>	<b>\$ 16,058</b>	<b>\$ 4,423</b>	<b>\$ 6,851</b>	<b>\$ 73,196</b>

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,898,000
574,069	196,893	157,650	-	210,748	877	231	1,483,041
-	-	-	-	-	-	-	478,910
-	-	-	-	-	-	-	269,265
<b>574,069</b>	<b>196,893</b>	<b>157,650</b>	<b>-</b>	<b>210,748</b>	<b>877</b>	<b>231</b>	<b>4,129,216</b>
110,000	50,000	-	-	-	-	-	2,156,622
60,000	-	-	-	-	-	-	874,246
423,760	138,468	75,654	-	-	-	-	725,090
<b>593,760</b>	<b>188,468</b>	<b>75,654</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,755,958</b>
(19,691)	8,425	81,996	-	210,748	877	231	373,258
176,622	97,762	61,869	378	-	287	22,813	826,478
<b>\$ 156,931</b>	<b>\$ 106,187</b>	<b>\$ 143,865</b>	<b>\$ 378</b>	<b>\$ 210,748</b>	<b>\$ 1,164</b>	<b>\$ 23,044</b>	<b>\$ 1,199,736</b>



CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
SPECIAL ASSESSMENT DEBT SERVICE FUND  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special assessments	\$ 445,000	\$ 445,000	\$ 410,265	\$ (34,735)
Miscellaneous	-	-	215,873	215,873
<b>Total revenues</b>	<b>445,000</b>	<b>445,000</b>	<b>626,138</b>	<b>181,138</b>
Expenditures:				
Debt service	445,800	445,800	428,568	17,232
<b>Total expenditures</b>	<b>445,800</b>	<b>445,800</b>	<b>428,568</b>	<b>17,232</b>
Net change in fund balance	(800)	(800)	197,570	198,370
Fund balance, beginning of the year	255,028	255,028	255,028	-
<b>Fund balance, end of the year</b>	<b>\$ 254,228</b>	<b>\$ 254,228</b>	<b>\$ 452,598</b>	<b>\$ 198,370</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
GENERAL OBLIGATION DEBT SERVICE FUND  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income taxes	\$ 1,898,000	\$ 1,898,000	\$ 1,898,000	\$ -
Intergovernmental	950	950	110,467	109,517
Miscellaneous	744,048	744,048	417,709	(326,339)
<b>Total revenues</b>	<b>2,642,998</b>	<b>2,642,998</b>	<b>2,426,176</b>	<b>(216,822)</b>
Expenditures:				
Current				
Miscellaneous				
Other	10,000	10,000	2,275	7,725
Debt service	2,482,302	2,482,302	2,256,185	226,117
<b>Total expenditures</b>	<b>2,492,302</b>	<b>2,492,302</b>	<b>2,258,460</b>	<b>233,842</b>
Net change in fund balance	150,696	150,696	167,716	17,020
Fund balance, beginning of the year	8,642	8,642	8,642	-
<b>Fund balance, end of the year</b>	<b>\$ 159,338</b>	<b>\$ 159,338</b>	<b>\$ 176,358</b>	<b>\$ 17,020</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
EAST END/TOWNE BLVD TAX INCREMENT FINANCING DISTRICT FUND  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ 320,370	\$ 320,370	\$ 322,844	\$ 2,474
<b>Total revenues</b>	<b>320,370</b>	<b>320,370</b>	<b>322,844</b>	<b>2,474</b>
Expenditures:				
Current				
Miscellaneous				
Other	115,976	115,976	87,207	28,769
Debt service	305,414	305,414	317,409	(11,995)
<b>Total expenditures</b>	<b>421,390</b>	<b>421,390</b>	<b>404,616</b>	<b>16,774</b>
Net change in fund balance	(101,020)	(101,020)	(81,772)	19,248
Fund balance, beginning of the year	362,305	362,305	362,305	-
<b>Fund balance, end of the year</b>	<b>\$ 261,285</b>	<b>\$ 261,285</b>	<b>\$ 280,533</b>	<b>\$ 19,248</b>

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, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ 7,722	\$ 7,722	\$ 9,437	\$ 1,715
<b>Total revenues</b>	<b>7,722</b>	<b>7,722</b>	<b>9,437</b>	<b>1,715</b>
Expenditures:				
Current				
Miscellaneous				
Other	450	450	-	450
Debt service	15,000	15,000	15,000	-
<b>Total expenditures</b>	<b>15,450</b>	<b>15,450</b>	<b>15,000</b>	<b>450</b>
Net change in fund balance	(7,728)	(7,728)	(5,563)	2,165
Fund balance, beginning of the year	21,621	21,621	21,621	-
<b>Fund balance, end of the year</b>	<b>\$ 13,893</b>	<b>\$ 13,893</b>	<b>\$ 16,058</b>	<b>\$ 2,165</b>

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, 2015

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

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
AIRPORT/RIVERFRONT TAX INCREMENT FINANCING DISTRICT FUND  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ 583	\$ 583	\$ 1,466	\$ 883
<b>Total revenues</b>	<b>583</b>	<b>583</b>	<b>1,466</b>	<b>883</b>
Expenditures:				
Current				
Miscellaneous				
Other	35	35	-	35
<b>Total expenditures</b>	<b>35</b>	<b>35</b>	<b>-</b>	<b>35</b>
Net change in fund balance	548	548	1,466	918
Fund balance, beginning of the year	5,385	5,385	5,385	-
<b>Fund balance, end of the year</b>	<b>\$ 5,933</b>	<b>\$ 5,933</b>	<b>\$ 6,851</b>	<b>\$ 918</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
MILLER ROAD NORTH TAX INCREMENT FINANCING DISTRICT FUND  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ 16,000	\$ 16,000	\$ 8,825	\$ (7,175)
<b>Total revenues</b>	<b>16,000</b>	<b>16,000</b>	<b>8,825</b>	<b>(7,175)</b>
Expenditures:				
Current				
Miscellaneous				
Other	240	240	-	240
<b>Total expenditures</b>	<b>240</b>	<b>240</b>	<b>-</b>	<b>240</b>
Net change in fund balance	15,760	15,760	8,825	(6,935)
Fund balance, beginning of the year	64,371	64,371	64,371	-
<b>Fund balance, end of the year</b>	<b>\$ 80,131</b>	<b>\$ 80,131</b>	<b>\$ 73,196</b>	<b>\$ (6,935)</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
TOWNE MALL/HOSPITAL TAX INCREMENT FINANCING DISTRICT FUND  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ 422,306	\$ 574,067	\$ 574,069	\$ 2
<b>Total revenues</b>	<b>422,306</b>	<b>574,067</b>	<b>574,069</b>	<b>2</b>
Expenditures:				
Current				
Miscellaneous				
Other	326,730	424,730	423,760	970
Debt service	170,000	170,000	170,000	-
<b>Total expenditures</b>	<b>496,730</b>	<b>594,730</b>	<b>593,760</b>	<b>970</b>
Net change in fund balance	(74,424)	(20,663)	(19,691)	972
Fund balance, beginning of the year	176,622	176,622	176,622	-
<b>Fund balance, end of the year</b>	<b>\$ 102,198</b>	<b>\$ 155,959</b>	<b>\$ 156,931</b>	<b>\$ 972</b>



CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
RENAISSANCE NORTH TAX INCREMENT FINANCING DISTRICT FUND  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ 141,488	\$ 196,893	\$ 196,893	\$ -
<b>Total revenues</b>	<b>141,488</b>	<b>196,893</b>	<b>196,893</b>	<b>-</b>
Expenditures:				
Current				
Miscellaneous				
Other	111,077	139,077	138,468	609
Debt service	50,000	50,000	50,000	-
<b>Total expenditures</b>	<b>161,077</b>	<b>189,077</b>	<b>188,468</b>	<b>609</b>
Net change in fund balance	(19,589)	7,816	8,425	609
Fund balance, beginning of the year	97,762	97,762	97,762	-
<b>Fund balance, end of the year</b>	<b>\$ 78,173</b>	<b>\$ 105,578</b>	<b>\$ 106,187</b>	<b>\$ 609</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
RENAISSANCE SOUTH TAX INCREMENT FINANCING DISTRICT FUND  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ 103,767	\$ 157,649	\$ 157,650	\$ 1
<b>Total revenues</b>	<b>103,767</b>	<b>157,649</b>	<b>157,650</b>	<b>1</b>
Expenditures:				
Current				
Miscellaneous				
Other	86,046	114,046	75,654	38,392
<b>Total expenditures</b>	<b>86,046</b>	<b>114,046</b>	<b>75,654</b>	<b>38,392</b>
Net change in fund balance	17,721	43,603	81,996	38,393
Fund balance, beginning of the year	61,869	61,869	61,869	-
<b>Fund balance, end of the year</b>	<b>\$ 79,590</b>	<b>\$ 105,472</b>	<b>\$ 143,865</b>	<b>\$ 38,393</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
MANCHESTER ROAD TAX INCREMENT FINANCING DISTRICT FUND  
FOR YEAR ENDED DECEMBER 31, 2015

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

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
GREENTREE INDUSTRIAL PARK TAX INCREMENT FINANCING FUND  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ -	\$ -	\$ 210,748	\$ 210,748
Intergovernmental revenue		-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>210,748</b>	<b>210,748</b>
Expenditures:				
Current				
Miscellaneous				
Other	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	-	-	210,748	210,748
Fund balance, beginning of the year	-	-	-	-
<b>Fund balance, end of the year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 210,748</b>	<b>\$ 210,748</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
MADE INDUSTRIAL PARK TAX INCREMENT FINANCING FUND  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ -	\$ -	\$ 877	\$ 877
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>877</b>	<b>877</b>
Expenditures:				
Current				
Miscellaneous				
Other	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	-	-	877	877
Fund balance, beginning of the year	287	287	287	-
<b>Fund balance, end of the year</b>	<b>\$ 287</b>	<b>\$ 287</b>	<b>\$ 1,164</b>	<b>\$ 877</b>

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, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ -	\$ -	\$ 231	\$ 231
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>231</b>	<b>231</b>
Expenditures:				
Current				
Miscellaneous				
Other	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	-	-	231	231
Fund balance, beginning of the year	22,813	22,813	22,813	-
<b>Fund balance, end of the year</b>	<b>\$ 22,813</b>	<b>\$ 22,813</b>	<b>\$ 23,044</b>	<b>\$ 231</b>

**CITY OF MIDDLETOWN, OHIO  
COMBINING BALANCE SHEET  
NON MAJOR CAPITAL PROJECTS FUNDS  
DECEMBER 31, 2015**

	<b>East End Development</b>	<b>Downtown Improvements</b>	<b>Computer Replacement</b>	<b>Property Development</b>
<b>Assets</b>				
Cash and equity in pooled cash, deposits and investments	\$ 119,374	\$ 495,768	\$ 2,028,810	\$ 415,014
<b>Total assets</b>	<b>\$ 119,374</b>	<b>\$ 495,768</b>	<b>\$ 2,028,810</b>	<b>\$ 422,716</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 32,579	\$ 4,825
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>32,579</b>	<b>4,825</b>
<b>Fund balances:</b>				
Restricted	119,374	-	-	-
Committed	-	495,768	1,996,231	417,891
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>119,374</b>	<b>495,768</b>	<b>1,996,231</b>	<b>417,891</b>
<b>Total liabilities and fund balances</b>	<b>\$ 119,374</b>	<b>\$ 495,768</b>	<b>\$ 2,028,810</b>	<b>\$ 422,716</b>

<b>2010 Lefferson Road Sewer Special Assessment</b>	<b>2011 Sidewalk, Curb and Gutter</b>	<b>Main Street Special Assessment</b>	<b>Central Avenue Sidewalk Curb and Gutter</b>	<b>Economic Development Bond Service</b>	<b>Totals</b>
\$ 1,475	\$ 32,776	\$ 147,341	\$ -	\$ 465,263	\$ 3,705,821
<b>\$ 1,475</b>	<b>\$ 32,776</b>	<b>\$ 147,341</b>	<b>\$ -</b>	<b>\$ 465,263</b>	<b>\$ 3,713,523</b>
\$ -	\$ -	\$ -	\$ 60,052	\$ -	\$ 97,456
-	55,146	174,000	527	-	229,673
<b>-</b>	<b>55,146</b>	<b>174,000</b>	<b>60,579</b>	<b>-</b>	<b>327,129</b>
1,475	-	-	-	-	120,849
-	-	-	-	465,263	3,375,153
-	(22,370)	(26,659)	(60,579)	-	(109,608)
<b>1,475</b>	<b>(22,370)</b>	<b>(26,659)</b>	<b>(60,579)</b>	<b>465,263</b>	<b>3,386,394</b>
<b>\$ 1,475</b>	<b>\$ 32,776</b>	<b>\$ 147,341</b>	<b>\$ -</b>	<b>\$ 465,263</b>	<b>\$ 3,713,523</b>



**CITY OF MIDDLETOWN, OHIO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NON MAJOR CAPITAL PROJECT FUNDS  
FOR YEAR ENDED DECEMBER 31, 2015**

	<b>East End Development</b>	<b>Downtown Improvements</b>	<b>Computer Replacement</b>	<b>Property Development</b>
Revenues				
Municipal income taxes	\$ -	\$ -	\$ 8,000	\$ -
Intergovernmental revenues	-	-	4,099	115,541
Special Assessments	-	-	-	-
Investment income	961	3,712	16,271	-
Miscellaneous	-	227,291	45,480	6,314
<b>Total revenues</b>	<b>961</b>	<b>231,003</b>	<b>73,850</b>	<b>121,855</b>
Expenditures				
Current				
Community environment	-	67,105	-	100,447
Highways and streets	-	-	-	-
General government	-	-	158,097	-
Debt service				
Principal retirement	-	2,056,916	-	-
Interest and fiscal charges	-	127,297	-	-
<b>Total expenditures</b>	<b>-</b>	<b>2,251,318</b>	<b>158,097</b>	<b>100,447</b>
Excess of revenues over (under) expenditures	961	(2,020,315)	(84,247)	21,408
Other financing sources (uses)				
Transfers-in	-	-	69,420	-
Proceeds of bonds	-	2,115,000	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>2,115,000</b>	<b>69,420</b>	<b>-</b>
Net change in fund balances	961	94,685	(14,827)	21,408
Fund balance, beginning of year	118,413	401,083	2,011,058	396,483
<b>Fund balance, end of the year</b>	<b>\$ 119,374</b>	<b>\$ 495,768</b>	<b>\$ 1,996,231</b>	<b>\$ 417,891</b>

2010 Lefferson Road Sewer Special Assessment		2011 Sidewalk, Curb and Gutter	Main Street Special Assessment	Central Avenue Sidewalk Curb and Gutter	Economic Development Bond Service	Totals	
\$	-	\$	-	\$	-	\$	8,000
	-		-		-		119,640
	-	32,776	-	-	-		32,776
	-	-	-	-	-		20,944
	-	-	-	-	10		279,095
	-	32,776	-	-	10		460,455
	-	-	-	-	1,456,423		1,623,975
	-	-	-	60,579	-		60,579
	-	-	-	-	-		158,097
	-	-	-	-	-		2,056,916
	-	-	-	-	123,324		250,621
	-	-	-	60,579	1,579,747		4,150,188
	-	32,776	-	(60,579)	(1,579,737)		(3,689,733)
	-	-	-	-	-		69,420
	-	-	-	-	2,045,000		4,160,000
	-	-	-	-	2,045,000		4,229,420
	-	32,776	-	(60,579)	465,263		539,687
	1,475	(55,146)	(26,659)	-	-		2,846,707
\$	1,475	\$ (22,370)	\$ (26,659)	\$ (60,579)	\$ 465,263	\$	3,386,394

**CITY OF MIDDLETOWN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**CAPITAL IMPROVEMENTS FUND**  
**FOR YEAR ENDED DECEMBER 31, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Property taxes	\$ 621,550	\$ 621,550	\$ 729,540	\$ 107,990
Intergovernmental revenue	2,605,500	2,605,500	1,668,962	(936,538)
Charges for services	5,000	5,000	7,102	2,102
Interest earnings	-	-	11,359	11,359
Miscellaneous	-	-	72,249	72,249
<b>Total revenues</b>	<b>3,232,050</b>	<b>3,232,050</b>	<b>2,489,212</b>	<b>(742,838)</b>
Expenditures:				
Current				
Public safety				
Other	330,000	593,500	566,869	26,631
Leisure time activities				
Other	30,000	79,600	71,171	8,429
Highways and streets				
Other	2,835,000	4,858,079	4,822,510	35,569
Miscellaneous				
Other	30,000	37,451	30,115	7,336
<b>Total expenditures</b>	<b>3,225,000</b>	<b>5,568,630</b>	<b>5,490,665</b>	<b>77,965</b>
Excess of revenues over (under) expenditures	7,050	(2,336,580)	(3,001,453)	(664,873)
Other financing sources (uses):				
Advance	761,000	1,131,000	1,645,500	514,500
Other uses	-	-	(18,304)	(18,304)
<b>Total other financing sources (uses)</b>	<b>761,000</b>	<b>1,131,000</b>	<b>1,627,196</b>	<b>496,196</b>
Net change in fund balance	768,050	(1,205,580)	(1,374,257)	(168,677)
Fund balance, beginning of the year	(765,555)	(765,555)	(765,555)	-
Appropriation for prior year encumbrances	869,918	869,918	869,918	-
<b>Fund balance, end of the year</b>	<b>\$ 872,413</b>	<b>\$ (1,101,217)</b>	<b>\$ (1,269,894)</b>	<b>\$ (168,677)</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
EAST END DEVELOPMENT FUND  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Interest earnings	\$ -	\$ -	\$ 961	\$ 961
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>961</b>	<b>961</b>
Expenditures:				
Current				
Community environment				
Other	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	-	-	961	961
Fund balance, beginning of the year	118,413	118,413	118,413	-
<b>Fund balance, end of the year</b>	<b>\$ 118,413</b>	<b>\$ 118,413</b>	<b>\$ 119,374</b>	<b>\$ 961</b>

**CITY OF MIDDLETOWN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**DOWNTOWN IMPROVEMENTS FUND**  
**FOR YEAR ENDED DECEMBER 31, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Interest earnings	\$ 1,846	\$ 1,846	\$ 3,712	\$ 1,866
Miscellaneous	20,000	20,000	227,292	207,291
<b>Total revenues</b>	<b>21,846</b>	<b>21,846</b>	<b>231,004</b>	<b>209,157</b>
Expenditures:				
Current				
Community environment				
Other	40,000	76,965	75,715	1,250
Debt Service				
Principal retirement	2,092,912	2,092,912	2,056,916	35,996
Interest & fiscal charges	36,000	36,000	69,213	(33,213)
<b>Total expenditures</b>	<b>2,168,912</b>	<b>2,205,877</b>	<b>2,201,844</b>	<b>4,033</b>
Excess of revenues under expenditures	(2,147,066)	(2,184,031)	(1,970,840)	213,190
Other financing sources (uses):				
Proceeds from notes	2,092,912	2,092,912	2,056,916	(35,996)
<b>Total other financing sources (uses)</b>	<b>2,092,912</b>	<b>2,092,912</b>	<b>2,056,916</b>	<b>(35,996)</b>
Net change in fund balance	(54,154)	(91,119)	86,076	177,194
Fund balance, beginning of the year	400,727	400,727	400,727	-
Appropriation for prior year encumbrances	1,965	1,965	1,965	-
<b>Fund balance, end of the year</b>	<b>\$ 348,538</b>	<b>\$ 311,573</b>	<b>\$ 488,768</b>	<b>\$ 177,194</b>

**CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
COMPUTER REPLACEMENT FUND  
FOR YEAR ENDED DECEMBER 31, 2015**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Municipal income taxes	\$ 8,000	\$ 8,000	\$ 8,000	\$ -
Interest earnings	9,610	9,610	16,271	6,661
Miscellaneous	55,120	55,120	49,579	(5,541)
<b>Total revenues</b>	<b>72,730</b>	<b>72,730</b>	<b>73,850</b>	<b>1,120</b>
Expenditures:				
Current				
General government				
Other	500,000	548,856	400,755	148,101
<b>Total expenditures</b>	<b>500,000</b>	<b>548,856</b>	<b>400,755</b>	<b>148,101</b>
Excess of revenues under expenditures	(427,270)	(476,126)	(326,905)	149,221
Other financing sources:				
Transfers-in	69,420	69,420	69,420	-
<b>Total other financing sources</b>	<b>69,420</b>	<b>69,420</b>	<b>69,420</b>	<b>-</b>
Net change in fund balance	(357,850)	(406,706)	(257,485)	149,221
Fund balance, beginning of the year	1,964,778	1,964,778	1,964,778	-
Appropriation for prior year encumbrances	48,856	48,856	48,856	-
<b>Fund balance, end of the year</b>	<b>\$ 1,655,784</b>	<b>\$ 1,606,928</b>	<b>\$ 1,756,149</b>	<b>\$ 149,221</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
PROPERTY DEVELOPMENT FUND  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental	\$ 55,000	\$ 55,000	\$ 107,839	\$ 52,839
Miscellaneous	-	-	6,313	6,313
<b>Total revenues</b>	<b>55,000</b>	<b>55,000</b>	<b>114,152</b>	<b>59,152</b>
Expenditures:				
Current				
Community environment				
Other	193,400	288,806	286,671	2,135
<b>Total expenditures</b>	<b>193,400</b>	<b>288,806</b>	<b>286,671</b>	<b>2,135</b>
Net change in fund balance	(138,400)	(233,806)	(172,519)	61,287
Fund balance, beginning of the year	305,956	305,956	305,956	-
Appropriation for prior year encumbrances	95,406	95,406	95,406	-
<b>Fund balance, end of the year</b>	<b>\$ 262,962</b>	<b>\$ 167,556</b>	<b>\$ 228,843</b>	<b>\$ 61,287</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
2010 LEFFERSON ROAD SEWER SPECIAL ASSESSMENT  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special assessments	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures:				
Current				
Community environment				
Other				
Community environment	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	-	-	-	-
Fund balance, beginning of the year	1,475	1,475	1,475	-
<b>Fund balance, end of the year</b>	<b>\$ 1,475</b>	<b>\$ 1,475</b>	<b>\$ 1,475</b>	<b>\$ -</b>



CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
2011 SIDEWALK, CURB AND GUTTER FUND  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special assessments	\$ -	\$ -	\$ 32,776	\$ 32,776
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures:				
Current				
Highways and streets				
Other	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	-	-	32,776	32,776
Fund balance, beginning of the year	-	-	-	-
<b>Fund balance, end of the year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 32,776</b>	<b>\$ 32,776</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
MAIN STREET SPECIAL ASSESSMENT  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special Assessments	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures:				
Current				
Highways and streets				
Other	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	-	-	-	-
Fund balance, beginning of the year	147,341	147,341	147,341	-
<b>Fund balance, end of the year</b>	<b>\$ 147,341</b>	<b>\$ 147,341</b>	<b>\$ 147,341</b>	<b>\$ -</b>

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, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special Assessments	\$ 400,000	\$ 400,000	\$ -	\$ (400,000)
<b>Total revenues</b>	<b>400,000</b>	<b>400,000</b>	<b>-</b>	<b>(400,000)</b>
Expenditures:				
Current				
Highways and streets	200,000	200,000	118,442	81,558
Community environment				
<b>Total expenditures</b>	<b>200,000</b>	<b>200,000</b>	<b>118,442</b>	<b>81,558</b>
Excess of revenues over/under expenditures	200,000	200,000	(118,442)	(318,442)
Other financing sources/uses:				
Advance	(200,000)	(200,000)	-	200,000
Other uses	-	-	-	-
<b>Total other financing     sources/(uses)</b>	<b>(200,000)</b>	<b>(200,000)</b>	<b>-</b>	<b>200,000</b>
Net change in fund balance	-	-	(118,442)	(118,442)
Fund balance, beginning of the year	-	-	-	-
<b>Fund balance, end of the year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (118,442)</b>	<b>\$ (118,442)</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
ECONOMIC DEVELOPMENT BOND SERVICE FUND  
FOR YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Miscellaneous revenue	\$ -	\$ -	\$ 10	\$ 10
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>10</b>
Expenditures:				
Current				
Community environment				
Other	-	1,940,000	1,499,747	440,253
<b>Total expenditures</b>	<b>-</b>	<b>1,940,000</b>	<b>1,499,747</b>	<b>440,253</b>
Excess of revenues over/under expenditures	-	(1,940,000)	(1,499,737)	440,263
Other financing uses:				
Proceeds from bonds	-	2,150,000	1,965,000	(185,000)
<b>Total other financing uses</b>	<b>-</b>	<b>2,150,000</b>	<b>1,965,000</b>	<b>(185,000)</b>
Net change in fund balance	-	210,000	465,263	255,263
Fund balance, beginning of the year	-	-	-	-
<b>Fund balance, end of the year</b>	<b>\$ -</b>	<b>\$ 210,000</b>	<b>\$ 465,263</b>	<b>\$ 255,263</b>

**CITY OF MIDDLETOWN  
FUND DESCRIPTIONS  
DECEMBER 31, 2015**

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**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 FUND**

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.

**GOLF FUND**

To account for the operation of the City's public golf course. The golf course was sold in 2014.

**CITY OF MIDDLETOWN, OHIO  
COMBINING STATEMENT OF NET POSITION  
NON MAJOR ENTERPRISE FUNDS  
DECEMBER 31, 2015**

**Business Type Activities - Enterprise Funds**

	<b>Airport</b>	<b>Transit</b>	<b>Golf</b>	<b>Totals</b>
<b>Assets:</b>				
Current assets				
Equity in pooled cash, deposits and investments	\$ 460,044	\$ 320,479	\$ 43,283	\$ 823,806
Receivables (net of allowance for uncollectibles):				
Intergovernmental	56,686	78,646	-	135,332
<b>Total current assets</b>	<b>516,730</b>	<b>399,125</b>	<b>43,283</b>	<b>959,138</b>
<b>Noncurrent Assets:</b>				
Capital assets:				
Construction in progress	292,185	-	-	292,185
Land	1,524,356	-	-	1,524,356
Land improvements	325,598	-	-	325,598
Infrastructure assets	624,895	-	-	624,895
Buildings	1,825,597	1,370,702	-	3,196,299
Equipment	631,596	2,328,299	-	2,959,895
Less: Accumulated depreciation	(1,877,684)	(2,761,469)	-	(4,639,153)
Total capital assets (net of accumulated depreciation)	3,346,543	937,532	-	4,284,075
<b>Total noncurrent assets</b>	<b>3,346,543</b>	<b>937,532</b>	<b>-</b>	<b>4,284,075</b>
<b>Total assets</b>	<b>3,863,273</b>	<b>1,336,657</b>	<b>43,283</b>	<b>5,243,213</b>
<b>Deferred outflows of resources:</b>				
Pension related	-	34,360	-	34,360
<b>Total deferred outflows of resources:</b>	<b>-</b>	<b>34,360</b>	<b>-</b>	<b>34,360</b>
<b>Liabilities:</b>				
Current liabilities				
Accounts payable	17,163	53,144	-	70,307
Accrued wages and benefits	-	10,835	-	10,835
Other accrued liabilities	7,436	3,892	-	11,328
Accrued interest payable	4,200	-	-	4,200
Due to other funds	-	25,107	-	25,107
General obligation bonds payable	75,000	-	-	75,000
Compensated absences (short-term)	-	10,763	-	10,763
<b>Total current liabilities</b>	<b>103,799</b>	<b>103,741</b>	<b>-</b>	<b>207,540</b>
Long-term liabilities:				
General obligation bonds payable	1,103,070	-	-	1,103,070
Compensated absences payable	-	7,555	-	7,555
Net pension liability	-	163,440	-	163,440
<b>Total long-term liabilities</b>	<b>1,103,070</b>	<b>170,995</b>	<b>-</b>	<b>1,274,065</b>
<b>Total liabilities</b>	<b>1,206,869</b>	<b>274,736</b>	<b>-</b>	<b>1,481,605</b>
<b>Deferred inflows of resources:</b>				
Pension related	-	2,871	-	2,871
<b>Total deferred inflows of resources:</b>	<b>-</b>	<b>2,871</b>	<b>-</b>	<b>2,871</b>
<b>Net position:</b>				
Net investment in capital assets	2,168,473	937,532	-	3,106,005
Unrestricted	487,931	155,878	43,283	687,092
<b>Total net position</b>	<b>\$ 2,656,404</b>	<b>\$ 1,093,410</b>	<b>\$ 43,283</b>	<b>\$ 3,793,097</b>

**CITY OF MIDDLETOWN, OHIO  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
NON MAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Business Type Activities - Enterprise Funds**

	<b>Airport</b>	<b>Transit</b>	<b>Golf</b>	<b>Totals</b>
Operating revenues:				
Charges for services	\$ 274,890	\$ 146,218	\$ -	\$ 421,108
Other operating revenue	4,489	31,042	883	36,414
<b>Total operating revenues</b>	<b>279,379</b>	<b>177,260</b>	<b>883</b>	<b>457,522</b>
Operating expenses:				
Personal services	-	430,815	-	430,815
Contractual services	201,008	925,656	-	1,126,664
Commodities	9,049	3,290	-	12,339
Depreciation	127,601	44,589	-	172,190
Other operating expenses	2,010	20,000	-	22,010
<b>Total operating expenses</b>	<b>339,668</b>	<b>1,424,350</b>	<b>-</b>	<b>1,764,018</b>
Operating income (loss)	(60,289)	(1,247,090)	883	(1,306,496)
Non-operating revenues (expenses):				
Interest expense and fiscal charges	(50,699)	-	-	(50,699)
Operating grants	237,752	982,244	-	1,219,996
Income taxes	86,000	100,000	-	186,000
<b>Total non-operating revenues (expenses)</b>	<b>273,053</b>	<b>1,082,244</b>	<b>-</b>	<b>1,355,297</b>
Income (loss) before contributions	212,764	(164,846)	883	48,801
Capital contributions	-	175,824	-	175,824
<b>Change in net position</b>	<b>212,764</b>	<b>10,978</b>	<b>883</b>	<b>224,625</b>
Total net position, beginning of year, restated	2,443,640	1,082,432	42,400	3,568,472
<b>Total net position, end of year</b>	<b>\$ 2,656,404</b>	<b>\$ 1,093,410</b>	<b>\$ 43,283</b>	<b>\$ 3,793,097</b>

**CITY OF MIDDLETOWN, OHIO  
COMBINING STATEMENT OF CASH FLOWS  
NON MAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Business Type Activities - Enterprise Funds**

	<b>Airport</b>	<b>Transit</b>	<b>Golf</b>	<b>Totals</b>
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 219,849	\$ 146,218	\$ -	\$ 366,067
Cash payments to suppliers for goods and services	(203,051)	(695,054)	-	(898,105)
Cash payments to employees for services	-	(420,063)	-	(420,063)
Miscellaneous revenues	4,489	31,042	-	35,531
Cash payments for interfund services used	(96)	(267,843)	-	(267,939)
<b>Net cash provided (used) by operating activities</b>	<b>21,191</b>	<b>(1,205,700)</b>	<b>-</b>	<b>(1,184,509)</b>
<b>Cash flows from non-capital financing activities:</b>				
Operating grants	237,752	1,006,673	-	1,244,425
Income taxes received	86,000	100,000	-	186,000
<b>Net cash provided by non-capital financing activities</b>	<b>323,752</b>	<b>1,106,673</b>	<b>-</b>	<b>1,430,425</b>
<b>Cash flows from capital and related financing activities:</b>				
Purchase of capital assets	(211,895)	(17,988)	-	(229,883)
Interest expense	(52,838)	-	-	(52,838)
Repayment of debt principal	(75,000)	-	-	(75,000)
Capital contributions	-	175,824	-	175,824
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(339,733)</b>	<b>157,836</b>	<b>-</b>	<b>(181,897)</b>
Net increase (decrease) in cash and cash equivalents	5,210	58,809	-	64,019
Cash and cash equivalents, beginning of year	454,834	261,670	43,283	759,787
<b>Cash and cash equivalents, end of year</b>	<b>\$ 460,044</b>	<b>\$ 320,479</b>	<b>\$ 43,283</b>	<b>\$ 823,806</b>

continued



**CITY OF MIDDLETOWN, OHIO  
COMBINING STATEMENT OF CASH FLOWS  
NON MAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>(continued)</b>	<b>Airport</b>	<b>Transit</b>	<b>Golf</b>	<b>Totals</b>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (60,289)	\$ (1,247,090)	\$ 883	\$ (1,306,496)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	127,601	44,589	-	172,190
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
Decrease (increase) in deferred outflows of resources - pension related	-	(14,358)	-	(14,358)
Increase (decrease) in accounts payable	8,920	3,598	-	12,518
Increase (decrease) in accrued wages and benefits	1,645	(4,556)	-	(2,911)
Increase (decrease) in other accrued liabilities	-	(259)	(883)	(1,142)
Increase (decrease) in due to other funds	-	4,695	-	4,695
Increase (decrease) in compensated absences payable	-	1,118	-	1,118
Increase (decrease) in due to other governments	(56,686)	-	-	(56,686)
Increase (decrease) in net pension liability	-	3,692	-	3,692
Increase (decrease) in deferred inflows of resources - pension related	-	2,871	-	2,871
<b>Total adjustments</b>	<b>81,480</b>	<b>41,390</b>	<b>(883)</b>	<b>121,987</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 21,191</b>	<b>\$ (1,205,700)</b>	<b>\$ -</b>	<b>\$ (1,184,509)</b>

**CITY OF MIDDLETOWN  
FUND DESCRIPTIONS  
DECEMBER 31, 2015**

---

**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, 2015**

	Municipal Garage	Employee Benefits Fund	Totals
Assets:			
Current assets:			
Equity in pooled cash, deposits and investments	\$ 5,586,167	\$ 603,846	\$ 6,190,013
Receivables (net of allowance for uncollectibles):			
Accounts	20,563	79,924	100,487
Due from other funds	109,332	-	109,332
Inventory of supplies	236,201	-	236,201
<b>Total current assets</b>	<b>5,952,263</b>	<b>683,770</b>	<b>6,636,033</b>
Capital assets:			
Land	195,750	-	195,750
Buildings	521,872	-	521,872
Equipment	11,864,845	-	11,864,845
Less: Accumulated depreciation	(9,701,376)	-	(9,701,376)
<b>Net capital assets</b>	<b>2,881,091</b>	<b>-</b>	<b>2,881,091</b>
<b>Total assets</b>	<b>8,833,354</b>	<b>683,770</b>	<b>9,517,124</b>
Deferred outflows of resources:			
Pension related	28,575	-	28,575
<b>Total deferred outflows of resources:</b>	<b>28,575</b>	<b>-</b>	<b>28,575</b>
Liabilities:			
Current liabilities:			
Accounts payable	40,086	880,925	921,011
Accrued wages and benefits	12,109	-	12,109
Due to other funds	-	750,000	750,000
Compensated absences payable	21,957	-	21,957
<b>Total current liabilities</b>	<b>74,152</b>	<b>1,630,925</b>	<b>1,705,077</b>
Long-term liabilities:			
Compensated absences payable	36,913	-	36,913
Net pension obligation	135,921	-	135,921
<b>Total long-term liabilities</b>	<b>172,834</b>	<b>-</b>	<b>172,834</b>
<b>Total liabilities</b>	<b>246,986</b>	<b>1,630,925</b>	<b>1,877,911</b>
Deferred inflows of resources:			
Pension related	2,388	-	2,388
<b>Total deferred inflows of resources:</b>	<b>2,388</b>	<b>-</b>	<b>2,388</b>
Net position:			
Net investment in capital assets	2,881,091	-	2,881,091
Unrestricted	5,731,464	(947,155)	4,784,309
<b>Total net position</b>	<b>\$ 8,612,555</b>	<b>\$ (947,155)</b>	<b>\$ 7,665,400</b>

**CITY OF MIDDLETOWN, OHIO  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>Municipal Garage</b>	<b>Employee Benefits Fund</b>	<b>Totals</b>
Operating revenues:			
Charges for services	\$ 2,864,053	\$ 4,681,435	\$ 7,545,488
Other operating revenues	87,883	85,581	173,464
<b>Total operating revenues</b>	<b>2,951,936</b>	<b>4,767,016</b>	<b>7,718,952</b>
Operating expenses:			
Personal services	417,382	-	417,382
Contractual services	378,874	5,904,774	6,283,648
Commodities	711,698	-	711,698
Depreciation	510,903	-	510,903
Other operating expenses	27,151	-	27,151
<b>Total operating expenses</b>	<b>2,046,008</b>	<b>5,904,774</b>	<b>7,950,782</b>
Operating income (loss)	905,928	(1,137,758)	(231,830)
Non-operating revenues (expenses):			
Interest revenue	42,964	-	42,964
Gain on sale of equipment	(31,450)	-	(31,450)
<b>Total non-operating revenues (expenses)</b>	<b>11,514</b>	<b>-</b>	<b>11,514</b>
Change in net position	917,442	(1,137,758)	(220,316)
Total net position, beginning of the year, restated	7,695,113	190,603	7,885,716
<b>Total net position, end of the year</b>	<b>\$ 8,612,555</b>	<b>\$ (947,155)</b>	<b>\$ 7,665,400</b>

**CITY OF MIDDLETOWN, OHIO  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>Municipal Garage</b>	<b>Employee Benefits Fund</b>	<b>Totals</b>
<b>Cash flows from operating activities:</b>			
Cash payments to suppliers for goods and services	\$ (1,138,570)	\$ (6,031,951)	\$ (7,170,521)
Cash payments to employees for services	(348,539)	-	(348,539)
Cash received from interfund services provided	2,961,822	4,687,092	7,648,914
Cash payments for interfund services used	(71,847)	-	(71,847)
<b>Net cash provided (used) by operating activities</b>	<b>1,402,866</b>	<b>(1,344,859)</b>	<b>58,007</b>
<b>Cash flows from non-capital financing activities:</b>			
Interfund loan receipts/(payments)	-	750,000	750,000
<b>Net cash used by non-capital financing activities</b>	<b>-</b>	<b>750,000</b>	<b>750,000</b>
<b>Cash flows from capital and related financing activities:</b>			
Purchase of capital assets	(655,598)	-	(655,598)
<b>Net cash used by capital and related financing activities</b>	<b>(655,598)</b>	<b>-</b>	<b>(655,598)</b>
<b>Cash flows from investing activities:</b>			
Interest income	42,964	-	42,964
<b>Net cash provided by investing activities</b>	<b>42,964</b>	<b>-</b>	<b>42,964</b>
Net increase in cash and cash equivalents	790,232	(594,859)	195,373
Cash and cash equivalents, beginning of year	4,795,935	1,198,705	5,994,640
<b>Cash and cash equivalents, end of year</b>	<b>\$ 5,586,167</b>	<b>\$ 603,846</b>	<b>\$ 6,190,013</b>

**CITY OF MIDDLETOWN, OHIO  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>(continued)</b>	<b>Municipal Garage</b>	<b>Employee Benefits Fund</b>	<b>Totals</b>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 905,928	\$ (1,137,758)	\$ (231,830)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	510,903	-	510,903
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
Decrease (increase) in accounts receivable	(14,515)	(79,924)	(94,439)
Decrease (increase) in due from other funds	24,401	-	24,401
Decrease (increase) in supplies inventory	749	-	749
Decrease (increase) in deferred outflows of resources - pension related	(11,941)	-	(11,941)
Increase (decrease) in accounts payable	(22,361)	(127,177)	(149,538)
Increase (decrease) in accrued wages	(3,909)	-	(3,909)
Increase (decrease) in compensated absences	8,152	-	8,152
Increase (decrease) in net pension liability	3,071	-	3,071
Increase (decrease) in deferred inflows of resources - pension related	2,388	-	2,388
<b>Total adjustments</b>	<b>496,938</b>	<b>(207,101)</b>	<b>289,837</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 1,402,866</b>	<b>\$ (1,344,859)</b>	<b>\$ 58,007</b>

**CITY OF MIDDLETOWN  
AGENCY FUNDS  
DECEMBER 31, 2015**

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**AGENCY FUNDS:**

The City is responsible in a fiduciary capacity for other assets that can only be used for designated beneficiaries. The City has 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, 2015**

	<b>Payroll Clearing</b>	<b>Municipal Court</b>	<b>Joint Economic Development District I</b>	<b>Totals</b>
<b>Assets:</b>				
Cash and equity in pooled cash, deposits and investments	\$ -	\$ 244,227	\$ 111,085	\$ 355,312
Cash with fiscal and escrow agent	331,863	-	-	331,863
<b>Total assets</b>	<b>331,863</b>	<b>244,227</b>	<b>111,085</b>	<b>687,175</b>
<b>Liabilities:</b>				
Due to other governments	251,011	189,508	111,085	551,604
Due to individuals	8,603	4,455	-	13,058
Unapportioned monies	72,249	50,264	-	122,513
<b>Total liabilities</b>	<b>\$ 331,863</b>	<b>\$ 244,227</b>	<b>\$ 111,085</b>	<b>\$ 687,175</b>



CITY OF MIDDLETOWN, OHIO  
 COMBINING STATEMENT OF CHANGES  
 IN FIDUCIARY ASSETS AND LIABILITIES  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

PAYROLL CLEARING				
	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets:				
Cash with fiscal and escrow agent	\$ 294,412	\$ 21,979,938	\$ 21,942,487	\$ 331,863
<b>Total assets</b>	<b>294,412</b>	<b>21,979,938</b>	<b>21,942,487</b>	<b>331,863</b>
Liabilities:				
Due to other governments	208,762	6,205,497	6,163,248	251,011
Due to individuals	51,652	14,817,430	14,860,479	8,603
Unapportioned monies	33,998	957,011	918,760	72,249
<b>Total liabilities</b>	<b>\$ 294,412</b>	<b>\$ 21,979,938</b>	<b>\$ 21,942,487</b>	<b>\$ 331,863</b>

CITY OF MIDDLETOWN, OHIO  
 COMBINING STATEMENT OF CHANGES  
 IN FIDUCIARY ASSETS AND LIABILITIES  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

MUNICIPAL COURT				
	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets:				
Cash and equity in pooled cash, deposits and investments	\$ 45,645	\$ 3,363,909	\$ 3,165,327	\$ 244,227
<b>Total assets</b>	<b>45,645</b>	<b>3,363,909</b>	<b>3,165,327</b>	<b>244,227</b>
Liabilities:				
Due to other governments	-	688,806	499,298	189,508
Due to individuals	5,762	741,178	742,485	4,455
Unapportioned monies	39,883	321,018	310,637	50,264
<b>Total liabilities</b>	<b>\$ 45,645</b>	<b>\$ 1,751,002</b>	<b>\$ 1,552,420</b>	<b>\$ 244,227</b>

CITY OF MIDDLETOWN, OHIO  
 COMBINING STATEMENT OF CHANGES  
 IN FIDUCIARY ASSETS AND LIABILITIES  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

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	\$ 70,775	\$ 1,602,727	\$ 1,562,417	\$ 111,085
<b>Total assets</b>	<b>70,775</b>	<b>1,602,727</b>	<b>1,562,417</b>	<b>\$ 111,085</b>
Liabilities:				
Due to other governments	70,775	1,602,727	1,562,417	111,085
<b>Total liabilities</b>	<b>\$ 70,775</b>	<b>\$ 1,602,727</b>	<b>\$ 1,562,417</b>	<b>\$ 111,085</b>



# STATISTICAL SECTION

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

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

CONTENTS	PAGE
<b>Financial Trends</b> <i>(Table 1 to Table 6)</i> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	<b>179</b>
<b>Revenue Capacity</b> <i>(Table 7 to Table 11)</i> These schedules contain information to help the reader assess one of the government's most significant local revenue sources, income tax and property taxes.	<b>186</b>
<b>Debt Capacity</b> <i>(Table 12 to Table 16)</i> These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	<b>191</b>
<b>Demographic and Economic Information</b> <i>(Table 17 and Table 18)</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	<b>196</b>
<b>Operating Information</b> <i>(Table 19 to Table 21)</i> 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.	<b>198</b>

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

		2015	Restated 2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Governmental Activities:</b>											
Net Investment in Capital Assets	\$	53,363	54,102	57,244	57,866	56,729	59,237	59,504	58,169	59,871	62,823
Restricted		12,843	12,896	22,026	25,539	30,934	35,676	31,270	31,510	26,694	27,064
Unrestricted		(19,834)	(19,142)	11,328	12,210	9,940	7,454	10,494	10,366	6,963	4,930
Total Governmental Activities Net Position	\$	<u>46,372</u>	<u>47,856</u>	<u>90,598</u>	<u>95,615</u>	<u>97,603</u>	<u>102,367</u>	<u>101,268</u>	<u>100,045</u>	<u>93,528</u>	<u>94,817</u>
<b>Business-Type Activities:</b>											
Net Investment in Capital Assets	\$	54,257	51,744	56,230	54,343	51,637	49,711	49,139	49,847	41,709	40,483
Restricted		-	-	-	-	1,501	1,457	1,411	1,367	1,255	1,105
Unrestricted		17,976	17,251	15,918	16,775	14,811	14,166	13,247	10,779	15,702	15,650
Total Business-Type Activities Net Position	\$	<u>72,233</u>	<u>68,995</u>	<u>72,148</u>	<u>71,118</u>	<u>67,949</u>	<u>65,334</u>	<u>63,797</u>	<u>61,993</u>	<u>58,666</u>	<u>57,238</u>
<b>Primary Government:</b>											
Net Investment in Capital Assets	\$	107,619	105,846	113,474	112,209	108,366	108,948	108,643	108,016	101,580	103,306
Restricted		12,843	12,896	22,026	25,539	32,435	37,133	32,681	32,877	27,949	28,169
Unrestricted		(1,858)	(1,891)	27,246	28,985	24,751	21,620	23,741	21,145	22,665	20,580
Total Primary Government Net Position	\$	<u>118,604</u>	<u>116,851</u>	<u>162,746</u>	<u>166,733</u>	<u>165,552</u>	<u>167,701</u>	<u>165,065</u>	<u>162,038</u>	<u>152,194</u>	<u>152,055</u>

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Expenses</b>										
Governmental activities:										
Community environment	\$ 5,970	11,557	16,561	14,555	16,739	13,318	14,621	15,950	11,736	11,402
General government	5,212	6,190	5,142	6,240	6,364	6,161	6,489	4,073	4,233	4,639
Leisure	1,032	1,698	1,069	1,210	1,164	947	1,150	1,250	1,565	1,096
Public health	421	405	367	983	781	941	1,094	1,490	1,031	1,262
Public safety	22,846	23,586	24,164	24,639	24,646	23,951	24,250	23,701	23,498	22,691
Highways and streets	8,417	8,171	7,662	9,557	8,565	9,776	9,509	7,965	10,318	9,787
Interest on long-term debt	1,262	1,078	1,229	1,402	1,447	1,241	1,179	1,028	1,497	1,522
Total governmental activities expenses	<u>45,160</u>	<u>52,685</u>	<u>56,194</u>	<u>58,586</u>	<u>59,706</u>	<u>56,335</u>	<u>58,292</u>	<u>55,457</u>	<u>53,878</u>	<u>52,399</u>
Business-type activities:										
Water	6,807	7,326	7,184	6,564	6,427	7,627	5,867	7,588	7,510	8,027
Sanitary Sewer	7,859	8,892	7,688	7,206	7,216	7,172	7,092	7,374	6,730	6,928
Golf	-	352	1,540	1,489	1,446	1,604	1,488	1,563	1,713	1,653
Solid Waste	3,092	2,933	2,827	2,690	2,667	2,616	2,547	2,496	2,748	2,442
Storm Water	1,168									
Non major enterprise funds	1,815	3,232	3,234	3,154	3,021	2,432	3,292	2,314	2,203	2,037
Total business-type activities expenses	<u>20,741</u>	<u>22,735</u>	<u>22,473</u>	<u>21,103</u>	<u>20,777</u>	<u>21,451</u>	<u>20,286</u>	<u>21,335</u>	<u>20,904</u>	<u>21,087</u>
Total primary government expenses	<u>\$ 65,901</u>	<u>75,420</u>	<u>78,667</u>	<u>79,689</u>	<u>80,483</u>	<u>77,786</u>	<u>78,578</u>	<u>76,792</u>	<u>74,782</u>	<u>73,486</u>
<b>Program Revenue</b>										
Governmental activities:										
Charges for services:										
Community environment	\$ 543	688	880	926	890	550	192	347	501	896
General government	2,856	2,861	2,682	2,700	2,625	2,382	2,704	2,980	2,296	1,744
Highways and streets	312	219	337	228	569	16	-	-	449	498
Leisure	78	-	16	4	2	2	1	162	79	45
Public health	263	209	192	216	236	191	167	184	-	204
Public safety	4,245	4,850	5,179	4,936	4,660	4,350	3,990	3,967	3,686	2,297
Operating grants & contributions	553	922	9,843	9,386	11,932	13,472	13,682	12,827	11,332	12,241
Capital grants & contributions	3,410	3,079	1,752	8,524	3,551	2,716	7,423	4,203	2,405	3,047
Total governmental activities program revenue	<u>\$ 12,260</u>	<u>12,828</u>	<u>20,881</u>	<u>26,920</u>	<u>24,465</u>	<u>23,679</u>	<u>28,159</u>	<u>24,670</u>	<u>20,748</u>	<u>20,972</u>

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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**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Business-type activities:</b>										
Charges for services:										
Water	\$ 7,869	7,780	7,384	7,752	6,852	6,500	6,038	6,866	6,598	6,980
Sanitary Sewer	8,961	9,157	8,228	8,257	8,137	7,831	7,210	7,930	6,673	7,122
Golf course	-	27	1,161	1,165	1,152	1,358	1,408	1,393	1,629	1,635
Solid Waste	2,996	2,989	2,938	2,923	2,812	2,861	2,825	2,817	3,153	2,596
Storm Water	1,821									
Other business-type activities	421	2,192	2,150	2,064	2,057	1,910	2,078	2,007	1,842	1,994
Operating grants & contributions	1,226	1,509	1,404	1,437	1,712	2,481	1,101	1,257	1,115	2,639
Capital grants & contributions	180	129	163	355	337	322	754	1,119	473	172
Total business-type activities program revenue	<u>23,474</u>	<u>23,783</u>	<u>23,428</u>	<u>23,953</u>	<u>23,059</u>	<u>23,263</u>	<u>21,414</u>	<u>23,389</u>	<u>21,483</u>	<u>23,138</u>
Total primary government program revenue	<u>\$ 35,734</u>	<u>36,611</u>	<u>44,309</u>	<u>50,873</u>	<u>47,524</u>	<u>46,942</u>	<u>49,573</u>	<u>48,059</u>	<u>42,231</u>	<u>44,110</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (32,900)	(39,857)	(35,313)	(31,666)	(35,241)	(32,656)	(30,133)	(30,787)	(33,130)	(31,427)
Business-type activities	2,733	1,048	955	2,850	2,282	1,812	1,128	2,054	579	2,051
Total primary government net expense	<u>(30,167)</u>	<u>(38,809)</u>	<u>(34,358)</u>	<u>(28,816)</u>	<u>(32,959)</u>	<u>(30,844)</u>	<u>(29,005)</u>	<u>(28,733)</u>	<u>(32,551)</u>	<u>(29,376)</u>
<b>General Revenues and Other Changes in Net</b>										
Governmental activities:										
Income taxes	\$ 21,346	20,560	19,811	19,828	19,425	20,345	18,942	19,921	17,921	17,695
Property taxes	4,154	4,331	4,468	4,081	4,158	4,480	4,534	4,965	5,644	5,920
Other taxes	2,606	2,575	2,972	2,657	2,808	2,949	2,427	2,248	3,694	3,382
Grants/contributions not restricted	1,375	1,317	1,466	1,649	3,005	4,852	3,666	3,349	1,014	807
Investment earnings	115	96	41	(78)	124	111	(151)	686	2,327	967
Miscellaneous	1,751	1,161	1,125	1,478	895	942	1,823	6,135	1,241	3,143
Transfers	69	(1,942)	165	64	62	77	58	-	-	55
Total governmental activities general revenues	<u>31,416</u>	<u>28,098</u>	<u>30,048</u>	<u>29,679</u>	<u>30,477</u>	<u>33,756</u>	<u>31,299</u>	<u>37,304</u>	<u>31,841</u>	<u>31,969</u>
Business-type activities:										
Income taxes	\$ 186	137	138	190	170	190	344	466	300	270
Investment earnings	133	28	18	123	123	189	323	694	549	591
Transfers	254	1,942	(165)	(64)	102	(77)	96	-	-	(55)
Miscellaneous	(69)	106	136	69	(62)	115	(58)	113	-	-
Total business type activities general revenues	<u>504</u>	<u>2,213</u>	<u>127</u>	<u>318</u>	<u>333</u>	<u>417</u>	<u>705</u>	<u>1,273</u>	<u>849</u>	<u>806</u>
Total primary government general revenues	<u>\$ 31,920</u>	<u>30,311</u>	<u>30,175</u>	<u>29,997</u>	<u>30,810</u>	<u>34,173</u>	<u>32,004</u>	<u>38,577</u>	<u>32,690</u>	<u>32,775</u>
Special item	\$ -	(3,345)	-	-	-	(692)			-	(5,500)
<b>Changes in Net Position</b>										
Governmental activities	\$ (1,484)	(11,759)	(5,265)	(1,987)	(4,764)	1,100	1,166	6,517	(1,289)	(4,958)
Business-type activities	3,237	(84)	1,082	3,168	2,615	1,537	1,833	3,327	1,428	2,857
Total primary government	<u>\$ 1,753</u>	<u>(11,843)</u>	<u>(4,183)</u>	<u>1,181</u>	<u>(2,149)</u>	<u>2,637</u>	<u>2,999</u>	<u>9,844</u>	<u>139</u>	<u>(2,101)</u>



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

<b>Fiscal Year</b>	<b>Income Tax</b>		<b>Property Tax</b>		<b>Other Taxes</b>		<b>Total</b>
2015	\$	21,532	\$	4,154	\$	2,606	\$ 28,292
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

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>General Fund</b>										
Reserved, nonspendable, restricted, committed or assigned	\$ 4,278	1,213	3,896	3,583	4,881	343	326	311	211	229
Unreserved, unassigned	5,181	7,751	5,909	7,441	6,955	11,697	10,977	11,229	8,864	6,792
Total General Fund	<u>\$ 9,459</u>	<u>8,964</u>	<u>9,805</u>	<u>11,024</u>	<u>11,836</u>	<u>12,040</u>	<u>11,303</u>	<u>11,540</u>	<u>9,075</u>	<u>7,021</u>
<b>All Other Governmental Funds</b>										
Reserved, nonspendable, restricted or committed	\$ 11,600	10,803	11,821	13,133	13,877	10,682	3,764	4,476	3,148	5,138
Unreserved, undesignated, unassigned reported in:										
Capital project funds	(342)	(82)	(646)	(1,263)	(1,372)	(138)	2,499	6,021	3,552	1,823
Debt service funds	-	-	-	-	-	892	82	1,123	720	317
Special revenue funds	<u>(149)</u>	<u>(72)</u>	<u>(275)</u>	<u>(133)</u>	<u>(164)</u>	<u>6,446</u>	<u>7,133</u>	<u>2,933</u>	<u>6,842</u>	<u>5,440</u>
Total All Other Governmental Funds	<u>11,110</u>	<u>10,650</u>	<u>10,900</u>	<u>11,737</u>	<u>12,341</u>	<u>17,882</u>	<u>13,478</u>	<u>14,553</u>	<u>14,262</u>	<u>12,718</u>
<b>Total Governmental Funds</b>	<u><u>\$ 20,569</u></u>	<u><u>19,614</u></u>	<u><u>20,705</u></u>	<u><u>22,761</u></u>	<u><u>24,177</u></u>	<u><u>29,922</u></u>	<u><u>24,781</u></u>	<u><u>26,093</u></u>	<u><u>23,337</u></u>	<u><u>19,739</u></u>

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

		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues</b>											
Property taxes	\$	4,258	4,311	4,281	3,694	4,158	4,480	4,533	4,965	5,643	5,920
Municipal income taxes		21,768	20,576	19,617	19,728	19,924	19,775	18,640	19,606	17,944	17,061
Intergovernmental revenues		7,608	16,035	16,872	19,611	22,675	22,330	23,325	19,921	18,853	19,159
Charges for services		4,549	4,593	4,657	4,555	4,454	4,024	4,449	4,312	4,216	3,286
Fees, licenses, and permits		403	295	317	297	224	204	187	257	452	417
Fines and forfeits		1,718	1,883	1,907	1,935	1,896	1,979	1,774	2,019	1,575	1,483
Special assessments		819	746	552	672	701	349	385	440	491	498
Investment earnings		115	96	41	(78)	124	111	(151)	686	1,054	861
Miscellaneous		3,463	3,255	3,503	3,708	3,172	3,469	2,575	3,958	3,142	3,385
<b>Total revenues</b>		<b>44,701</b>	<b>51,790</b>	<b>51,747</b>	<b>54,122</b>	<b>57,328</b>	<b>56,721</b>	<b>55,717</b>	<b>56,164</b>	<b>53,370</b>	<b>52,070</b>
<b>Expenditures</b>											
Current:											
General Government		3,952	3,695	3,511	3,815	3,879	4,323	4,060	4,334	4,083	4,306
Public safety		22,396	23,851	24,241	24,609	24,987	23,933	23,873	23,240	23,122	23,791
Public health and welfare		405	389	347	727	744	899	1,084	1,394	1,024	1,220
Leisure time activities		902	887	917	908	1,002	856	1,466	1,259	1,421	1,064
Community environment		5,590	11,633	16,583	14,177	21,202	16,422	14,616	15,907	11,754	11,377
Highways and streets		6,761	4,582	5,400	5,091	5,871	6,223	12,008	3,329	4,731	6,587
Miscellaneous		2,202	1,954	2,292	2,531	2,165	1,725	3,422	1,127	1,427	1,410
Debt Service											
Principal retirement		4,538	3,329	5,176	2,414	2,228	2,129	1,822	1,896	1,556	1,661
Interest and fiscal charges		1,229	1,065	1,302	1,329	1,394	1,381	1,277	971	1,503	1,527
Bond issuance costs		-	-	-	-	-	-	-	836		
<b>Total expenditures</b>		<b>47,975</b>	<b>51,385</b>	<b>59,769</b>	<b>55,601</b>	<b>63,472</b>	<b>57,891</b>	<b>63,628</b>	<b>54,293</b>	<b>50,621</b>	<b>52,943</b>
<b>Excess (deficiency) of revenues over expenditures</b>	\$	<b>(3,274)</b>	<b>405</b>	<b>(8,022)</b>	<b>(1,479)</b>	<b>(6,144)</b>	<b>(1,170)</b>	<b>(7,911)</b>	<b>1,871</b>	<b>2,749</b>	<b>(873)</b>

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**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**

		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Continued											
<b>Other Financing Sources (Uses)</b>											
Transfers in	\$	1,069	67	1,084	163	161	258	1,075	2,842	842	497
Transfers out		(1,000)	(2,009)	(919)	(99)	(99)	(198)	(1,017)	(2,785)	(242)	(442)
Issuance of bonds		4,160	446	5,845	-	337	6,235	6,530	10,323	-	58
Issuance of notes		-	-	2,057	-	-	-	-	-	-	-
Other uses		-	-	(3,300)	-	-	-	11	(9,665)	(4)	(29)
Other sources		-	-	1,199	-	-	16	-	170	107	-
<b>Total other financing sources (uses)</b>		<b>4,229</b>	<b>(1,496)</b>	<b>5,966</b>	<b>64</b>	<b>399</b>	<b>6,311</b>	<b>6,599</b>	<b>885</b>	<b>703</b>	<b>84</b>
<b>Net change in Fund Balances</b>	<b>\$</b>	<b>955</b>	<b>(1,091)</b>	<b>(2,056)</b>	<b>(1,415)</b>	<b>(5,745)</b>	<b>5,141</b>	<b>(1,312)</b>	<b>2,756</b>	<b>3,452</b>	<b>(789)</b>
Asset Additions	\$	5,875	2,832	6,419	7,420	10,349	7,458	14,607	10,475	2,753	5,649
Non capital expenditures	\$	42,100	48,553	53,350	48,181	53,123	50,433	49,021	43,818	47,868	47,294
Debt service as a % of noncapital expenditures		13.70%	9.05%	12.14%	7.77%	6.82%	6.96%	6.32%	8.45%	6.39%	6.74%

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

		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Property taxes	\$	4,258	4,311	4,281	3,694	4,158	4,480	4,533	4,965	5,643	5,920
Municipal income taxes	\$	21,768	20,576	19,617	19,728	19,924	19,775	18,640	19,606	17,944	17,061

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

Tax Levy/ Collection Year	Real Property		Personal Property (1)		Public Utility (2)		Totals		Direct Tax Rate	Assessed Value as a Percent of Estimated Actual Value
	Assessed	Estimated Actual	Assessed	Estimated Actual	Assessed	Estimated Actual	Assessed	Estimated Actual		
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	\$734,926	\$1,914,230	\$0	\$0	\$46,477	\$176,510	\$781,403	\$2,090,740	5.90	37.37
2012/2013	\$669,980	\$1,888,309	\$0	\$0	\$44,759	\$140,000	\$714,739	\$2,028,309	6.90	35.24
2013/2014	\$660,908	\$1,888,310	\$0	\$0	\$48,111	\$140,000	\$709,019	\$2,025,800	6.90	35.00
2014/2015	\$610,621	\$1,742,453	\$0	\$0	\$49,583	\$143,844	\$660,204	\$1,886,297	6.90	35.00

Ohio law requires county auditors to reappraise property values every six years. The last reappraisal was in 2014 which is collected in year 2015. Ohio law also requires auditors to update those values in between each six year cycle based on market sale trends. This is referred to as a Triennial Update and was last done in 2011. Values can change outside the scope of one of these cycles due to new construction, demolition, or Board of Revision decisions.

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**

<b>City of Middletown</b>										
<b>Collection Year</b>	<b>Operating</b>	<b>Police and Fire Pension</b>	<b>Senior Citizen Levy</b>	<b>City of Middletown Total</b>	<b>Butler County</b>	<b>Middletown City School District</b>	<b>Parks</b>	<b>Library</b>	<b>JVSD</b>	<b>Total</b>
2006	5.30	0.60	0.00	5.90	9.44	45.13	0	0	1.93	62.40
2007	5.30	0.60	0.00	5.90	10.95	45.13	0	0	1.93	63.91
2008	5.30	0.60	0.00	5.90	10.45	45.75	0	0	1.93	64.03
2009	5.30	0.60	0.00	5.90	9.75	45.75	0	0	1.93	63.33
2010	5.30	0.60	0.00	5.90	9.75	47.00	0	0	1.93	64.58
2011	5.30	0.60	0.00	5.90	9.72	46.99	0.5	0.75	1.93	65.79
2012	5.30	0.60	0.00	5.90	9.72	48.65	0.5	0.75	1.93	67.45
2013	5.30	0.60	1.00	6.90	9.72	48.95	0.5	0.75	1.93	68.75
2014	5.30	0.60	1.00	6.90	9.72	49.08	0.5	0.75	1.93	68.88
2015	5.30	0.60	1.00	6.90	9.72	54.51	0.5	0.75	1.93	74.31

(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, 2015 and Nine Years Ago**  
**(in thousands)**  
**Table 9**

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***Top Ten Property Taxpayers (real property)***

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2006 Calendar year/ 2005 Tax Year			2015 Calendar year/ 2014 Tax Year		
	<u>Assessed Valuation</u>	<u>% of Total</u>		<u>Assessed Valuation</u>	<u>% of Total</u>
Cincinnati Gas & Electric	\$ 56,841	5.40%	Duke Energy	\$ 40,709	6.17%
AK Steel	\$ 30,191	2.87%	AK Steel	\$ 10,058	1.52%
Precision Strip	\$ 8,332	0.79%	Rockies Express	\$ 4,457	0.68%
Southwestern Ohio Steel	\$ 8,124	0.77%	Boymel Family LLC	\$ 3,956	0.60%
Garden Manor	\$ 7,136	0.68%	Middletown Coke	\$ 3,149	0.48%
Bavarian Woods	\$ 4,544	0.43%	Precision Strip	\$ 2,757	0.42%
Chaka-Chak LLC	\$ 4,066	0.39%	Bavarian Woods	\$ 2,187	0.33%
Texas Eastern Transmission	\$ 3,978	0.38%	Liberty Retirement Properties	\$ 2,104	0.32%
Bay West Paper Corp	\$ 3,635	0.35%	Chaka-Chak LLC	\$ 1,963	0.30%
Riverside Village LTD PRT	\$ 3,532	0.34%	Texas Eastern Transmission	\$ 1,847	0.28%
<b>TOTAL TOP TEN</b>	<b>\$ 130,379</b>	<b>12.4%</b>	<b>TOTAL TOP TEN</b>	<b>\$ 73,187</b>	<b>11.09%</b>
 <b>TOTAL ASSESSED VALUATION FOR CITY OF MIDDLETOWN</b>	 <b>\$1,052,060</b>		 <b>TOTAL ASSESSED VALUATION FOR CITY OF MIDDLETOWN</b>	 <b>\$660,204</b>	

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**

<b>Collected within the Fiscal Year of the Levy</b>							
<b>Fiscal Year Ended December 31</b>	<b>Total Tax Levy for Fiscal Year (Millage)</b>	<b>Amount Levied</b>	<b>Amount Collected</b>	<b>Percentage of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collected</b>	<b>Percent of Total Tax Collection to Current Tax Levy</b>
2015	6.90	\$4,193	\$3,401	81.11%	\$203	\$3,604	85.95%
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	6.90	\$5,063	\$4,281	84.55%	\$245	\$4,526	89.39%
2008	6.90	\$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%

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**

<b>Fiscal Year</b>	<b>Tax Rate</b>	<b>Residential Income Tax</b>	<b>Business Income Tax</b>	<b>Withholding Income Tax</b>	<b>Grand Total</b>
2015	1.75%	\$2,953,789	\$1,916,486	\$16,701,469	\$21,571,744
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

**CITY OF MIDDLETOWN, 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			
2015	\$ 23,910	\$ 1,858	\$ -	\$ 11,346	\$ 1,095	\$ -	\$ 38,209	4.94%	\$ 785
2014	\$ 22,157	\$ 2,149	\$ 2,057	\$ 12,574	\$ 1,997	\$ -	\$ 40,934	4.96%	\$ 839
2013	\$ 24,295	\$ 1,962	\$ 2,057	\$ 9,312	\$ 3,317	\$ -	\$ 40,943	4.95%	\$ 841
2012	\$ 26,460	\$ 2,222	\$ 2,057	\$ 10,549	\$ 3,704	\$ -	\$ 44,992	5.03%	\$ 924
2011	\$ 28,505	\$ 2,479	\$ 2,057	\$ 11,768	\$ 4,512	\$ -	\$ 49,321	5.08%	\$ 1,012
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

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**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Funds</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value (1) of Property</b>	<b>Per Capita (2)</b>
2015	\$35,256	\$176	\$35,432	5.34%	\$723
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	6.15%	\$896
2009	\$40,449	\$460	\$39,989	5.66%	\$825
2008	\$36,652	\$617	\$36,035	4.69%	\$713
2007	\$28,450	\$346	\$28,104	3.37%	\$550
2006	\$30,350	\$138	\$30,212	3.59%	\$595

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, 2015  
 (amounts expressed in thousands)  
 Table 14

Political Subdivision	General Bonded Debt	Percent Applicable to City	City's Share
Butler County	56,315	8.70%	\$4,901
Warren County	<u>9,339</u>	1.52%	<u>\$142</u>
Subtotal, overlapping debt			\$5,043
City of Middletown Direct Debt			<u>21,393</u>
Total direct and overlapping debt			<u>\$26,436</u>

Source: Butler and Warren County Auditor's Offices.

City Share calculated by percentage of assessed value for each county.

**CITY OF MIDDLETOWN, OHIO**  
**Legal Debt Margin Information**  
**Last Ten Years**  
**(amounts expressed in thousands)**  
**Table 15**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 110,466	109,213	90,366	92,892	88,831	88,649	75,048	74,447	74,447	69,321
Total net debt applicable to limit	\$ 16,050	15,610	13,920	19,429	24,356	24,231	22,120	21,902	19,484	19,565
Legal debt margin	\$ 94,416	93,603	76,446	73,463	64,475	64,418	52,928	52,545	54,963	49,929
Total net debt applicable to the limit as a percentage of debt limit	14.53%	14.29%	15.40%	20.92%	27.42%	27.33%	29.47%	29.42%	26.17%	28.22%
					Assessed value					\$660,204
					Add back: exempt real property					-
					Total asessed value					660,204
					Debt limit (10.5%) of total asses value					69,321
					Debt applicable to limit:					
					General obligation bond					19,565
					Less: Amount set aside for repayment of general obligation debt					(176)
					Total net debt applicable to limit					19,389
					Legal debt margin					49,932

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**

Debt Service					
Collection Year	Tax Year	Special Assessment Collections	Principal	Interest & Fiscal Charges	Coverage
2015	2014	\$626,138	\$324,647	\$103,921	1.46
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

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

Year	Population (1)	Personal Income (in 1,000's)	Per Capita Personal Income (1)	Median Age (1)	Education Level in Years of Formal Schooling (1)	School Enrollment (1)	Unemployment Rate (2)
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	48,719	\$1,000,321	\$20,543	35.9	16 yrs - 13% 12 yrs - 72.6%*	11,755	10.8
2011	48,731	\$959,385	\$19,716	38.0	16 yrs - 13% 12 yrs - 74.3%*	11,111	10.1
2012	48,705	\$968,285	\$19,911	38.5	16 yrs - 15.1% 12 yrs - 78.6%	10,776	8.6
2013	48,659	\$982,281	\$20,199	38.5	16 yrs - 13% 12 yrs - 78.6%	10,776	7.8
2014	48,766	\$983,754 estimate	\$20,229 estimate	37.3	16 yrs - 16.0% 12 yrs - 83.1%	11,051	5.4
2015	48,760	\$985,476 estimate	\$20,345 estimate	37.3	16 yrs - 16.0% 12 yrs - 83.1%*	11,528 estimate	4.3

Data Sources:

(1) US Census Bureau

(2) US Department of Labor

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

Employer	2015		
	Employees	Rank	Percentage of Total City Employment
AK Steel	2,483	1	12.8%
Atrium Medical Center	1,872	2	9.6%
CM Temporary Services, Inc.	1,590	3	8.2%
Triumphant Return Rehab LLC	942	4	4.9%
Middletown City Schools	832	5	4.3%
Crown Services 36 LLC	761	6	3.9%
Belflex Staffing Network LLC	733	7	3.8%
Kroger Limited Partnership	687	8	3.5%
CBS Personnel	646	9	3.3%
Miami University	624	10	3.2%
TOTAL ESTIMATED CITY EMPLOYMENT	19,400		
Employer	2006		
	Employees	Rank	Percentage of Total City Employment
AK Steel	4,615	1	19.2%
Middletown Regional Hospital	1,836	2	7.7%
Middleetown School District	1,248	3	5.2%
Strom Engineering Corp.	1,181	5	4.9%
Miami University	667	9	2.8%
Garden Manor Extended Care	563	10	2.3%
City of Middletown	514	4	2.1%
National Workforce Assistance	505	7	2.1%
Stone Container Corp. (Altiivity)	314	8	1.3%
Bay West Paper (Wausau)	197	6	0.8%
TOTAL ESTIMATED CITY EMPLOYMENT	24,000		

Source: City Income Tax Division



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

<b>Function</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
General government	44	40	40	40	38	38	34	32	30.5	34.5
Public safety										
Police										
Officers	86	80	80	80	80	80	72	72	72	68
Civilians	40	36	37	37	37	37	34	32	31	31
Fire										
Firefighters & officers	84	84	84	84	84	81	72	72	66	64
Civilians	1	1	1	1	1	1	1	1	1	1
Other	33	35	32	32	26	26	26	26	28	30
Highways and streets										
Maintenance	17	15	15	15	15	15	15	15	14	14
Leisure Time Activities	7	8	8	8	7	7	7	7	6	6
Community Environment	7	6	4	7	8	9	6	4	3	2
Public health & welfare	6	5	5	4	4	4	3	3	3	3
Water	32	32	32	31	31	31	31	31	31	31
Sewer	35	35	32	31	32	32	32	32	35	35
Storm Water	0	4	4	6	6	7	7	7	7.5	7.5
Golf Course	8	7	7	6	6	5	5	5	5	0
Solid Waste	0	0	0	0	0	0	0	0	1	1
Transit	8	8	8	8	7	6	5	4	4	4
Internal Services	10	10	9	9	9	8	7	7	7	7
Total	418	406	398	399	391	387	357	350	345	339

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

<b>Function</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Fire</b>										
Number of fire responses	916	660	695	566	1,888	1,996	2,073	6,048	4,809	2,159
Average response time (minutes)	4.3	4.7	4.9	4.5	4.6	4.6	5.2	5.2	5.5	6.0
Emergency medical calls	6,700	6,954	7,807	7,969	8,158	8,513	8,400	8,185	8,484	8,633
<b>Police</b>										
Calls for service	47,348	42,830	42,135	46,727	43,696	49,312	45,247	45,287	52,925	44,353
Number of arrests	8,370	7,799	7,235	8,106	8,417	8,030	8,036	7,919	6,481	5,861
Response time for priority calls (minutes)	5.7	5.6	5.6	5.8	5.2	5.4	5.4	5.8	5.7	5.8
Traffic accidents	1,892	1,822	1,790	1,562	1,630	1,547	1,466	1,400	1,196	1,212
Average daily jail population	53	49	50	49	51	47	53	56	58	57
<b>Recreation and leisure</b>										
Community center admissions	8,548	6,208	9,244	10,179	12,011	21,900	n/a	n/a	n/a	n/a
<b>Transit</b>										
Unlinked passenger trips	253,587	250,142	247,979	198,333	210,397	219,596	204,362	153,824	168,753	167,837
<b>Water</b>										
Average daily water pumpage (million gallons per day)	8.00	8.36	7.55	7.38	7.68	7.32	8.84	7.93	8.80	8.30
Number of water accounts	19,877	19,649	19,060	19,381	19,200	19,031	19,179	19,200	19,097	19,006
<b>Sewer</b>										
Average daily flow (million gallons per day)	16.2	15.6	17.9	16.1	16.6	20.7	16.3	16.4	16.4	17.0
Sewer mains cleaned (feet)	21,475	36,590	188,504	153,442	180,895	127,397	154,512	66,224	59,892	15,040

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

<b>Function</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Public safety:										
Fire stations	5	5	5	5	5	5	5	5	4	4
Police stations	1	1	1	1	1	1	1	1	1	1
Highways and streets:										
Streets (miles)	231	231	239	240	240	240	242	242	242	242
Traffic Lights	110	110	112	113	111	111	111	111	111	111
Water:										
Water mains (miles)	340	340	343	343	343	343	343	343	343	343
Sewer:										
Sanitary & storm (miles)	311	311	319	320	320	320	320	320	320	320
Leisure & recreation:										
Parks	36	36	36	36	36	36	36	36	35	35
Swimming pools	0	1	1	0	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	0	0