

**City of Middletown, Ohio**

Single Audit Reports  
Year ended December 31, 2009





Mary Taylor, CPA  
Auditor of State

Members of City Council  
City of Middletown  
One Donham Plaza  
Middletown, Ohio 45042

We have reviewed the *Independent Auditors' Report* of the City of Middletown, Butler County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2009 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

August 19, 2010

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**CITY OF MIDDLETOWN  
BUTLER COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

FEDERAL GRANTOR Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
Community Development Block Grant Entitlements Cluster:			
Community Development Block Grant Entitlements	N/A	14.218	\$ 694,642
Community Development Block Grant Entitlements - ARRA	B-09-MY-39-0013	14.253	64,050
			<u>758,692</u>
Neighborhood Stabilization Program	N/A	14.256	284,973
Housing Assistance for Low Income Families - Section 8	N/A	14.856	10,742,522
<i>Passed Through Butler County Department of Community Development</i> Home Program - Investment Partnership Program	N/A	14.239	469,722
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>12,255,909</u></b>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
Edward Byrne Memorial Justice Assistance Grant Program - ARRA	2009-DJ-BX-0629	16.804	109,973
Body Armor for Law Enforcement and Corrections	N/A	16.560	9,992
<b>Total U.S. Department of Justice</b>			<b><u>119,965</u></b>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
Public Transportation for Urbanized Areas			
Operating Assistance	N/A	20.507	256,432
Capital Assistance	N/A	20.507	131,831
Paratransit Grant	N/A	20.507	80,154
Planning Grant	OH-90-X647-D1	20.507	46,002
Rehab/Rebuild Buses	OH-96-X013	20.507	157,000
Transit Capital Assistance - ARRA	N/A	20.507	128,633
Total Public Transportation of Urbanized Areas			<u>800,052</u>
<i>Passed through Ohio Department of Transportation</i> Federal Aviation Administration (FAA)	03-1809	20.106	19,588
Highway Planning and Construction	80226	20.205	493,233
<b>Total U.S. Department of Transportation</b>			<b><u>1,312,873</u></b>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<i>Passed through the Ohio Department of Health</i> <i>Passed through the City of Hamilton, Butler County</i> Immunization Action Plan	182-B	93.268	37,602
Public Health Infrastructure	N/A	93.283	24,429
Public Health Emergency Preparedness (H1N1)	N/A	93.069	97,028
Block Grant Maternal and Child Health Services	9-2-01-F-AI-320	93.994	296,231
<b>Total U.S. Department of Health and Human Services</b>			<b><u>455,290</u></b>
<b><u>U.S. DEPARTMENT OF ENERGY</u></b>			
Energy Efficiency and Conservation Block Grant - ARRA	DE-SC0002948	81.128	7,531
<b>Total U.S. Department of Energy</b>			<b><u>7,531</u></b>
<b>TOTAL FEDERAL AWARDS EXPENDITURES</b>			<b><u>\$ 14,151,568</u></b>

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

To City Council  
City of Middletown, Ohio:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Middletown, Ohio (the City) as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 2009-1 that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2009-2.

We noted certain matters that we reported to management of the City in a separate letter dated June 29, 2010.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of City Council, management, others within the entity, the Ohio Auditor of State, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Clark, Schaefer, Hachett & Co.*

Cincinnati, Ohio  
June 29, 2010

## **REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To City Council  
City of Middletown, Ohio:

### **Compliance**

We have audited the compliance of the City of Middletown, Ohio (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

### **Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2009, and have issued our report thereon dated June 29, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of City Council, management, others within the entity, the Ohio Auditor of State, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Clark, Schaefer, Hachett & Co.*

Cincinnati, Ohio  
June 29, 2010

**CITY OF MIDDLETOWN, OHIO**  
 Schedule of Findings and Questioned Costs  
 Year Ended December 31, 2009

**Section I – Summary of Auditors’ Results**

**Financial Statements**

Type of auditors’ report issued:	unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	yes
Noncompliance material to the financial statements noted?	yes

**Federal Awards**

Internal control over major programs:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none

Type of auditors’ report issued on compliance for major programs:	unqualified
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Any audit findings that are required to be reported in accordance with 510(a) of Circular A-133?	no
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Identification of major programs:

- CFDA 20.205 – Highway Planning and Construction*
- CFDA 14.218 & CFDA 14.253 – CDBG Entitlement Cluster*
- CFDA 14.856 – Housing Assistance for Low Income Families-Section 8*
- CFDA 14.239 – Home Program*
- CFDA 20.507 – Public Transportation for Urbanized Areas*

Dollar threshold to distinguish between Type A and Type B Programs:	\$424,547
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Auditee qualified as low-risk auditee?	yes
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## Section II - Financial Statement Findings

### Finding 2009-1 – Audit Adjustments

During the course of our audit, we identified misstatements in the financial statements for the year under audit that were not initially identified by the City's internal control over financial reporting. Throughout the year, the City maintains its books and records on the cash basis of accounting and converts its financial statements at year-end to generally accepted accounting principles. The audit adjustments were necessary to correct errors in the City's conversion process. A description of the adjustments follows:

- **Intergovernmental Receivable.** An audit adjustment was necessary to correct an overstatement of the City's intergovernmental receivable in the Housing Assistance Fund in the amount of approximately \$873,000.
- **Special Assessment Receivable.** An audit adjustment was necessary to correct an understatement of the City's special assessment receivable in the Special Assessment Debt Service Fund in the amount of approximately \$335,000.

**Management Response:** *Management concurs with the finding. Management acknowledges that this finding relates to the process where cash basis statements are converted to generally accepted accounting principles. The finding does not represent the misappropriation of assets or intentional misstatements. Management plans to modify internal controls appropriately by implementing a policy of a second review of amounts to be recorded as the financial records are converted from the cash basis to a generally accepted accounting principles basis.*

### Finding 2009-2 – Appropriations

Ohio Revised Code Section 5705.39 provides that total appropriations from each fund shall not exceed the total estimated resources. During our budgetary compliance review we noted the Capital Improvements Fund had appropriations which exceeded estimated resources in its original budget. We recommend the City implement procedures to ensure appropriations do not exceed the original estimated resources.

**Management Response:** *Management concurs with the finding and related recommendation. Procedures will be revised and/or implemented as needed.*

## Section III – Federal Award Findings and Questioned Costs

None

**CITY OF MIDDLETOWN, OHIO  
Schedule of Prior Audit Findings  
Year Ended December 31, 2009**

**Finding 2008-1 – Audit Adjustments**

During the course of our audit, we identified misstatements in the financial statements for the year under audit that were not initially identified by the City's internal control. Throughout the year, the City maintains its books and records on the cash basis of accounting and converts its financial statements at year-end to generally accepted accounting principles. The audit adjustments were necessary to correct errors in the City's conversion process. A description of the adjustments follows:

- **Capital Assets.** An audit adjustment was necessary to correct an understatement of the the City's capital assets in the Sewer Fund in the amount of approximately \$997,000.
- **Accounts Payable.** An audit adjustment was necessary to correct an understatement of the City's accounts payable in the Sewer Fund in the amount of approximately \$970,000.
- **Charges for Services.** An audit adjustment was necessary to correct the City's charges for services revenue in the Water and Sewer funds in the amounts of approximately \$438,000 and \$557,000 respectively due to mispostings of revenue accruals.

**Status:** *Repeated as finding 2009-1.*

**Finding 2008-2 – Appropriations**

Ohio Revised Code Section 5705.39 provides that total appropriations from each fund shall not exceed the total estimated resources. During our budgetary compliance review at December 31, 2008 we noted the Solid Waste Disposal Fund and Capital Improvements Fund had appropriations that exceeded estimated resources. In additon, the Sewer Fund had appropriations which exceeded extimated resources in its original budget. We recommend the City implement procedures to amend estimated resources and appropriations as necessary throughout the year.

**Status:** *Repeated as finding 2009-2.*

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# Comprehensive Annual Financial Report

*City of  
Middletown,  
Ohio*

For the year ended  
December 31, 2009

**CITY OF MIDDLETOWN, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the year ended December 31, 2009**

**Prepared by  
Finance Department**

**Russell E. Carolus  
Finance Director**

**CITY OF MIDDLETOWN, OHIO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the year ended December 31, 2009**

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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*STATISTICAL SECTION*

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## **INTRODUCTORY SECTION**

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CITY OF  
**MIDDLETOWN**

June 30<sup>th</sup>, 2010

To Citizens of the City of Middletown, Ohio:

We are pleased to present this Comprehensive Annual Financial Report (CAFR) for Middletown, Ohio. This report, for the year ended December 31, 2009, 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. The responsibility for the accuracy of all data presented its completeness and fairness of presentation rests with the City of Middletown.

The report presents the financial activity of the City in conformity with generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources, and is consistent with the new reporting model as promulgated by GASB Statement No. 34. In 2008, the City adopted GASB 45 to report other post employment benefits. The results of this pronouncement are incorporated into this report.

The CAFR is organized in three sections: the Introductory Section, the Financial Section and the Statistical Section. The Introductory Section contains a table of contents, letter of transmittal, organization chart, list of elected officials and a Certificate of Achievement for Excellence in Financial Reporting for the 2008 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**

Situated on the banks of the Great Miami River in Southwestern Ohio, Middletown is within easy driving distance of both Cincinnati and Dayton. Middletown is a vibrant, dynamic community of approximately 51,000 people, positioned near the major metropolitan areas of Cincinnati and Dayton.

Strategically situated on Interstate-75 between Cincinnati and Dayton, a Middletown address affords companies the opportunity for service to both cities. The City's location is within 600 miles of more than 60 percent of the nation's purchasing power, making the city a magnet for companies that need access to these important markets.

More than 100 attractions are available within minutes of Middletown. They cover a wide variety of interests, from amusement parks for the whole family to Broadway quality stage shows and international festivals. Middfest International is held the first weekend of each October, celebrating a different country each year. Entertainers and diplomats travel to Middletown to perform and educate. Great ethnic food is available along with many artisans displaying their creations.

### **Recreation and Shopping**

Several golf courses are located within or near the City of Middletown. The city-owned Weatherwax Golf Course, offers championship-length play on a four star "Golf Digest" nationally ranked 36-hole course good enough for the pros. Weatherwax added additional playability features in 2009 and 2010 to make an already beautiful golf course more fun to play. Additionally, several other public golf courses are located in the surrounding communities. Three private courses operate in the Middletown area: Brown's Run, Wildwood and Forest Hills Country Clubs.

Thirty-six parks throughout the City provide casual enjoyment, sports and recreation. Additionally, several state parks are within easy driving distance, including Hueston Woods, Caesar's Creek, and Germantown Dam. A bike way for the avid biker begins just north of Middletown, running almost to Dayton, a distance of approximately 20 miles.

Shoppers can browse through a variety of stores along I-75 in Middletown. Also located within close proximity to the City are several additional shopping malls, as well as numerous specialized stores.

## **Education**

The Middletown City School District is well known for its strong, comprehensive educational programs.

Curriculum improvement, instruction and support services are the focal point of the district. To maintain a contemporary educational program, the course of study for each subject area is reviewed by a committee comprising teachers and administrators who recommend revisions to the curriculum and modernized instructional resource material.

The educational program also includes a variety of teaching methods, instructional programs and extracurricular activities to meet students' special needs and interests: Highly qualified staff, Success Academy, Freshman Academy, Central Academy (non-graded school), Post Secondary Education Option, Pre-School, Social Justice Class, Dual Credit Classes, Elementary Gifted and Talented Education, All Day Kindergarten in all eight elementary schools, thirteen Advanced Placement® Courses, Vocational Studies, Independent Study, Honors Courses in core subjects and Foreign Languages, Honors Diploma, Advanced Art and Music classes. Over thirty clubs and academic extracurricular activities including the award winning Marching Band, and Show Choir, and the Greater Miami Conference athletic, chess, and academic quiz teams are also available to students.

The faculty stays on top of current research in the field of education by attending professional development sessions offered by the district and area universities. In-service opportunities are designed to help the staff develop and reinforce the skills necessary to meet the changing needs of their students. Individually, the staff and students consistently earn local and state recognition. Middletown High School graduates are accepted into the best colleges and post secondary institutions in the country. Eight state of the art elementary buildings house grades pre-school through five; two middle schools accommodate grades six through eight; and grades nine through twelve occupy Middletown High School.

These distinguishing characteristics are the result of an ongoing team effort that involves the dedication and hard work of students, administrators, teachers, support staff, and community members.

*“Middletown’s “spirit of community” is point of pride for our residents and local businesses,” Greg Rasmussen, Superintendent, Middletown City Schools*

### **Post-Secondary Education**

Miami University Middletown, an integral component of our educational system, offers associate degree programs, some bachelor programs and continuing education opportunities, including custom-designed training programs for Middletown-area business and industry. Approximately 2700 students attend classes at the Middletown campus. A variety of post-secondary vocational opportunities are also offered at Butler County Vocational.

The Southwestern Ohio and Northern Kentucky region is home to more than ten other highly rated colleges and universities.

### **Health Care**

A range of health services including family counseling, services for the handicapped and developmentally disabled, a hospice, nursing homes and retirement centers are available throughout the community.

Atrium Medical Center, formerly Middletown Regional Hospital, opened their brand new 250-bed facility on December 9<sup>th</sup>, 2007. The Hospital is accredited at the highest possible level, and offers a full range of medical services including cardiology, surgery, comprehensive cancer care, sports medicine, pediatrics, mental health care, a family birth center, and an alcohol and drug treatment program.

### **Economic Outlook**

The City of Middletown continues to have a strong economic base in the steel and paper industries. The City’s largest employer, AK Steel, employs approximately 2,354 employees. Wausau Paper and Graphics Packaging are the city’s two largest paper manufacturers and collectively have about 362 employees.

With construction completed at its new location at SR 122 and Union Road, just east of Interstate 75, the new Medical Center will become part of the 190-acre Premier Health Campus – Middletown. The hospital continues to add new jobs in addition to the 2,100 it already employs.

The City is also focused on the area immediately surrounding the new health campus and the Renaissance residential development. Middletown has engaged the services of Al Neyer, Inc., a major Cincinnati-area developer, to help master plan the 2,000 acre area known as the East End/Renaissance Area. The planning for the development of this area was highlighted in the City’s 2005-2010 Master Plan as one of nine Development Opportunity Areas. In late 2009, the veteran’s administration started construction on a new facility close to the hospital.

In its efforts to work cooperatively with its surrounding communities, the City of Middletown entered into a Joint Economic Development District (JEDD) with Liberty Township in Butler County and the City of Mason. The Liberty Township JEDD promises additional revenue opportunities for the City as development around the newly opened Cincinnati Children's Hospital facility occurs.

Development on the residential side continues as Great Midwest Development finalizes its plans for Phase II of its single-family project in the East End/Renaissance Area. When completed, the site is expected to see more than 400 residential units as well as several dozen office condominiums.

2009 marked the beginning of construction on the Sun Coke project. This \$340 million project will supply coke to our largest employer and also be home to an electric co-generation facility.

### **Profile of the 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.

Four of the seven-member Council are elected by voting district and three are elected City-wide. Council members serve four year terms. The Mayor is directly elected and the Vice-mayor is selected by the City Council from among its members. The 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**

### **Present**

The City of Middletown provides traditional municipal services including police and fire protection, street maintenance, parks, and a municipal court. The City also operates a thirty-six hole golf course. The City's water and sewer utilities serve the City and several townships adjacent to Middletown.

**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 5.90 mils or \$5.90 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. General business tangible personal property tax was assessed in previous years at 25% for machinery and equipment and 23% for inventories. For collection year 2006, both types of general business and tangible personal property were assessed at 18.75%. This percentage was 12.5% for 2007, 6.25% for 2008 and will be 0 for 2009 forward. Most property tax revenues are used by the City’s General Fund.

Assessed values for the past five years are as follows:

<u>Levy Year</u>	<u>Collection Year</u>	<u>Assessed Value</u>	<u>Property Tax Revenues</u> <u>(cash basis)</u>
2004	2005	\$1,044,098,574	\$ 5,903,584
2005	2006	\$1,052,059,851	\$ 5,919,731
2006	2007	\$1,040,123,835	\$ 5,536,744
2007	2008	\$ 860,632,226	\$ 5,643,510
2008	2009	\$884,614,180	\$5,022,278

The citizens of Middletown approved a .25% income tax increase effective in 2008 for a five year period. The City now levies a 1.75% local earnings tax on all persons employed in the City of Middletown. All business operating in the City also pay a 1.75% on their earnings attributed to their Middletown facility. Local income receipts for the past five years are:

<u>Local Income Tax Receipts (Cash Basis)</u>	
2004	\$18,208,511
2005	\$17,949,152
2006	\$17,356,177
2007	\$18,588,763
2008	\$20,098,668
2009	\$18,720,213

## **FINANCIAL INFORMATION**

### **Accounting Controls**

The City's budgetary accounting system was designed to provide reasonable, but not absolute, assurances that:

1. The City's assets are protected against loss and unauthorized use or disposition; and
2. 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.

### **Budgetary Controls**

Detailed provisions for the City's budget, tax levies, and appropriations are set forth in the Ohio Revised Code and the City Charter. The City Manager, with the assistance of the Finance Director, is required to submit to Council a tax budget of estimated revenues and expenditures for all funds, except agency funds, for the succeeding fiscal year by the first council meeting in July. The budget is required to be adopted by the legislative body by July 15 and to be submitted to the County Budget Commission by July 20 of each year. City Council is required by Charter to adopt a permanent appropriation measure for the ensuing fiscal year no later than January 1st. In December, 2008, City Council adopted the 2009 fiscal year permanent appropriation measure.

The City maintains budgetary control on a non-GAAP budgetary basis by division (the 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.

### **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. Most investments mature within the current fiscal year. 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 102% 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.

### **Risk Management**

The City of Middletown is a local government in the State of Ohio and retains only limited tort immunity by statute and court decision. Beyond potential tort liabilities, the City is liable for Worker’s Compensation claims as well as the risk of casualty loss to real personal property owned by the City.

The proactive approach that the administration employs in addressing its ongoing operations is reflected in the composition of the City’s insurance protection package and its very favorable loss experience. The City reduces exposure to risk through several initiatives. They include insurance coverage for vehicles, general liability, inland marine, building and contents, computer insurance, public officials and law enforcement liability coverage and boiler and machinery coverage. The City maintains comprehensive insurance coverage with a local government insurance pool for the fleet and general liability coverage. The City also carries police professional and public officials’ liability insurance. The City also maintains coverage through the Ohio Bureau of Worker’s Compensation to mitigate job related illness and injury.

The City is self insured for medical claims by its employees. A stop loss policy pays all claims in excess of \$125,000 submitted by any person covered by the City along with an aggregate stop loss of \$5.5 million. In 2009, the City Plan was administered by United Health Care.

### **Other Information**

#### **Independent Audit**

The State of Ohio requires an annual audit by either the Auditor of State or by an independent public accounting firm. Clark, Schaefer, Hackett & Co. performed the City’s 2009 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, 2008.

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 2009 Comprehensive Annual Financial Report of the City of Middletown is the result of the combined efforts of the City's Finance Department, Decosimo, and Clark, Schaefer, Hackett & Co., which was the City's auditor.

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

Respectfully submitted,

DEPARTMENT OF FINANCE

A handwritten signature in black ink, reading "Russell Carolus". The signature is written in a cursive style with a large, prominent initial "R".

Russell E. Carolus  
Finance Director

# 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, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink, appearing to be "JRE".

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

**CITY OF MIDDLETOWN, OHIO**

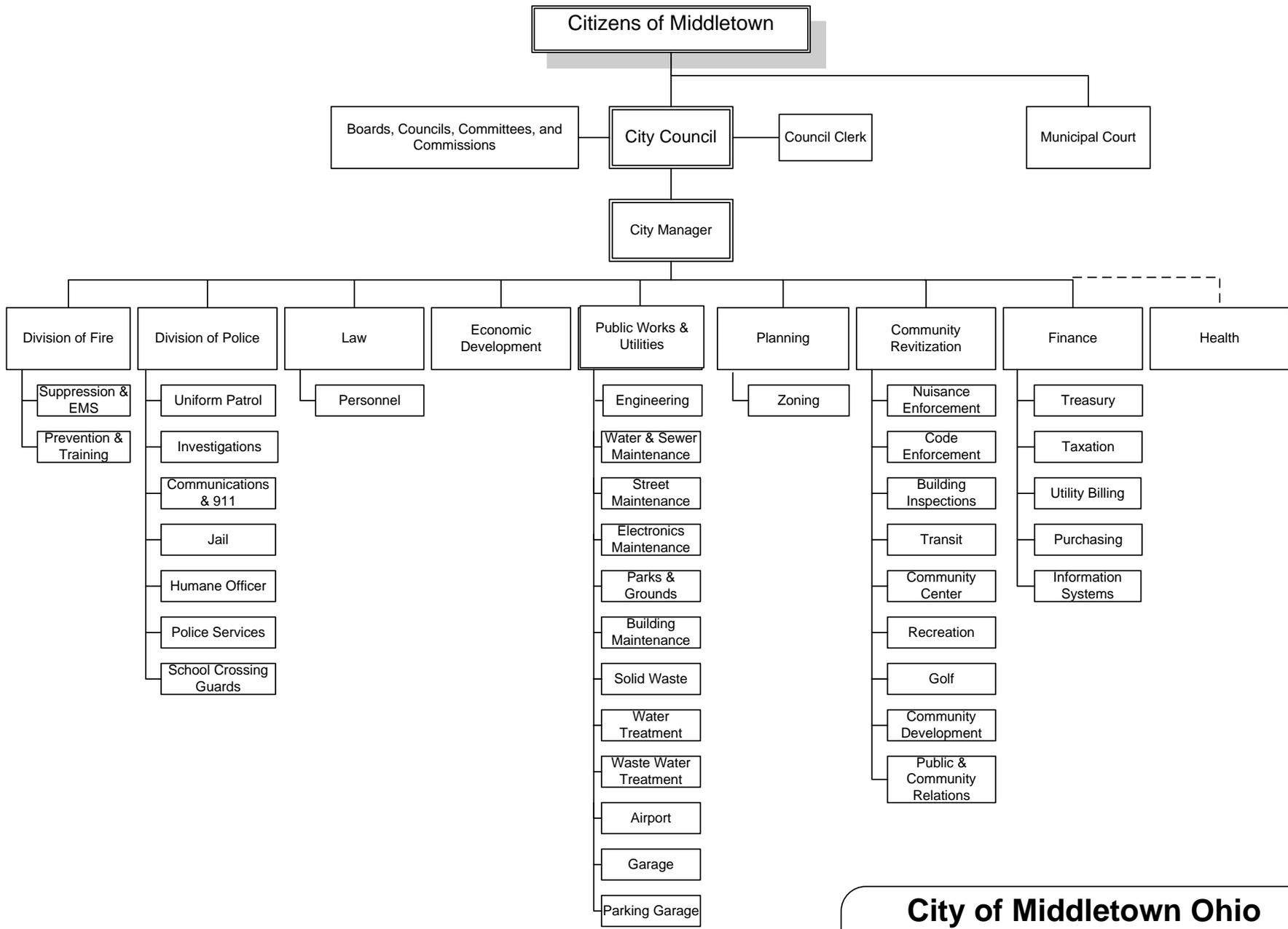
**Principal Officials  
December 31, 2009**

**Legislative**

Mayor .....Lawrence P. Mulligan, Jr.  
Council Member..... James Armbruster  
Council Member..... William Becker  
Council Member..... Leslie Ford  
Council Member..... Anita Scott Jones  
Council Member.....Anthony Marconi  
Council Member.....David Schiavone

**Executive/Administrative**

City Manager..... Judith Gilleland  
Chief of Police..... Gregory J. Schwarber  
Community Revitalization Director ..... Douglas D. Adkins  
Director of Court Services..... Louis A. Rossi, Jr.  
Economic Development Director .....Mike Robinette  
Finance Director ..... Russell E. Carolus  
Fire Chief ..... Steven M. Botts  
Health Commissioner ..... David Winfough  
Law Director..... Leslie S. Landen  
Planning Director..... Martin D. Kohler  
Public Works & Utilities Director ..... David J. Duritsch, Jr.



<b>City of Middletown Ohio</b>		
FY 2009	06/04/2008	



## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

To City Council  
City of Middletown, Ohio:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Middletown, Ohio (the City) as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Middletown, Ohio as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and other required supplementary information on pages 3 through 16 and 70 through 75, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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cincinnati, oh 45202

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p. 513.241.3111  
f. 513.241.1212

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Middletown, Ohio's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Clark, Schaefer, Hachett & Co.*

Cincinnati, Ohio  
June 29, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

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, 2009. 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 18.

### I. USING THIS ANNUAL 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 Assets and the Statement of Activities (pages 18 and 19) 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 activities, 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 20.
- Fiduciary Financial Statements. The fiduciary statements (page 36) provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the government.
- Notes to the Basic Financial Statements. The Notes provide helpful information explaining the City's significant accounting procedures and providing greater detail regarding financial statement components (pages 37 to 69).

#### Required Supplementary Information

- Schedules of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis. Schedules (pages 70 to 73) are presented for the General Fund and major special revenue funds that compare actual results to the original and final budgets for those funds.
- GASB 45 Schedules for Post Employment Benefits. Post employment benefits, specifically life insurance for City of Middletown retirees are presented on page 74. These schedules provide information on funding progress, employer contributions, and the benefit balance.

## Supplementary Information

- Combining Financial Statements. These statements (starting on page 80) provide financial information regarding non-major individual funds, which have been aggregated in the basic financial statements.
- Schedules of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis. These schedules compare actual results to the original and final budgets for the major and non-major governmental funds. These schedules begin on page 90.

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

#### Government-wide statements

The analysis of the City as a whole begins on page 6. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

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

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

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

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

### Fund financial statements

The City accounts for its activities using many individual funds. The most significant funds are reported in separate columns in the fund financial statements that begin on page 20. 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. The City's two kinds of funds –*governmental and proprietary* - use different accounting methods.

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

## C. The City as Fiscal Agent

### Reporting the City's Fiduciary Responsibilities

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

## II. THE CITY AS A WHOLE

### A. Net assets at year-end

The following table presents a condensed summary of the City's overall financial position at December 31, 2009 (in thousands):

**Table 1**  
**Net Assets**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
Current and other assets	\$ 58,078	58,208	17,506	21,864	75,584	80,072
Capital assets	<u>90,495</u>	<u>84,303</u>	<u>69,288</u>	<u>65,587</u>	<u>159,783</u>	<u>149,890</u>
Total assets	148,573	142,511	86,794	87,451	235,367	229,962
Long-term debt outstanding	32,921	28,345	18,686	20,557	51,607	48,902
Other liabilities	<u>14,385</u>	<u>14,065</u>	<u>4,311</u>	<u>4,931</u>	<u>18,696</u>	<u>18,996</u>
Total liabilities	47,306	42,410	22,997	25,488	70,303	67,898
Net assets:						
Invested in capital assets, net of debt	59,504	58,784	49,139	43,581	108,643	102,365
Restricted	31,269	31,509	1,411	1,367	32,680	32,876
Unrestricted	<u>10,494</u>	<u>9,808</u>	<u>13,247</u>	<u>17,015</u>	<u>23,741</u>	<u>26,823</u>
Total net assets	101,267	100,101	63,797	61,963	165,064	162,064
Beginning net assets	100,101	93,528	61,963	58,666	162,064	152,194
Net increase (decrease)	<u>1,166</u>	<u>6,573</u>	<u>1,834</u>	<u>3,297</u>	<u>3,000</u>	<u>9,870</u>
Ending net assets	\$ <u>101,267</u>	<u>100,101</u>	<u>63,797</u>	<u>61,963</u>	<u>165,064</u>	<u>162,064</u>

Governmental activities net assets increased by \$1,166 versus an increase of \$6,573 in 2008. The change in governmental net assets is due to various factors including the recession that limited income tax revenue collections. While capital assets increased by \$6,192, the corresponding debt (liability) offset the effect of this capital investment.

Business type activities total net assets grew by \$1,834 in 2009. While this is an increase in total net assets, it is less than the reported change in the previous year. The decrease in current assets is primarily due to the Sewer Fund which invested cash in capital assets, namely a \$13 million ATAD (autothermal thermophilic aerobic digestion) capital improvement project, which was completed in 2009.

### **B. Governmental and Business-type Activities during 2009**

The following Table 2 (in thousands) presents a condensed summary of the City's activities during 2009 and the resulting changes in net assets. Of the total General Governmental revenues of \$59,458, \$28,159 (47%) was from program revenue. This means that the government relied on tax revenues and unrestricted grants to fund 53% of its public safety, public works, and other services. In 2008, 53% of the General Governmental revenues were from program revenue.

Local income and property taxes totaled \$23,475 in 2009. This represents an almost 6% decrease in revenue from the previous year and is a direct result of the national home foreclosure crises and the corresponding recession. Local income and property taxes totaled \$24,886 in 2008.

For business type activities, although expenses were consistent with the previous year, total revenues decreased by \$1,490 from 2008. Almost 31% of this revenue decrease was due to a decline in charges for service. An increase number of homes in Middletown were vacant in 2009 resulting in lower revenues even as rates increased. A reduction of grants for the water, sewer, and storm water funds make up the balance of the revenue reduction for 2009.

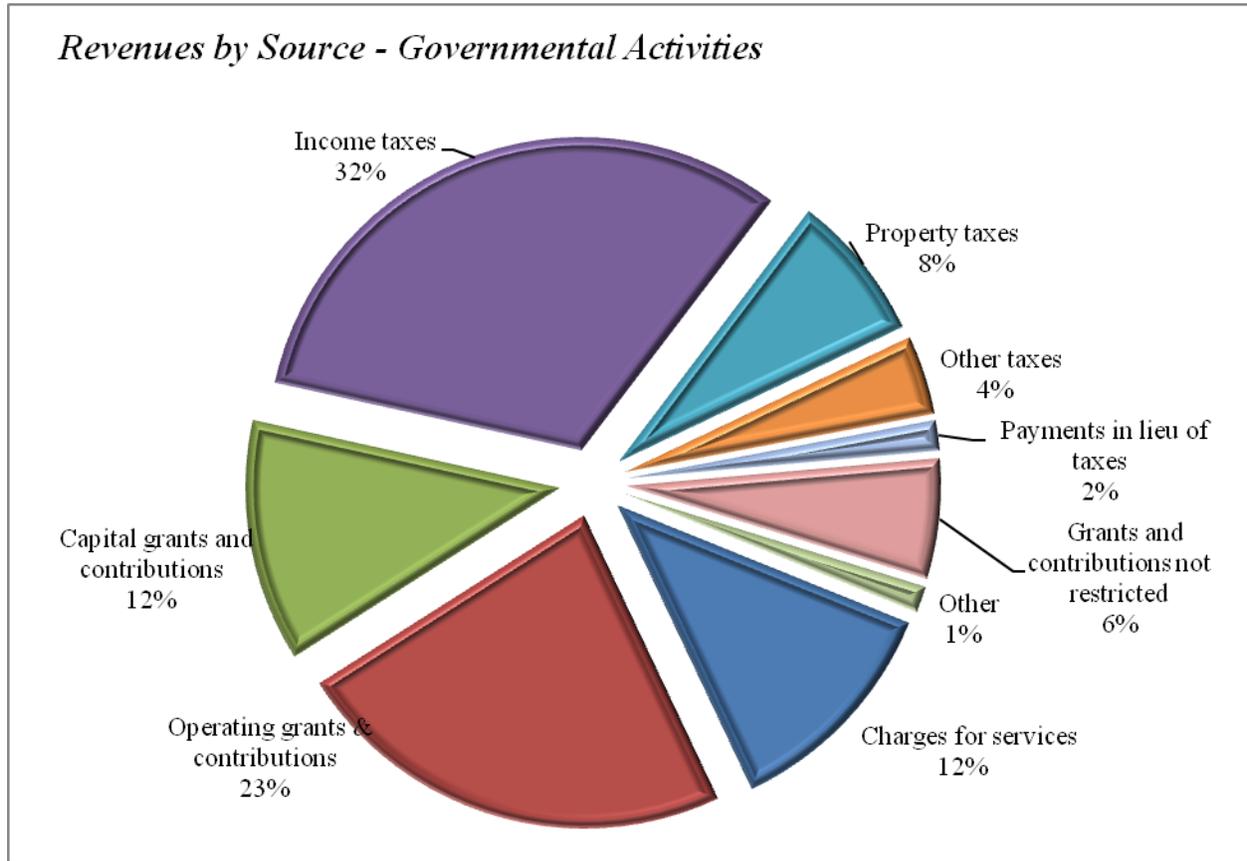
**Table 2**  
**Changes in Net Assets**

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Revenues						
<u>Program revenues:</u>						
Charges for services	\$ 7,054	7,640	19,559	20,017	26,613	27,657
Operating grants & contributions	13,682	12,827	1,101	1,257	14,783	14,084
Capital grants and contributions	<u>7,423</u>	<u>8,659</u>	<u>754</u>	<u>1,119</u>	<u>8,177</u>	<u>9,778</u>
Total program revenues	28,159	29,126	21,414	22,393	49,573	51,519
<u>General revenues:</u>						
Income taxes	18,942	19,921	344	466	19,286	20,387
Property taxes	4,533	4,965	-	-	4,533	4,965
Other taxes	2,427	2,248	-	-	2,427	2,248
Payments in lieu of taxes	928	682	-	-	928	682
Grants and contributions not restricted	3,667	3,349	-	-	3,667	3,349
Investment earnings	(151)	686	323	694	172	1,380
Other	<u>953</u>	<u>1,053</u>	<u>39</u>	<u>57</u>	<u>992</u>	<u>1,110</u>
Total general revenues	<u>31,299</u>	<u>32,904</u>	<u>706</u>	<u>1,217</u>	<u>32,005</u>	<u>34,121</u>
Total revenues	59,458	62,030	22,120	23,610	81,578	85,640
Expenses						
Public safety	24,250	23,701	-	-	24,250	23,701
Public health	1,094	1,490	-	-	1,094	1,490
Leisure activities	1,150	1,250	-	-	1,150	1,250
Community environment	14,621	15,950	-	-	14,621	15,950
Highways and streets	9,509	7,965	-	-	9,509	7,965
General government	6,489	4,073	-	-	6,489	4,073
Interest on long-term debt	1,179	1,028	-	-	1,179	1,028
Water	-	-	5,867	7,150	5,867	7,150
Sewer	-	-	7,092	6,790	7,092	6,790
Transit	-	-	1,867	1,167	1,867	1,167
Golf Course	-	-	1,488	1,563	1,488	1,563
Solid Waste	-	-	2,547	2,495	2,547	2,495
Storm Water	-	-	813	523	813	523
Airport	-	-	475	456	475	456
Parking	<u>-</u>	<u>-</u>	<u>137</u>	<u>169</u>	<u>137</u>	<u>169</u>
Total expenses	<u>58,292</u>	<u>55,457</u>	<u>20,286</u>	<u>20,313</u>	<u>78,578</u>	<u>75,770</u>
Increase in net assets	1,166	6,573	1,834	3,297	3,000	9,870
Beginning net assets	100,101	93,528	61,963	58,666	162,064	152,194
Ending net assets	\$ <u>101,267</u>	<u>100,101</u>	<u>63,797</u>	<u>61,963</u>	<u>165,064</u>	<u>162,064</u>

### 1) Governmental activities during 2009

Table 3 presents the total cost of each of the government's primary services and the net cost after deducting the revenues generated by these services. The City recouped about 48% of the cost of its services with program revenues. Public safety, the City's most expensive program, covered about 19% of its costs with program revenues, 1% higher than 2008. Local tax receipts were used to fund the remaining costs of this service.

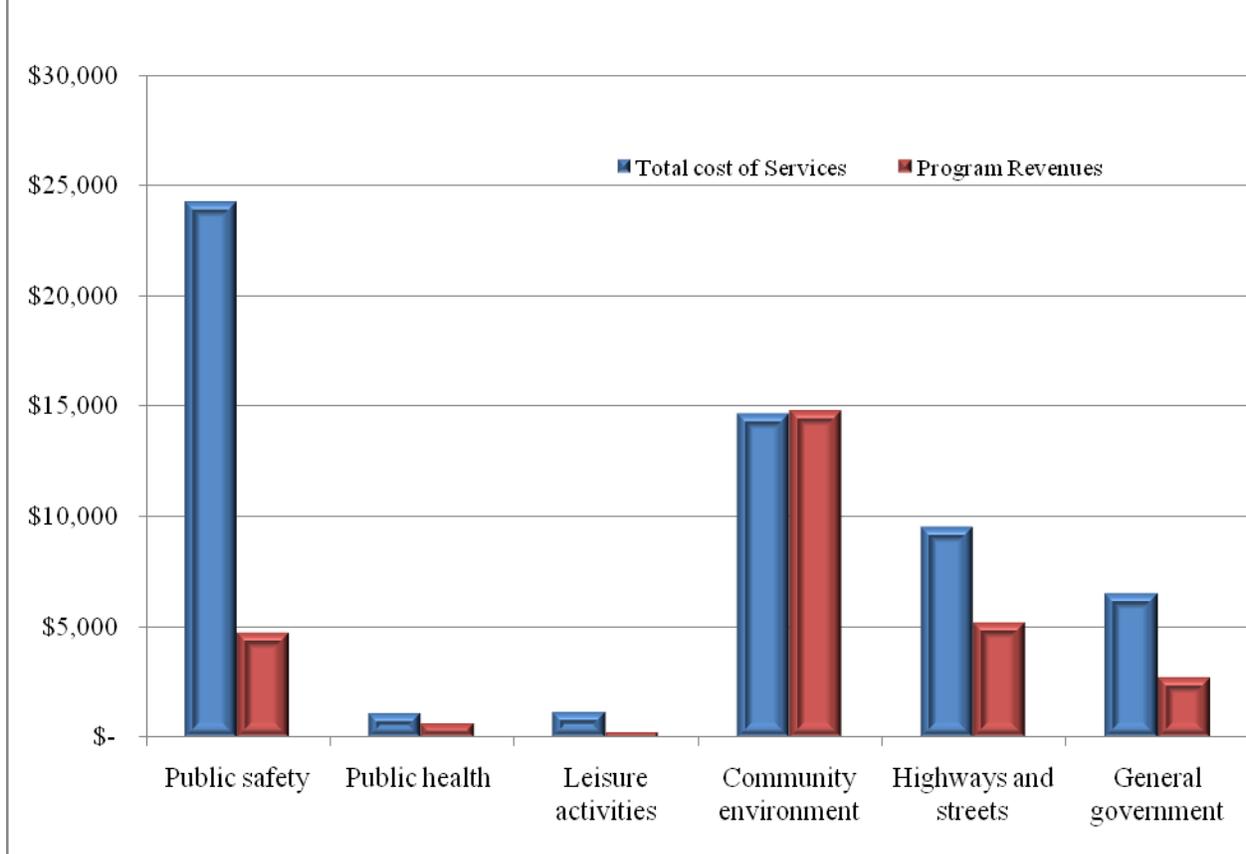
At the same time, Community Environment and Streets and Highways, which relies heavily upon federal and state grants, covered over 83% of its costs with those program revenues.



**Table 3  
Governmental Activities**

	<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	\$ 24,250	\$ 4,721	19%	\$ 19,529
Public health	1,094	626	57%	468
Leisure activities	1,150	179	16%	971
Community environment	14,621	14,779	101%	(158)
Highways and streets	9,509	5,150	54%	4,359
General government	6,489	2,704	42%	3,785
Interest on long-term debt	1,179	-	0%	1,179
Total	<u>\$ 58,292</u>	<u>\$ 28,159</u>	<u>48%</u>	<u>\$ 30,133</u>

*Program Revenues and Expenses - Governmental Activities*



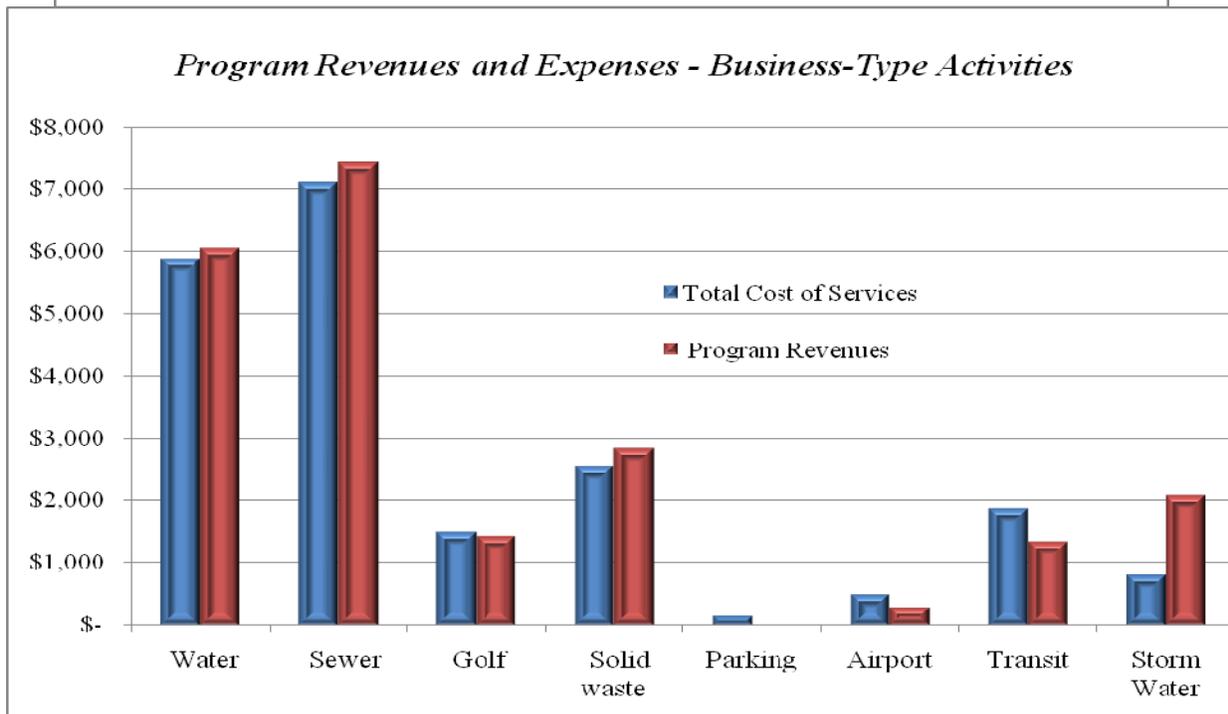
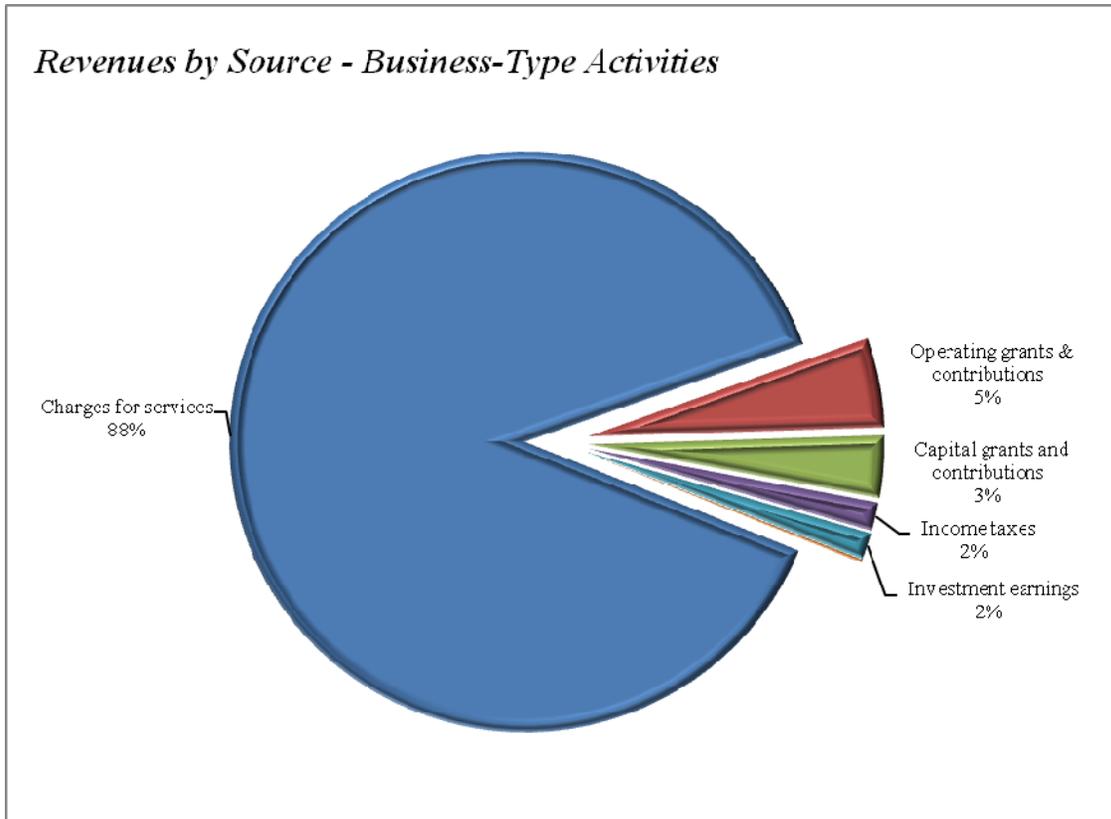
**2) Business-type activities during 2009**

The following table (in thousands) summarizes the business-type activities during 2009:

**Table 4  
Business-type Activities**

	<u>Total Cost of Services</u>	<u>Program Revenues</u>	<u>Revenues as % of Total Costs</u>	<u>Net Revenue from Operations</u>
Water	\$ 5,867	\$ 6,039	103%	\$ 172
Sewer	7,092	7,422	105%	330
Golf	1,488	1,426	96%	(62)
Solid waste	2,547	2,830	111%	283
Parking	137	0	0%	(137)
Airport	475	279	59%	(196)
Transit	1,867	1,340	72%	(527)
Storm Water	813	2,078	256%	1,265
Total	\$ 20,286	\$ 21,414	106%	\$ 1,128

The City attempts to break even on its business-type activities. The water, sewer, solid waste, and storm water funds had operating surpluses in 2009 to accumulate earnings for future capital investments. The transit and airport funds relied upon grants and taxes to supplement their services.



### III. THE CITY'S INDIVIDUAL FUNDS

#### A. Governmental funds

The financial statements for the City's governmental funds, accounted for under the modified accrual basis of accounting, are presented beginning on page 20. The City has thirty-nine governmental funds, four of which are considered major funds. Assets of those four funds comprise 66% of the total governmental funds' assets of \$56,260. The following table (in thousands) summarizes the activities of these four major funds.

**Table 5**  
**Financial Highlights**  
**Major Governmental Funds**

	<u>General Fund</u>	<u>Housing Assistance</u>	<u>Special Assessment Debt Service</u>	<u>Capital Improvements</u>
Total assets	\$ 19,941	12,093	3,711	1,846
Total liabilities	<u>8,638</u>	<u>9,537</u>	<u>3,635</u>	<u>1,036</u>
Fund balance	<u>11,303</u>	<u>2,556</u>	<u>76</u>	<u>810</u>
Unreserved fund balance	\$ <u>10,977</u>	<u>2,556</u>	<u>76</u>	<u>128</u>
Revenues	\$ 26,251	11,463	385	3,224
Expenditures	26,429	10,733	380	9,713
Other financing sources/uses	<u>(59)</u>	<u>-</u>	<u>-</u>	<u>6,951</u>
Net change in fund balance	\$ <u>(237)</u>	<u>730</u>	<u>5</u>	<u>462</u>

**General Fund.** Fund balance at the end of 2009 was \$11,303 including \$10,977 of unreserved fund balance. This is 43% of 2009 expenditures. The General Fund's balance decreased by \$237 in 2009. The unreserved fund balance is used to cover expenditures during economic downturns. The General Fund's relatively small net change in fund balance is due to the decrease of investment income. This is a direct result of the current economic climate.

**Housing Assistance Fund.** This fund records the activities of the City's Section 8 Program and is funded entirely by a federal grant from the Department of Housing and Urban Development. At the end of 2009, there were 1,479 authorized Section 8 units in the City of Middletown. This is a net reduction of 180 vouchers from 2008. Changes in fund balance for this fund are due to the timing of grant revenues.

**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 relies heavily upon grants for capital improvement projects. In 2009, the Capital Improvements Fund received \$2.45 million in grants from state agencies for street improvements, bridge replacement, and completion of the bike path.

## B. Proprietary funds

### 1) Enterprise funds

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

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

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Golf Fund</u>	<u>Solid Waste Fund</u>
Total assets	\$ 29,565	38,618	5,073	1,063
Total liabilities	<u>7,136</u>	<u>11,013</u>	<u>2,250</u>	<u>1,190</u>
Total net assets	<u>22,429</u>	<u>27,605</u>	<u>2,823</u>	<u>(127)</u>
Unrestricted net assets	<u>5,930</u>	<u>2,844</u>	<u>(616)</u>	<u>449</u>
Operating revenues	6,102	7,212	1,418	2,838
Operating expenses	5,826	6,675	1,432	2,505
Net non-operating revenues (expenses)	(59)	(319)	(37)	(38)
Net contributions and transfers	<u>(29)</u>	<u>183</u>	<u>0</u>	<u>0</u>
Net change in net assets	\$ <u>187</u>	<u>401</u>	<u>(52)</u>	<u>295</u>

**Water Fund.** Water Fund rates are set to cover the fund's operating cost and to accumulate cash resources for future capital expenditures. There is no planned rate increase for 2010, so some balance will be used to offset increased expenses in 2010.

**Sewer Fund.** The Sewer Fund ended 2009 with a cash balance of \$3,220 with the completion of the \$13 million ATAD capital improvement project. The balance in the fund is to be used for large capital projects.

**Golf Fund.** The City Golf Fund lost \$52 in 2009. This fund owes the City's General Fund \$738 at the end of 2009 for a working capital loan. The plan is to repay this debt over the next few years.

**Solid Waste Fund.** The Solid Waste Fund charges to Middletown customers are set to cover the cost of the refuse contract with a private hauler and the annual debt service of \$231 on a landfill closure bond. At the end of 2009, the balance on these bond issues was \$979.

## **2) Internal service funds**

Net assets at year-end and 2009 activity in the City's two internal service funds, are shown collectively on page 29.

The City's Employee Benefits Fund ended the year with net assets of \$201 (page 154). The rising cost of health insurance puts a burden on the City's budget, however, the City has experienced a smaller than anticipated increase due to the efforts of an employee/management sponsored health care committee. Future budgets will allow for continuing annual cost increases. This fund maintains a required reserve for 90 to 120 days worth of claims.

The other City internal service fund, the Municipal Garage Fund, ended the year with net assets of \$5,359. Money is being set aside for future vehicle purchases according to a multi-year plan developed by the Municipal Garage fleet managers. The Municipal Garage Fund cash balance at the end of 2009 was \$924 (pages 153 and 154).

## **IV. BUDGETED ACTIVITY AND ACTUAL RESULTS**

The schedules comparing the City's original and final General Fund budgets to actual expenditures begin on page 70. The General Fund's original 2009 appropriation was increased during the year by \$544 which is 2% of the original budget. The General Fund's actual expenditures on a cash basis (budget basis) were \$906 (3.2%) under the amended budget.

## **V. CAPITAL ASSET AND DEBT ADMINISTRATION**

### **A. Capital assets**

The City had approximately \$160 million in net capital assets, an increase of \$9.9 million over 2008. The majority of the additional capital assets were due to developer contributions along with the sanitary sewer ATAD project. Please see Note 7 for capital asset activity for 2009.

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

	<b>Governmental</b>	<b>Business-</b>	
	<b>Activities</b>	<b>Type</b>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Land	\$ 12,683	6,841	19,524
Land improvements	483	922	1,405
Buildings	10,186	17,286	27,472
Equipment	7,143	6,931	14,074
Infrastructure	<u>60,000</u>	<u>37,308</u>	<u>97,308</u>
Total	\$ <u>90,495</u>	<u>69,288</u>	<u>159,783</u>

**B. Debt**

The City issued new general obligation debt of \$6.5 million to finance improvements at the I-75/State Route 122 interchange. This is the main entrance to the City and will improve traffic flow in this heavily traveled area. These bonds are reflected in the government activities on page 56.

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

The City has budgeted conservatively for 2010. Revenues were forecast to decrease by about 4.7% for the General Fund while expenditures are expected to decrease by 1%. Public safety budget levels for 2010 were kept at 2009 levels. The 2010 budget incorporated seven layoffs of non-public safety employees.

There are no planned water rate increases for 2010. Sewer rates increased by 5% on January 1<sup>st</sup>, 2010. Refuse rates increased by 25 cents to \$14.25 per month.

The Ohio EPA approved a permit to permit construction of the \$340 million coke facility (Suncoke) that will directly benefit our major employer, AK Steel. Actual construction is to begin early in 2010 with the plant becoming operation in the third quarter of 2011.

The Interstate 75 and State Route 122 interchange modifications will continue in 2010 (\$130 million project). This project includes bridge replacement along with an additional lane to improve traffic flow in this newly developed area. The City's portion of contributed costs is estimated at \$6.4 million. The project is slated to be completed in late 2011.

## **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.

Russell E. Carolus, Jr.  
Finance Director



**CITY OF MIDDLETOWN, OHIO  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2009**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><i>Assets</i></b>			
Cash and equity in pooled cash, deposits and investments	\$ 25,274,880	\$ 13,725,951	\$ 39,000,831
Cash with fiscal and escrow agent	369,656	-	369,656
Receivables (net of allowance for uncollectibles):			
Income taxes	4,597,000	-	4,597,000
Property taxes	4,315,921	-	4,315,921
Payments in Lieu of Taxes	778,197	-	778,197
Estate taxes	26,816	-	26,816
Accounts	802,612	1,487,756	2,290,368
Loans	2,166,560	451,717	2,618,277
Intergovernmental	14,695,699	754,136	15,449,835
Special assessments	3,635,279	-	3,635,279
Inventory of supplies	603,833	623,580	1,227,413
Deferred Charges	824,853	449,463	1,274,316
Internal balances	(13,366)	13,366	-
Capital assets, net			
Non-depreciable	12,682,625	6,840,571	19,523,196
Depreciable	77,812,467	62,447,769	140,260,236
<b>Total assets</b>	<b><u>148,573,032</u></b>	<b><u>86,794,309</u></b>	<b><u>235,367,341</u></b>
<b><i>Liabilities</i></b>			
Accounts payable and other current liabilities	2,223,641	955,512	3,179,153
Accrued wages and benefits	1,202,057	162,896	1,364,953
Other accrued liabilities	337,907	57,781	395,688
Accrued interest payable	81,114	42,510	123,624
Due to other governments	969	991	1,960
Due to other individuals	221,348	391,524	612,872
Unearned revenue	4,315,921	638,028	4,953,949
Notes payable	2,056,916	-	2,056,916
Non current liabilities:			
Due within one year	3,945,108	2,062,140	6,007,248
Due in more than one year	32,920,502	18,686,117	51,606,619
<b>Total liabilities</b>	<b><u>47,305,483</u></b>	<b><u>22,997,499</u></b>	<b><u>70,302,982</u></b>
<b><i>Net Assets</i></b>			
Invested in capital assets, net of related debt	59,504,084	49,139,085	108,643,169
Restricted for capital projects	3,527,294	-	3,527,294
Restricted for debt service	4,495,021	1,410,576	5,905,597
Restricted for housing assistance	11,896,502	-	11,896,502
Restricted for community development	5,804,778	-	5,804,778
Restricted for public safety	1,934,466	-	1,934,466
Restricted for roads	2,885,611	-	2,885,611
Restricted for other purposes	726,174	-	726,174
Unrestricted	10,493,619	13,247,149	23,740,768
<b>Total net assets</b>	<b><u>\$ 101,267,549</u></b>	<b><u>\$ 63,796,810</u></b>	<b><u>\$ 165,064,359</u></b>

See accompanying notes to the basic financial statements.

**CITY OF MIDDLETOWN, OHIO  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Functions/Programs</b>							
Governmental activities:							
Public safety	\$ 24,249,706	\$ 3,990,669	\$ 730,272	\$ -	\$ (19,528,765)		\$ (19,528,765)
Public health and welfare	1,094,605	166,798	459,256	-	(468,551)		(468,551)
Leisure time activities	1,149,740	955	76,000	101,500	(971,285)		(971,285)
Community environment	14,620,855	191,957	12,416,576	2,170,957	158,635		158,635
Highways and streets	9,509,037	-	-	5,150,014	(4,359,023)		(4,359,023)
General government	6,488,900	2,704,035	-	-	(3,784,865)		(3,784,865)
Interest on long-term debt	1,179,241	-	-	-	(1,179,241)		(1,179,241)
Total governmental activities	<u>\$ 58,292,084</u>	<u>\$ 7,054,414</u>	<u>\$ 13,682,104</u>	<u>\$ 7,422,471</u>	<u>\$ (30,133,095)</u>		<u>\$ (30,133,095)</u>
Business-type activities:							
Water	\$ 5,866,444	\$ 6,038,304	\$ -	\$ -		\$ 171,860	\$ 171,860
Sewer	7,091,380	7,210,042	-	211,743		330,405	330,405
Golf Course	1,488,370	1,407,577	18,852	-		(61,941)	(61,941)
Solid Waste	2,547,358	2,825,172	4,500	-		282,314	282,314
Parking	137,278	22	-	-		(137,256)	(137,256)
Airport	474,910	259,067	19,588	-		(196,255)	(196,255)
Transit	1,866,855	281,962	1,058,283	-		(526,610)	(526,610)
Storm Water	813,210	1,536,468	-	542,229		1,265,487	1,265,487
Total business-type activities	<u>20,285,805</u>	<u>19,558,614</u>	<u>1,101,223</u>	<u>753,972</u>		<u>1,128,004</u>	<u>1,128,004</u>
Total	<u>\$ 78,577,889</u>	<u>\$ 26,613,028</u>	<u>\$ 14,783,327</u>	<u>\$ 8,176,443</u>	<u>\$ (30,133,095)</u>	<u>\$ 1,128,004</u>	<u>\$ (29,005,091)</u>
General revenues:							
Taxes:							
Income taxes					\$ 18,942,213	\$ 344,000	\$ 19,286,213
Property taxes					4,533,387	-	4,533,387
Other taxes					2,427,092	-	2,427,092
Payments in lieu of taxes					927,584	-	927,584
Grants and contributions not restricted to specific programs					3,666,479	-	3,666,479
Investment earnings					(150,814)	323,019	172,205
Miscellaneous					894,958	96,350	991,308
Transfers					58,138	(58,138)	-
Total general revenues and transfers					<u>31,299,037</u>	<u>705,231</u>	<u>32,004,268</u>
Change in net assets					1,165,942	1,833,235	2,999,177
Net assets beginning of year					<u>100,101,607</u>	<u>61,963,575</u>	<u>162,065,182</u>
Net assets end of year					<u>\$ 101,267,549</u>	<u>\$ 63,796,810</u>	<u>\$ 165,064,359</u>

See accompanying notes to the basic financial statements.

**CITY OF MIDDLETOWN, OHIO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2009**

	General	Housing Assistance
<b>ASSETS:</b>		
Cash and equity in pooled cash, deposits and investments	\$ 9,093,621	\$ 2,702,972
Cash with fiscal and escrow agent	369,656	-
Receivables (net of allowance for uncollectibles):		
Income taxes	4,597,000	-
Property taxes	3,173,038	-
Estate taxes	26,816	-
Accounts	536,131	-
Loans	-	-
Payments in lieu of taxes	-	-
Special assessments	-	-
Due from other funds	1,049,000	50,000
Due from other governments	1,079,524	9,340,085
Inventory of supplies	15,856	-
<b>Total assets</b>	<b>\$ 19,940,642</b>	<b>\$ 12,093,057</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 304,564	\$ 1,689
Accrued wages and benefits	1,003,438	-
Other accrued liabilities	245,986	-
Due to other funds	102,165	-
Due to other governments	-	-
Due to individuals	26,482	194,866
Notes payable	-	-
Deferred revenue	6,955,134	9,340,085
<b>Total liabilities</b>	<b>8,637,769</b>	<b>9,536,640</b>
<b>Fund balances:</b>		
Reserved for encumbrances	310,060	-
Reserved for inventory	15,856	-
Reserved for loans	-	-
Unreserved, reported in:		
General Fund	10,976,957	-
Special Revenue Funds	-	2,556,417
Debt Service Funds	-	-
Capital Project Funds	-	-
<b>Total fund balances</b>	<b>11,302,873</b>	<b>2,556,417</b>
<b>Total liabilities and fund balances</b>	<b>\$ 19,940,642</b>	<b>\$ 12,093,057</b>

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

Special Assessment Debt Service	Capital Improvements	Non Major Governmental Funds	Total Governmental Funds
\$ 76,194	\$ 913,809	\$ 10,541,057	\$ 23,327,653
-	-	-	369,656
-	-	-	4,597,000
-	702,481	440,402	4,315,921
-	-	-	26,816
-	-	252,676	788,807
-	-	2,166,560	2,166,560
-	-	778,197	778,197
3,635,279	-	-	3,635,279
-	56,000	-	1,155,000
-	174,053	4,102,037	14,695,699
-	-	387,272	403,128
<b>\$ 3,711,473</b>	<b>\$ 1,846,343</b>	<b>\$ 18,668,201</b>	<b>\$ 56,259,716</b>
\$ -	\$ 120,906	\$ 848,867	\$ 1,276,026
-	-	174,928	1,178,366
-	38,487	48,318	332,791
-	-	420,399	522,564
-	-	969	969
-	-	-	221,348
-	-	2,056,916	2,056,916
3,635,279	876,534	5,082,715	25,889,747
<b>3,635,279</b>	<b>1,035,927</b>	<b>8,633,112</b>	<b>31,478,727</b>
-	682,909	527,374	1,520,343
-	-	387,272	403,128
-	-	2,166,560	2,166,560
-	-	-	10,976,957
-	-	4,576,918	7,133,335
76,194	-	5,351	81,545
-	127,507	2,371,614	2,499,121
<b>76,194</b>	<b>810,416</b>	<b>10,035,089</b>	<b>24,780,989</b>
<b>\$ 3,711,473</b>	<b>\$ 1,846,343</b>	<b>\$ 18,668,201</b>	<b>\$ 56,259,716</b>

**CITY OF MIDDLETOWN, OHIO  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2009**

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<b>Total governmental fund balances</b>	<b>\$ 24,780,989</b>
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*Amounts reported for governmental activities in the statement of activities are different due to the following:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	90,495,092
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Income taxes receivable	2,702,572
Intergovernmental and other receivables	18,871,254

Internal service funds are used to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	458,480
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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	(26,191,076)
Special assessment bonds	(2,593,143)
Compensated absences	(4,869,341)
Pension obligation payable	(2,359,083)
GASB 45 life insurance liability	(622,061)
Accrued interest on long-term debt	(81,114)
Premium on bonds	(149,873)
Unamortized issuance costs	824,853

<b>Net assets of governmental activities</b>	<b>\$ 101,267,549</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, 2009**

	General	Housing Assistance
<b>Revenues:</b>		
Property taxes	\$ 3,370,033	\$ -
Municipal income taxes	13,788,147	-
Other taxes	-	-
Intergovernmental revenues	4,131,767	11,385,553
Charges for services	4,283,194	-
Fees, licenses, and permits	186,910	-
Fines and forfeits	86,068	-
Special assessments	-	-
Investment income	(298,102)	3,242
Contributions and donations	-	-
Miscellaneous	703,410	74,291
<b>Total revenues</b>	<b>26,251,427</b>	<b>11,463,086</b>
<b>Expenditures:</b>		
Current		
Public safety	18,781,552	-
Public health and welfare	-	-
Leisure time activities	798,584	-
Community environment	1,578,269	10,733,033
Highways and streets	-	-
General government	3,876,685	-
Miscellaneous	1,394,046	-
Debt service		
Principal retirement	-	-
Interest and fiscal charges	-	-
<b>Total expenditures</b>	<b>26,429,136</b>	<b>10,733,033</b>
Excess of revenues over (under) expenditures	(177,709)	730,053
<b>Other financing sources (uses):</b>		
Transfers-in	-	-
Transfers-out	(59,400)	-
Sale of bonds issued	-	-
Premium on bonds	-	-
<b>Total other financing sources (uses)</b>	<b>(59,400)</b>	<b>-</b>
Net change in fund balances	(237,109)	730,053
Fund balance, beginning of year	11,539,982	1,826,364
<b>Fund balance, end of year</b>	<b>\$ 11,302,873</b>	<b>\$ 2,556,417</b>

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

Special Assessment Debt Service	Capital Improvements Fund	Non Major Governmental Funds	Total Governmental Funds
\$ -	\$ 707,749	\$ 455,605	\$ 4,533,387
-	-	4,852,052	18,640,199
-	2,450,309	831,119	831,119
-	1,064	5,356,942	23,324,571
-	-	164,654	4,448,912
-	-	-	186,910
-	-	1,688,000	1,774,068
385,101	-	-	385,101
-	13,246	130,800	(150,814)
-	51,500	-	51,500
-	578	913,416	1,691,695
<b>385,101</b>	<b>3,224,446</b>	<b>14,392,588</b>	<b>55,716,648</b>
-	72,352	5,019,026	23,872,930
-	-	1,084,270	1,084,270
-	556,494	110,985	1,466,063
-	33,286	2,271,158	14,615,746
-	8,895,738	3,111,808	12,007,546
-	-	183,058	4,059,743
-	17,007	2,011,291	3,422,344
229,900	-	1,592,274	1,822,174
149,914	138,301	988,958	1,277,173
<b>379,814</b>	<b>9,713,178</b>	<b>16,372,828</b>	<b>63,627,989</b>
5,287	(6,488,732)	(1,980,240)	(7,911,341)
-	610,000	464,648	1,074,648
-	(200,000)	(757,110)	(1,016,510)
-	6,530,000	-	6,530,000
-	11,029	-	11,029
-	<b>6,951,029</b>	<b>(292,462)</b>	<b>6,599,167</b>
5,287	462,297	(2,272,702)	(1,312,174)
70,907	348,119	12,307,791	26,093,163
<b>\$ 76,194</b>	<b>\$ 810,416</b>	<b>\$ 10,035,089</b>	<b>\$ 24,780,989</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 YEAR ENDED DECEMBER 31, 2009**

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**Net change in fund balances - total governmental funds** \$ (1,312,174)

*Amounts reported for governmental activities in the statement of activities are different due to the following:*

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	14,607,373
Depreciation expense	(8,102,578)
Disposal of capital assets	(312,503)

Revenue in the statement of activities that do not provide current financial resources are reported as revenues in the funds:

Income taxes	302,014
Intergovernmental and other revenue	839,118

Governmental Funds report premiums, discounts, and bond issuance costs as expenditures, whereas these amounts are deferred and amortized in the statement of activities:

Amortization of bond issuance costs	(83,853)
Bond and note issuance costs	138,301
Bond premiums on issue	(11,029)
Amortization of bond premiums	17,372

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 general obligation bonds	(6,530,000)
Bond principal retirement	1,822,174

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

26,112

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	(430,850)
Unfunded pension liability	97,741
OPEB death benefit obligation	(4,203)

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.

102,927

**Change in net assets of governmental activities**

\$ 1,165,942



**CITY OF MIDDLETOWN, OHIO  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2009**

**Business Type Activities - Enterprise Funds**

	Water	Sewer	Golf Course
<b>Assets</b>			
Current assets:			
Equity in pooled cash and investments	\$ 6,476,212	\$ 3,220,461	\$ 6,356
Receivables			
Accounts	614,355	449,140	3,150
Loans	451,717	-	-
Due from other funds	-	-	-
Intergovernmental	186,311	-	-
Inventory of supplies	287,220	183,260	153,100
<b>Total current assets</b>	<b>8,015,815</b>	<b>3,852,861</b>	<b>162,606</b>
Non Current Assets:			
Deferred charges	175,965	159,393	45,115
Capital assets:			
Land	1,152,665	152,500	3,611,550
Land Improvements	5,875	-	2,483,945
Infrastructure assets	25,804,423	43,276,282	-
Buildings	12,204,210	12,315,678	710,031
Equipment	5,540,924	9,787,505	283,124
Less: Accumulated depreciation	(23,335,170)	(30,926,223)	(2,223,351)
Total capital assets (net of accumulated depreciation)	21,372,927	34,605,742	4,865,299
<b>Total noncurrent assets</b>	<b>21,548,892</b>	<b>34,765,135</b>	<b>4,910,414</b>
<b>Total assets</b>	<b>29,564,707</b>	<b>38,617,996</b>	<b>5,073,020</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	156,675	144,506	8,721
Accrued wages and benefits	59,090	61,961	13,187
Other accrued liabilities	17,863	18,807	7,673
Accrued interest payable	6,572	24,300	3,917
Due to other funds	13,830	13,120	738,000
Due to other governments	991	-	-
Due to individuals	391,524	-	-
General obligation bonds payable	360,062	300,000	175,090
Lease obligation payable	375,257	375,257	-
Unearned revenue	638,028	-	-
Compensated absenses (short term portion)	57,574	61,398	17,362
Other post employment benefits (short term)	10,913	7,502	186
<b>Total current liabilities</b>	<b>2,088,379</b>	<b>1,006,851</b>	<b>964,136</b>
Long-term liabilities:			
General obligation bonds payable	2,190,821	7,040,000	1,239,404
Premium on debt	37,787	159,393	11,964
Lease obligation	2,645,237	2,645,237	-
Compensated absenses	111,760	119,184	33,704
Other post employment benefits	61,777	42,466	1,054
<b>Total long-term liabilities</b>	<b>5,047,382</b>	<b>10,006,280</b>	<b>1,286,126</b>
<b>Total liabilities</b>	<b>7,135,761</b>	<b>11,013,131</b>	<b>2,250,262</b>
<b>Net Assets</b>			
Invested in capital assests, net of related debt	15,763,763	24,085,855	3,438,841
Restricted for debt service	735,319	675,257	-
Unrestricted	5,929,864	2,843,753	(616,083)
<b>Total net assets</b>	<b>\$ 22,428,946</b>	<b>\$ 27,604,865</b>	<b>\$ 2,822,758</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	
\$ 333,036	\$ 3,689,886	\$ 13,725,951	\$ 1,947,227	
283,068	138,043	1,487,756	13,805	
-	-	451,717	-	
-	-	-	913,199	
-	567,825	754,136	-	
-	-	623,580	200,705	
<b>616,104</b>	<b>4,395,754</b>	<b>17,043,140</b>	<b>3,074,936</b>	
34,304	34,686	449,463	-	
382,600	1,541,256	6,840,571	195,750	
-	316,241	2,806,061	-	
-	2,313,895	71,394,600	-	
74,652	5,953,640	31,258,211	521,872	
-	3,356,221	18,967,774	10,178,336	
(44,792)	(5,449,341)	(61,978,877)	(7,353,660)	
412,460	8,031,912	69,288,340	3,542,298	
<b>446,764</b>	<b>8,066,598</b>	<b>69,737,803</b>	<b>3,542,298</b>	
<b>1,062,868</b>	<b>12,462,352</b>	<b>86,780,943</b>	<b>6,617,234</b>	
198,429	447,181	955,512	947,615	
-	28,658	162,896	23,691	
-	13,438	57,781	5,116	
2,522	5,199	42,510	-	
-	780,685	1,545,635	-	
-	-	991	-	
-	-	391,524	-	
234,411	65,000	1,134,563	-	
-	-	750,514	-	
-	-	638,028	-	
-	20,039	156,373	-	
-	2,089	20,690	2,982	
<b>435,362</b>	<b>1,362,289</b>	<b>5,857,017</b>	<b>979,404</b>	
744,135	1,505,000	12,719,360	-	
10,514	34,686	254,344	-	
-	-	5,290,474	-	
-	40,167	304,815	61,162	
-	11,827	117,124	16,889	
<b>754,649</b>	<b>1,591,680</b>	<b>18,686,117</b>	<b>78,051</b>	
<b>1,190,011</b>	<b>2,953,969</b>	<b>24,543,134</b>	<b>1,057,455</b>	
(576,600)	6,427,226	49,139,085	3,542,298	
-	-	1,410,576	-	
449,457	3,081,157	11,688,148	2,017,481	
<b>\$ (127,143)</b>	<b>\$ 9,508,383</b>	<b>\$ 62,237,809</b>	<b>\$ 5,559,779</b>	

Adjustment to reflect consolidation of internal service fund activities	1,559,001
Total net assets from above	<u>62,237,809</u>
Net assets of business-type activities	\$ 63,796,810

**CITY OF MIDDLETOWN, OHIO  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES OF NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009**

<b>Business Type Activities - Enterprise Funds</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Golf Course</b>
<b>Operating revenues:</b>			
Charges for services	\$ 6,038,304	\$ 7,210,042	\$ 1,407,577
Other operating revenue	63,772	1,919	10,071
<b>Total operating revenues</b>	<b>6,102,076</b>	<b>7,211,961</b>	<b>1,417,648</b>
<b>Operating expenses:</b>			
Personal services	2,027,041	2,104,110	725,707
Contractual services	1,855,434	2,309,242	159,158
Commodities	618,814	311,782	356,327
Depreciation	1,163,173	1,573,921	166,886
Other operating expenses	161,927	375,560	24,105
<b>Total operating expenses</b>	<b>5,826,389</b>	<b>6,674,615</b>	<b>1,432,183</b>
Operating income (loss)	275,687	537,346	(14,535)
<b>Non-operating revenues (expenses):</b>			
Interest revenue	159,693	97,740	-
Interest expense and fiscal charges	(219,092)	(416,765)	(56,187)
Operating grants	-	-	18,852
Income taxes	-	-	-
Loss on sale or disposal of capital assets	-	-	-
<b>Total non-operating revenues (expenses)</b>	<b>(59,399)</b>	<b>(319,025)</b>	<b>(37,335)</b>
Income (loss) before contributions and transfers	216,288	218,321	(51,870)
Capital contributions	-	211,743	-
Transfers-out	(29,069)	(29,069)	-
<b>Change in net assets</b>	<b>187,219</b>	<b>400,995</b>	<b>(51,870)</b>
Total net assets, beginning of year	22,241,727	27,203,870	2,874,628
<b>Total net assets, end of year</b>	<b>\$ 22,428,946</b>	<b>\$ 27,604,865</b>	<b>\$ 2,822,758</b>

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

<b>Business Type Activities - Enterprise Funds</b>			<b>Governmental Activities -</b>	
<b>Solid Waste Disposal</b>	<b>Non Major Enterprise Funds</b>	<b>Totals</b>	<b>Internal Service Funds</b>	
\$ 2,825,172	\$ 2,077,519	\$ 19,558,614	\$ 8,565,964	
12,337	8,251	96,350	170,406	
<b>2,837,509</b>	<b>2,085,770</b>	<b>19,654,964</b>	<b>8,736,370</b>	
-	985,254	5,842,112	576,831	
2,503,382	1,554,401	8,381,617	5,580,679	
-	84,519	1,371,442	749,914	
1,659	436,414	3,342,053	829,848	
-	167,788	729,380	41,774	
<b>2,505,041</b>	<b>3,228,376</b>	<b>19,666,604</b>	<b>7,779,046</b>	
332,468	(1,142,606)	(11,640)	957,324	
-	65,586	323,019	16,817	
(42,317)	(63,877)	(798,238)	-	
4,500	1,077,871	1,101,223	-	
-	344,000	344,000	-	
-	-	-	(78,954)	
<b>(37,817)</b>	<b>1,423,580</b>	<b>970,004</b>	<b>(62,137)</b>	
294,651	280,974	958,364	895,187	
-	542,229	753,972	-	
-	-	(58,138)	-	
<b>294,651</b>	<b>823,203</b>	<b>1,654,198</b>	<b>895,187</b>	
(421,794)	8,685,180	60,583,611	4,664,592	
<b>\$ (127,143)</b>	<b>\$ 9,508,383</b>	<b>\$ 62,237,809</b>	<b>\$ 5,559,779</b>	

Adjustment to reflect consolidation of Internal Service Fund Activities \$ 179,037  
Changes in net assets of enterprise funds 1,654,198  
Changes in net assets of business-type activities \$ 1,833,235

**CITY OF MIDDLETOWN, OHIO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR YEAR ENDED DECEMBER 31, 2009**

**Business Type Activities - Enterprise Funds**

	Water	Sewer	Golf Course
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 6,121,415	\$ 7,250,911	\$ 1,404,427
Cash payments to suppliers for goods and services	(1,487,486)	(1,708,140)	(579,706)
Cash payments to employees for services	(1,723,620)	(1,815,949)	(672,680)
Miscellaneous revenues	63,772	1,919	9,848
Miscellaneous expenses	(231,620)	(1,285,398)	(22,802)
Cash received from interfund services provided	-	-	-
Cash payments for interfund services used	(1,344,558)	(1,306,756)	(51,601)
<b>Net cash provided (used) by operating activities</b>	<b>1,397,903</b>	<b>1,136,587</b>	<b>87,486</b>
<b>Cash flows from non-capital financing activities:</b>			
Operating grants	-	-	18,852
Advances from other funds	-	-	118,000
Transfers-out to other funds	(29,069)	(29,069)	-
Income taxes received	-	-	-
<b>Net cash provided (used) by non-capital financing activities</b>	<b>(29,069)</b>	<b>(29,069)</b>	<b>136,852</b>
<b>Cash flows from capital and related financing activities:</b>			
Purchase of capital assets	(560,081)	(5,151,798)	-
Capital contributions	-	211,743	-
Interest expense and fiscal charges	(210,112)	(417,380)	(51,705)
Repayment of debt principal	(348,742)	(295,000)	(172,452)
Repayment of capital lease obligation	(361,719)	(361,719)	-
<b>Net cash used by capital and related financing activities</b>	<b>(1,480,654)</b>	<b>(6,014,154)</b>	<b>(224,157)</b>
<b>Cash flows from investing activities:</b>			
Interest income	159,693	97,740	-
<b>Net cash provided by investing activities</b>	<b>159,693</b>	<b>97,740</b>	<b>-</b>
Net change in cash and cash equivalents	47,873	(4,808,896)	181
Cash and pooled investments, beginning of year	6,428,339	8,029,357	6,175
<b>Cash and pooled investments, end of year</b>	<b>\$ 6,476,212</b>	<b>\$ 3,220,461</b>	<b>\$ 6,356</b>

<b>Business Type Activities - Enterprise Funds</b>			<b>Governmental Activities -</b>	
<b>Solid Waste Disposal</b>	<b>Non Major Enterprise Funds</b>	<b>Totals</b>	<b>Internal Service Funds</b>	
\$ 2,839,868	\$ 2,080,965	\$ 19,697,586	\$ -	
(2,488,597)	(533,821)	(6,797,750)	(5,802,290)	
-	(888,984)	(5,101,233)	(517,252)	
12,337	8,251	96,127	172,509	
-	(20,888)	(1,560,708)	(97,341)	
-	-	-	7,840,592	
(20,000)	(603,012)	(3,325,927)	(91,551)	
<b>343,608</b>	<b>42,511</b>	<b>3,008,095</b>	<b>1,504,667</b>	
4,500	649,815	673,167	-	
-	36,000	154,000	-	
-	-	(58,138)	-	
-	344,000	344,000	-	
<b>4,500</b>	<b>1,029,815</b>	<b>1,113,029</b>	<b>-</b>	
-	(938,791)	(6,650,670)	(1,522,025)	
-	542,229	753,972	-	
(36,787)	(64,012)	(779,996)	-	
(231,533)	(65,000)	(1,112,727)	-	
-	-	(723,438)	-	
<b>(268,320)</b>	<b>(525,574)</b>	<b>(8,512,859)</b>	<b>(1,522,025)</b>	
-	65,586	323,019	16,817	
<b>-</b>	<b>65,586</b>	<b>323,019</b>	<b>16,817</b>	
79,788	612,338	(4,068,716)	(541)	
253,248	3,077,548	17,794,667	1,947,768	
<b>\$ 333,036</b>	<b>\$ 3,689,886</b>	<b>\$ 13,725,951</b>	<b>\$ 1,947,227</b>	

continued

**CITY OF MIDDLETOWN, OHIO  
 COMBINING STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR YEAR ENDED DECEMBER 31, 2009**

**Business Type Activities - Enterprise Funds**

	<b>Water</b>	<b>Sewer</b>	<b>Golf Course</b>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 275,687	\$ 537,346	\$ (14,535)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	1,163,173	1,573,921	166,886
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable (net)	72,760	40,869	(3,150)
Decrease (increase) in inventory of supplies	(55,434)	(63,132)	(66,350)
Decrease (increase) in due from other funds	-	-	-
Increase (decrease) in accounts payable	(35,533)	(931,177)	489
Increase (decrease) in accrued wages and benefits	(41,533)	(44,510)	(11,397)
Increase (decrease) in other accrued liabilities	(1,935)	(578)	804
Increase (decrease) in due to other funds	(3,403)	4,227	-
Increase (decrease) in compensated absences payable	13,280	19,283	15,091
Increase (decrease) in post employment benefits	491	338	8
Increase (decrease) in due to other governments	156	-	(360)
Increase (decrease) in due to individuals	10,194	-	-
<b>Total adjustments</b>	<b>1,122,216</b>	<b>599,241</b>	<b>102,021</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 1,397,903</b>	<b>\$ 1,136,587</b>	<b>\$ 87,486</b>
<b>Noncash investing, capital and financing activities:</b>			
Purchase of capital assets on account	\$ -	\$ -	\$ -

<b>Business Type Activities - Enterprise Funds</b>			<b>Governmental Activities -</b>	
<b>Solid Waste Disposal</b>	<b>Non Major Enterprise Funds</b>	<b>Totals</b>	<b>Internal Service Funds</b>	
\$ 332,468	\$ (1,142,606)	\$ (11,640)	\$ 957,324	
1,659	436,414	3,342,053	829,848	
14,696	6,211	131,386	2,104	
-	-	(184,916)	(22,531)	
-	-	-	(725,373)	
(5,215)	37,970	(933,466)	493,919	
-	(17,166)	(114,606)	(1,388)	
-	(1,091)	(2,800)	(1,425)	
-	721,030	721,854	-	
-	4,418	52,072	(27,811)	
-	94	931	-	
-	-	(204)	-	
-	(2,763)	7,431	-	
<b>11,140</b>	<b>1,185,117</b>	<b>3,019,735</b>	<b>\$ 547,343</b>	
<b>\$ 343,608</b>	<b>\$ 42,511</b>	<b>\$ 3,008,095</b>	<b>\$ 1,504,667</b>	
\$ -	\$ 392,500	\$ 392,500	\$ -	

**CITY OF MIDDLETOWN, OHIO  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
DECEMBER 31, 2009**

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	<b>Total Agency Funds</b>
<b>Assets:</b>	
Cash and equity in pooled cash, deposits and investments	\$ 153,019
Cash with fiscal and escrow agent	26,058
Property taxes receivable	74,047
<b>Total assets</b>	<b><u>\$ 253,124</u></b>
<b>Liabilities:</b>	
Due to other governments	\$ 145,272
Due to individuals	36,420
Unapportioned monies	71,432
<b>Total liabilities</b>	<b><u>\$ 253,124</u></b>

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

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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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), Planning and Development, Public Works (maintenance and construction of public improvements, water and sewer service, recreation), 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 City follows Financial Accounting Standards Board (FASB) guidance for accounting and financial reporting issued on or before November 30, 1989 in its government-wide and proprietary fund financial statements to the extent that that guidance does not conflict with or contradict GASB guidance. The City has elected not to follow subsequent FASB guidance. 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 18 to the basic financial statements.

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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

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

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

The caption "Capital assets, net of related debt" 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 assets are reported as restricted when constraints placed upon their 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 assets restricted for other purposes result from special revenue funds and the restriction on their net asset 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.

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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***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 proprietary funds. The effect of inter-fund activity has been eliminated from the government-wide financial statements.

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

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

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

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

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

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

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

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

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

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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

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

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

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

**C. BASIS OF ACCOUNTING**

*Governmental funds.* The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using current financial resources measurement focus. With this measurement focus, only current assets and current liabilities 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.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest earnings, state-levied locally shared taxes (including gasoline tax), fines and forfeitures, grants, and municipal income tax.

The City reports deferred revenues on its governmental funds' balance sheet. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria recognition in the current period. Deferred revenues also arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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Current and delinquent property taxes measurable as of December 31, 2009, whose availability is indeterminable and which are not intended to finance current period obligations, have been recorded as a receivable and deferred revenue. Levied special assessments are measurable, and have been recorded as a receivable. Since all assessments are due outside the available period, the entire amount has been deferred.

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 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.

***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, purchases of the City's notes and special assessment bonds, U. S. Treasury and agency securities, and money market funds containing only U. S. Treasury and agency securities. Investments in bonds, U.S. Treasury and agency 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.

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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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, 2009.

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. Recorded inventories in the Governmental Fund types are offset equally by fund balance reserves, which indicate that they do not constitute "available spendable resources."

**H. CAPITAL ASSETS**

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

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

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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

**I. CAPITALIZATION OF INTEREST**

The City's policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the construction project and the interest earned from the temporary investment of the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2009, interest costs incurred on construction projects were not material.

**J. RESERVATIONS AND DESIGNATIONS OF FUND EQUITY**

Reserves and designations indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved or designated for inventory of supplies and materials, encumbrances, and loans.

**K. INTERFUND TRANSACTIONS**

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

During the year, the City records local income tax receipts and the subsequent distribution of these receipts to the appropriate City funds in the City Income Tax Fund. The income tax distributions are made by the Income Tax Fund based upon the City's appropriation resolutions and are recorded as transfers. On the year-end financial statements, all transfers of income tax revenues are classified as municipal income revenue of the appropriate funds and, therefore, do not appear in this report as transfers. Funds receiving municipal income tax revenue are the General Fund, the Auto & Gas Tax Fund, the Termination Pay 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, Computer Replacement, Public Safety, and the Parking Fund.

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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The Internal Service Fund records charges for services to all City funds, departments and other governmental units as operating revenue. Both Governmental and Proprietary Funds record these payments to the Internal Service 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**

Governmental Funds	Transfers In	Transfers Out
General Fund	\$0	\$59,400
Capital Improvement Fund	610,000	200,000
Non Major Governmental Funds	464,648	757,110
Water Fund	0	29,069
Sewer Fund	<u>0</u>	<u>29,069</u>
Total	\$1,074,648	\$1,074,648

The City's non-major governmental funds received \$464,648 in 2009 which included:

- a \$200,000 transfer for debt service from the Capital Improvements Fund,
- a transfer of \$147,110 from the Mandatory Drug Fine Fund to the Law Enforcement Trust Fund to properly record previous year receipts, and
- with the remaining \$117,538 coming from the General Fund, Water Fund, and Sewer Fund for computer replacement depreciation charges.

A transfer of \$610,000 was transferred from the East End Fund to the Capital Improvements Fund for the Dixie Highway bridge replacement capital project.

**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.

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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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 four firefighters), earn sick leave at the rate of ten hours per calendar month of service. Four 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-fire 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 1,564 hours.

At December 31, 2009, the total liability of the City for compensated absences was \$5,391,691.

**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

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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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 2009.

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 2009 increased the original 2009 Appropriation Resolution by \$7,998,127 for all budgeted funds. The majority of these supplemental appropriations are due to three major factors: the addition of the American Recovery and Reinvestment Act Grant Fund for community development projects in the amount of \$3,181,809; an additional \$2,100,000 was appropriated for a note renewal in the Downtown Improvements Fund; an additional \$870,661 grant from the Federal Transit Authority was awarded to the Transit Fund for non-routine expenses and capital projects.

Budgeted Level of Expenditures

Appropriations are made by fund and department. The legal level of control is the department within each fund. City Council may alter amounts allocated to various funds during the year as the need arises by adopting modification to the appropriation measure. Management may make appropriation transfers within individual departments. Amounts shown in the budgetary financial statements represent the final amounts appropriated for 2009, 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 statements for funds that had outstanding encumbrances at December 31, 2008, reflect an "Appropriation for prior year encumbrances."

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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**NOTE 3 - CASH AND EQUITY IN POOLED CASH, DEPOSITS AND INVESTMENTS,  
CASH WITH FISCAL AGENTS AND RESTRICTED CASH AND INVESTMENTS**

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, 2009, are comprised of the following:

<b>Deposits</b>	
Petty Cash	\$ 6,175
Demand deposit accounts	<u>\$3,006,389</u>
Subtotal deposits	\$3,012,564
<b>Investments</b>	
Money Market Funds	3,059,353
U.S. Gov't and Securities	30,653,805
STAR Ohio	<u>2,428,128</u>
Subtotal investments	<u>\$36,141,286</u>
<b>Total</b>	<b><u>\$39,153,850</u></b>

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

Deposits

*Custodial Credit Risk*

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

At year-end, 100% of the City's bank balance of \$4,272,032 was covered by Federal Deposit Insurance Corporation (FDIC).

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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Investments

The City's investments at December 31, 2009 are summarized as follows:

	<u>Fair Value</u>	<u>Average Maturity Years</u>
US Treasury Bills	10,015,187	0.31
US Treasury Notes	20,638,618	1.28
Star Ohio	2,428,128	n/a
US Money Market Funds	<u>3,059,353</u>	n/a
	\$ <u><u>36,141,286</u></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.

**CITY OF MIDDLETOWN  
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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 5705.36, the City's actual resources were less than estimated resources and appropriations were not adequately reduced resulting in deficit budgetary fund balances in the following funds:

<u>Fund</u>	<u>\$ Amount</u>
Neighborhood Stabilization Program Fund	\$103,294
Transit Fund	\$693,614

The Neighborhood Stabilization Program Fund and Transit Fund variances are due to outstanding encumbrances at year end and will be corrected with ARRA reimbursement grants.

At December 31, 2009, the following funds had fund balance/net assets deficits:

**Governmental Funds**

- Neighborhood Revitalization Fund  
The \$101,587 deficit will be eliminated in 2009 with receipt of expected ARRA grant revenues.
- ARRA Grant Fund  
The \$65,735 deficit will be eliminated in 2009 with receipt of expected ARRA grant revenues.
- East End/Towne Mall Tax Increment Financing District Fund  
The \$142,386 temporary deficit balance is a result of recognizing the payables and receivables under the modified accrual basis of accounting.
- Downtown Tax Increment Financing District Fund  
The temporary fund deficit of \$13,744 is a result of timing and recognizing the payables and receivables under the modified accrual basis of accounting.
- Aeronca Tax Increment Financing District Fund  
The \$2,319 deficit balance is a result of recognizing the payables and receivables under the modified accrual basis of accounting.
- Towne Mall/Hospital Tax Increment Financing District Fund  
The temporary fund deficit of \$283,141 is a result of the timing and recognizing the payables and receivables under the modified accrual basis of accounting.
- Renaissance South Tax Increment Financing District Fund  
The temporary fund deficit of \$8,139 is also a result of the timing and recognizing the payables and receivables under the modified accrual basis of accounting.
- 2009 Sidewalk, Curb and Gutter Fund  
The \$55,613 deficit in this fund will be corrected when special assessment bonds are issued in 2010.

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
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**Enterprise Funds**

- *Solid Waste Fund*  
The \$127,143 deficit in this fund is the result of a 1994 bond issue to finance the closure of the City landfill. This deficit will be corrected when the bonds are fully retired.

**NOTE 5 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility, and tangible personal property used in business and 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 2009 taxes were collected was \$884,684,000. The full tax rate for all City operations for the fiscal year ended December 31, 2009, was \$5.90 per \$1,000 of assessed valuation.

Tangible personal property taxes in one calendar year, other than public utility, are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business, other than public utilities, is assessed for ad valorem taxation purposes at 25% of its true value. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30 with the remainder payable by October 9. Multi-county corporations may pay the entire tax due in one payment by October 9.

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. Certain public utility tangible personal property is currently assessed at 88% of its true value. Public utility property taxes are payable annually or semi-annually with the same dates as described under real property previously.

The tangible personal property tax is being phased out over a four-year period starting with tax year 2006 and ending in 2009. This phase-out applies to most businesses. New manufacturing machinery and equipment first reported in 2006 and subsequent year returns is not subject to the personal property taxes.

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 tangible personal property taxes, public utility taxes, and outstanding delinquencies that are measurable as of December 31, 2009. 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 2009 operations. The receivable is therefore offset by a credit to deferred revenue.

**CITY OF MIDDLETOWN  
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**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. The Public Safety income tax levy became effective January 1, 2008 and is effective for a period of five years. Employers within the City are required to withhold income tax on employee compensation and remit it to the City at least quarterly. Corporations and certain individual taxpayers are required to pay quarterly estimates with the largest corporations remitting monthly.

**NOTE 7 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2009 was as follows:

<b>GOVERNMENTAL ACTIVITIES</b>				
<i>Capital Asset</i>	<i>Beginning Balance</i>	<i>Increase</i>	<i>Decrease</i>	<i>Ending Balance</i>
Land	\$12,262,955	\$ 737,087	\$(317,417)	\$12,682,625
Land improvements	749,923	0	0	749,923
Buildings	24,101,195	176,401	0	24,277,596
Equipment	19,410,724	1,769,602	(977,364)	20,202,962
General infrastructure	<u>157,714,981</u>	<u>11,924,283</u>	<u>0</u>	<u>169,639,264</u>
<b>Total at Historical Cost</b>	<b>214,239,778</b>	<b>14,607,373</b>	<b>(1,294,781)</b>	<b>227,552,370</b>
Less accumulated depreciation:				
Land improvements	320,330	29,750	(83,868)	266,212
Buildings	13,505,386	586,720	0	14,092,106
Equipment	12,691,420	1,267,102	(898,410)	13,060,112
General infrastructure	<u>103,419,842</u>	<u>6,219,006</u>	<u>0</u>	<u>109,638,848</u>
<b>Total depreciation</b>	<b>129,936,978</b>	<b>8,102,578</b>	<b>(982,278)</b>	<b>137,057,278</b>
Capital Assets, Net	<b>\$ 84,302,800</b>	<b>\$6,504,795</b>	<b>\$(312,503)</b>	<b>\$ 90,495,092</b>

Depreciation was charged to governmental functions as follows:

Community environment	\$ 2,088
General government	1,231,491
Leisure	184,145
Public health and welfare	38,873
Public safety	469,025
Streets and highways	<u>6,176,956</u>
Total	<b>\$8,102,578</b>

**CITY OF MIDDLETOWN  
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<b><i>BUSINESS-TYPE ACTIVITIES</i></b>				
<i>Capital Asset</i>	<i>Beginning Balance</i>	<i>Increase</i>	<i>Decrease</i>	<i>Ending Balance</i>
Capital assets, not being depreciated:				
Land	\$ 6,840,571	\$ -	\$ -	\$ 6,840,571
Construction in progress	997,202	-	(997,202)	-
<b>Total capital assets, not being depreciated</b>	<b>7,837,773</b>	<b>-</b>	<b>(997,202)</b>	<b>6,840,571</b>
Capital assets, being depreciated:				
Land improvements	2,806,061	-	-	2,806,061
Buildings	30,944,420	313,791	-	31,258,211
Equipment	18,417,082	550,692	-	18,967,774
Infrastructure	64,218,711	7,175,889	-	71,394,600
<b>Total capital asset, being depreciated</b>	<b>116,386,274</b>	<b>8,040,372</b>	<b>-</b>	<b>124,426,646</b>
<b>Totals at Historical Cost</b>	<b>124,224,047</b>	<b>8,040,372</b>	<b>(997,202)</b>	<b>131,267,217</b>
Less accumulated depreciation:				
Land improvements	1,727,607	156,570	-	1,884,177
Buildings	13,122,473	848,736	-	13,971,209
Equipment	10,937,690	1,099,317	-	12,037,007
General infrastructure	32,849,054	1,237,430	-	34,086,484
Total depreciation	58,636,824	3,342,053	-	61,978,877
<b>Total capital assets, being depreciated, net</b>	<b>57,749,450</b>	<b>4,698,319</b>	<b>-</b>	<b>62,447,769</b>
<b>Capital Assets, Net</b>	<b>\$ 65,587,223</b>	<b>\$ 4,698,319</b>	<b>\$ (997,202)</b>	<b>\$ 69,288,340</b>

Depreciation was charged to business-type activities as follows:

Water	\$ 1,163,173
Sewer	1,573,921
Golf	166,886
Solid Waste	1,659
Non major funds	436,414
Total	\$3,342,053

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8 - PENSION PLANS**

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

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

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

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

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

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

The Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for employees other than law enforcement is 10%. For 2009, member and employer contributions were consistent across all three plans. Separate divisions for law enforcement and public safety exist only with the traditional pension plan. The 2009 employer contribution rate for local government employer units was 14% of covered payroll. The City of Middletown's contribution to OPERS for the years ending December 31, 2007, 2008, and 2009 were \$1,669,700, \$1,669,530, and \$1,875,342 respectively, equal to the required contributions billed to the City by OPERS.

**CITY OF MIDDLETOWN  
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**B. The Ohio Police and Fire Pension Fund**

The City of Middletown contributes to the Ohio Police and Fire Pension Fund, a cost sharing, multiple-employer, defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to Plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. Middletown's contributions for the years ending December 31, 2007, 2008, and 2009 were \$2,266,374, \$2,344,317, and \$2,298,244 respectively, equal to the required contribution for each year.

Further post employment benefits are located in Note 15.

**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, 2009, 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 \$821,921.

Year	Beginning of Fiscal Year Liability	Current Year Claims & Changes In Estimate	Claims Payments	Balance At Fiscal Year End
2008	\$523,646	\$4,138,034	\$4,296,449	\$365,231
2009	\$365,231	\$4,873,150	\$4,416,460	\$821,921

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 10 - LONG-TERM OBLIGATIONS**

Long-term obligation of the City as of December 31, 2009 are as follows:

**A. GOVERNMENTAL ACTIVITIES**

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due Within One Year
1990 Street Improvements	24,000	0	12,000	12,000	12,000
1991 Street Improvements	65,000	0	20,000	45,000	20,000
1992 Street Improvements	8,000	0	2,000	6,000	2,000
1993 Street Improvements	35,000	0	7,000	28,000	7,000
1994 Street Improvements	30,000	0	5,000	25,000	5,000
1995-1 Street Improvements	75,000	0	10,000	65,000	10,000
1995-2 Street Improvements	50,000	0	5,000	45,000	7,000
1996 Street Improvements	105,000	0	10,000	95,000	10,000
1996 Sewer Imp.-Dick's Creek	81,702	0	9,078	72,624	9,078
1996 Sewer Imp.-Cin/Dayton Rd.	8,298	0	922	7,376	922
1997 Sophie Street Improvements	130,000	0	10,000	120,000	10,000
1997 Dix Road Improvements	110,000	0	10,000	100,000	10,000
1998 Lewis Street Improvements	50,000	0	5,000	45,000	5,000
1999 Marshall Road Improvements	300,000	0	20,000	280,000	20,000
2000 Burbank Street Improvements	140,000	0	10,000	130,000	10,000
2001 Illinois/Longfellow Improve.	160,080	0	8,140	151,940	8,139
2001 Dick's Creek	83,013	0	4,221	78,792	4,221
2001 Oxford State Rd Water Line	51,907	0	2,639	49,268	2,639
2001 Oxford State Rd Intersection	44,000	0	3,000	41,000	3,000
2001 Sidewalk, Curb and Gutter	45,000	0	0	45,000	45,000
2003 Sidewalk, Curb and Gutter	30,000	0	30,000	0	0
2004 Roosevelt Ave. Improvements	505,000	0	20,000	485,000	20,000
2006 Towne Blvd. Improvements	510,000	0	10,000	500,000	10,000
2007 Breiel/Fiesta Sidewalk, Curb	33,100	0	10,400	22,700	11,000
2007 Cincinnati Dayton Rd Sewer	144,000	0	5,000	139,000	6,000
2007 Fiesta Storm Sewer	4,943	0	500	4,443	500
<b>Total Special Assessment Bonds</b>	<b>\$2,823,043</b>	<b>\$0</b>	<b>\$229,900</b>	<b>\$2,593,143</b>	<b>\$248,499</b>

**CITY OF MIDDLETOWN  
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	Principal Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Principal Due Within One Year	Interest Paid in 2009
<i>General Obligation Bonds:</i>						
2008 Transportation	1,380,835	0	266,732	1,114,103	270,361	37,361
2008 Recreation	234,769	0	45,350	189,419	45,967	6,352
2008 Street Improvements	1,103,054	0	127,548	975,506	129,910	31,893
1999 Downtown Improvements	485,000	0	485,000	0	0	228,337
2008 Downtown Improvements	7,004,692	0	92,644	6,912,048	604,200	29,002
2003 Court of Appeals	3,235,000	0	170,000	3,065,000	175,000	119,313
2005 MRH Land	4,530,000	0	230,000	4,300,000	240,000	182,769
2006 Towne Blvd/SR 122/I-75	720,000	0	30,000	690,000	30,000	28,968
2006 Towne Blvd. Extension	2,560,000	0	145,000	2,415,000	145,000	100,861
SR 122/I-75 Interchange		6,530,000	0	6,530,000	235,000	169,401
2008 Premium	156,216	0	16,912	139,304	0	0
2009 Premium	0	11,029	460	10,569	0	0
<b>Total General Obligation Bonds</b>	<b>\$21,409,566</b>	<b>\$6,541,029</b>	<b>\$1,609,646</b>	<b>\$26,340,949</b>	<b>\$1,875,438</b>	<b>\$934,257</b>
Compensated Absences	4,527,598	622,651	219,746	4,930,503	1,627,066	0
Police & Fire Pension						
Unfunded Accrued Liability	2,456,824	0	97,741	2,359,083	97,741	0
OPEB Death Benefit Obligation	637,595	100,050	95,713	641,932	96,364	0
<b>Total Governmental Activities</b>	<b>\$31,854,626</b>	<b>\$7,263,730</b>	<b>\$2,252,746</b>	<b>\$36,865,610</b>	<b>\$3,945,108</b>	<b>\$934,257</b>

In prior years, assets of the City's General, Health, and Auto and Gas Tax Funds have been used to liquidate the City's liability for compensated absences.

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

	Principal Balance, Beginning of Year	Additions	Reductions	Principal Balance, End of Year	Principal Due Within One Year	Interest Paid in 2009
<i>General Obligation Bonds:</i>						
2008 Landfill "A"	1,095,079	0	211,533	883,546	214,411	29,629
1994 Landfill "B"	115,000	0	20,000	95,000	20,000	7,158
2008 Water	1,094,317	0	211,386	882,931	214,262	29,608
2008 Golf Course	1,231,946	0	142,452	1,089,494	145,090	35,620
2008 Water	1,805,308	0	137,356	1,667,952	145,800	62,099
2003 Golf	355,000	0	30,000	325,000	30,000	16,085
2008 Airport	1,635,000	0	65,000	1,570,000	65,000	64,013
2008 Sewer	7,635,000	0	295,000	7,340,000	300,000	298,975
Premium	275,029	0	20,685	254,344	0	0
<b>Total General Obligation Bonds Payable by Business Type Activities</b>	<b>\$15,241,679</b>	<b>\$0</b>	<b>\$1,133,412</b>	<b>\$14,108,267</b>	<b>\$1,134,563</b>	<b>\$543,187</b>
Lease Obligation	6,764,426	0	723,438	6,040,988	750,514	236,810
Compensated Absences OPEB Death Benefit Obligation	409,116	85,002	32,930	461,188	156,373	0
<b>Total Business Type Activities</b>	<b>\$22,552,104</b>	<b>\$106,483</b>	<b>\$1,910,330</b>	<b>\$20,748,257</b>	<b>\$2,062,140</b>	<b>\$779,997</b>

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

LEASE OBLIGATION

The City entered into a \$8,023,623 eleven-year lease obligation in February 2006. The lease proceeds were used to replace almost all of the 18,000 commercial and residential water meters in Middletown. The monthly lease payments due are split evenly between the City's Water and Sewer Funds. The Lease agreement requires the City to pay interest only for the first twelve months of the lease period with principal payments beginning in March 2007. The interest rate on this lease is 3.68%.

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The City's legal debt margin was approximately \$73,923,000 at December 31, 2009. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2009 are as follows:

<b>Police and Fire Pension Debt Schedule – 12/31/09</b>			
	<u>Police</u>	<u>Fire</u>	<u>Total</u>
2010	52,217	45,524	97,741
2011	52,217	45,524	97,741
2012	52,217	45,524	97,741
2013	52,217	45,524	97,741
2014	52,217	45,524	97,741
2015-2019	261,085	227,620	488,705
2020-2024	261,085	227,620	488,705
2025-2029	261,085	227,620	488,705
2030-2034	216,017	188,246	404,263
<b>Total</b>	<b>\$1,260,357</b>	<b>\$1,098,726</b>	<b>\$2,359,083</b>

<b>General Obligation and Assessment Bonds Schedule – 12/31/09</b>						
	<i>General Obligation Bonds</i>			<i>Assessment Bonds</i>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$1,875,438	\$959,136	\$2,834,574	\$248,499	\$137,991	\$386,490
2011	1,930,280	908,863	2,839,143	217,301	123,688	340,988
2012	1,972,246	855,803	2,828,049	190,600	112,515	303,115
2013	2,027,843	794,656	2,822,499	189,700	102,155	291,855
2014	1,753,424	731,398	2,484,822	188,643	91,835	280,478
2015-2019	9,251,845	2,682,941	11,934,786	840,400	304,150	1,144,550
2020-2024	5,190,000	1,081,983	6,271,983	596,000	119,459	715,459
2025-2029	2,190,000	303,114	2,493,114	122,000	5,868	127,868
<b>Total</b>	<b>\$26,191,076</b>	<b>\$8,317,894</b>	<b>\$34,508,970</b>	<b>\$2,593,143</b>	<b>\$997,661</b>	<b>\$3,590,804</b>

<b>BUSINESS TYPE FUNDS – General Obligation Bonds Schedule 12/31/09</b>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$1,134,563	\$510,125	\$1,644,688
2011	1,164,720	480,571	1,645,291
2012	1,197,753	449,975	1,647,728
2013	1,217,157	412,740	1,629,897
2014	761,576	374,906	1,136,482
2015-2019	3,633,154	1,492,716	5,125,870
2020-2024	2,765,000	825,563	3,590,563
2025-2027	1,980,000	170,851	2,150,851
<b>Total</b>	<b>\$13,853,923</b>	<b>\$4,717,447</b>	<b>\$18,571,370</b>

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<b>BUSINESS TYPE FUNDS – Lease Obligation Schedule 12/31/09</b>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	750,514	209,734	960,248
2011	778,603	181,644	960,247
2012	807,744	152,503	960,247
2013	837,975	122,272	960,247
2014	869,339	90,908	960,247
2015-2017	1,996,813	83,722	2,080,535
<b>Total</b>	<b>\$6,040,988</b>	<b>\$840,783</b>	<b>\$6,881,771</b>

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

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 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.

**NOTE 11 – DEFEASED DEBT**

In 2008 the City defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been 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, 2009, the amount of defeased debt outstanding amounted to \$13,360,000.

**NOTE 12 - SHORT-TERM OBLIGATIONS**

There was one short-term obligation in 2009. A renewal of a \$2,056,916 general obligation note for land purchase bearing interest equal to the sum of the LIBOR rate for a Three-Month LIBOR Period multiplied by 0.76 plus 2.0% per year was issued in January 2009. This note matures on January 14, 2010.

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

**NOTE 13 - INTERFUND RECEIVABLES AND PAYABLES**

The City's interfund receivables and payables at the end of 2009 were comprised of operating advances from the General Fund to other operating funds (\$1,049,000); operating advances from the Housing Assistance Fund (\$50,000) to the Home Fund; operating advances from the Capital Improvement Fund to the 2009 Sidewalk, Curb and Gutter Fund (\$56,000); and payments to the Municipal Garage Fund by the City operating funds for December 2009 services (\$913,199).

Inter-fund receivables and payables balances as of December 31, 2009, follow:

<b>Fund</b>	<b>Receivables</b>	<b>Payables</b>
<b>Governmental Funds:</b>		
General fund	\$1,049,000	\$102,165
Housing assistance	50,000	0
Capital improvement	56,000	0
Non major government funds	<u>0</u>	<u>420,399</u>
<b>Total governmental funds</b>	<b>1,155,000</b>	<b>522,564</b>
<b>Business-type Activities:</b>		
Water	0	13,830
Sewer	0	13,120
Golf		738,000
Non major business type activities	<u>0</u>	<u>780,685</u>
<b>Total business-type activities</b>	<b>0</b>	<b>1,545,635</b>
<b>Governmental Activities - Internal Service Funds</b>		
Internal service funds	<u>913,199</u>	<u>0</u>
<b>Total internal service funds</b>	<b>913,199</b>	<b>0</b>
<b>Total all funds</b>	<b>\$2,068,199</b>	<b>\$2,068,199</b>

**NOTE 14 - CONTINGENT LIABILITY**

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

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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**NOTE 15 - POST EMPLOYMENT BENEFITS**

**PUBLIC EMPLOYEES RETIREMENT SYSTEM**

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

A. Plan Description

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

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

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

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

B. Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, state and local employers contributed at a rate of 14.00% of covered payroll, and public safety and law enforcement employers contributed at 17.63%. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care was 7.0% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

**C. City Contributions**

The City's actual contributions that were used to fund post employment benefits were \$659,149, \$697,119 and \$653,673 for 2009, 2008 and 2007, respectively, which is 100% of the current required contributions for each year.

**D. OPERS Retirement Board Implements its Health Care Preservation Plan**

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**OHIO POLICE AND FIRE PENSION FUND**

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

**A. Plan Description**

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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**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. For the year ended December 31, 2009, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The 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 actual contributions that were used to pay postemployment benefits were \$711,628, \$697,119 and \$653,673 for 2009, 2008 and 2007, respectively, which is 100% of the required contributions for each year.

*Life Insurance Benefit*

**Other Postemployment Benefit Obligations**

The City has adopted GASB 45. GASB 45 attempts to recognize the cost of the other postemployment benefits during the period when services of the employees are received by the employer. It also provides information about the actuarial accrued liabilities for promised benefits associated with past services and whether and to what extent those benefits have been funded.

The City currently offers insurance (death benefits) coverage for their retirees. These benefits are in addition to the normal PERS and OP&F OPEB benefits currently being received by employees and retirees. These benefits have been determined by the City to represent an OPEB obligation as described by GASB 45. Plan provisions and benefits are described as follows:

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
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<i>Type of retirement:</i>	<i>Benefits:</i>
Regular retirements	\$5,000 insurance coverage for the rest of the life of the retiree
Disability retirements	\$5,000 insurance coverage to age 75, then \$2,000 insurance coverage for the rest of the life of the retiree
Retirees with waived coverage	Insurance coverage in the amount currently waived continues for the rest of the life of the retiree

As required by GASB 45, key actuarial valuation results and contribution requirements are described below:

A. Participant Data

	1/1/2008	12/31/2008	12/31/2009
Number of active participants	None	None	None
Number of retired participants	369	357	360

B. Basic Valuation Results

<u>Actuarial Liability</u>	<u>Number</u>	<u>01/01/2008</u>	<u>Number</u>	<u>12/31/2008</u>	<u>Number</u>	<u>12/31/2009</u>
Regular Retirements	273	\$625,399	273	\$645,602	277	\$652,441
Disability Retirements	73	\$75,871	73	\$77,374	72	\$76,009
Waived Retirements	<u>11</u>	<u>\$49,265</u>	<u>11</u>	<u>\$51,502</u>	<u>11</u>	<u>\$51,296</u>
Subtotal	357	\$750,535	357	\$774,478	360	\$779,746
Those who died in 2008	<u>12</u>	<u>\$38,711</u>				
Total	369	\$789,246				

Valuation Asset	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Unfunded Actuarial Liability	\$789,246	\$774,478	\$779,746

C. Annual Required Contribution	For 2008	For 2009
Normal Cost	\$0	\$0
18 year amortization payment of unfunded actuarial liability	\$68,766	\$68,491
Annual required contribution	\$68,766	\$68,491
Premiums paid	\$21,269	\$29,912

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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D. Actuarial methods and assumptions are as follows:

***VALUATION ASSUMPTIONS***

Mortality table	1983 Group Annuity Mortality Table (separate tables for males and females)
Withdrawal (termination) rates	None assumed. All currently retired.
Discount rates (interest rate)	6.% compounded annually
Valuation assets	At this time, it is anticipated that life insurance company premiums will be paid when they become due for the retirees. No assets have been set aside by the City for any pre-funding.
Expense and/or contingency loading	None

***ACTUARIAL METHODS***

Actuarial cost method	Single premium fully paid up life insurance method – under this method, the present value of projected benefits are determined as though a single premium fully paid up life insurance policy was being purchased for each retiree. The accrued liability is the total of all these “single premiums.”
Valuation assets	At this time, it is anticipated that life insurance company premiums will be paid when they become due for the retirees. No assets have been set aside by the City for any pre-funding.

The annual required contribution for 2009 was \$68,491. The City contributed premiums of \$29,912 leaving a current balance outstanding of \$38,579.

At December 31, 2009, the total actuarially calculated obligation for the plan is \$779,746. The current portion of this obligation is \$117,054 which represents the unpaid portion from 2009 of \$38,579 in addition to the unpaid annual required contributions due prior to 2009.

As required by GASB 45, additional schedules, including a schedule of funding progress have been included and are presented as part of the required supplementary information for this report.

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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**NOTE 16 - RISK MANAGEMENT**

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

The Government 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. PEP is a member of the American Public Entity Excess Pool (APEEP). 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 Coverage**

For occurrences on or after January 1, 2006, the Pool retains casualty risk up to \$350,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contribution to APEEP. APEEP reinsures claims exceeding \$350,000, and provides up to \$2,650,000 per claim and \$10,000,000 in aggregate per year.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to an aggregate of \$10,000,000. Governments can elect additional coverage, from \$3,000,000 to \$13,000,000 General Reinsurance Corporation.

**Property Coverage**

Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for a specific loss exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. For 2009, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provide aggregate stop-loss coverage based upon the combined PEP members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective PEP member. Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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**Financial Position**

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008:

<u>Casualty &amp; Property Coverage</u>	<u>2009</u>	<u>2008</u>
Assets	\$36,374,898	\$35,769,535
Liabilities	<u>(15,256,862)</u>	<u>(15,310,206)</u>
Retained earnings	<u>\$21,118,036</u>	<u>\$20,459,329</u>

The Casualty Coverage assets and retained earnings above also include approximately \$13.7 million and \$12.9 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The City's share of these unpaid claims collectible in future years is approximately \$1,075,000. This payable includes the subsequent year's contribution due if the Government terminates participation, as described in the paragraph below.

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

Contributions to PEP	
2006	\$460,084
2007	\$454,763
2008	\$482,205
2009	\$537,813

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 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 budgetary 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.

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

**NOTE 17 - SIGNIFICANT CONTRACTUAL OBLIGATIONS**

As of December 31, 2009, the City of Middletown has entered into the following contracts to be paid from the City's Capital Project and Enterprise Funds:

Vendor	Purpose	Amount Remaining
Barrett Paving Materials	resurfacing projects	\$401,876
Biotech Argonomics	lime sludge removal	\$350,000
Cummins Bridgeway, LLC	replace six transit bus engines	\$314,000
Statewide Ford Lincoln Mercury	purchase 8 police curisers	\$186,000
Design-Build Solutions, Inc.	roof replacement	\$156,461
Whitworth Bus Sales, Inc.	purchase 2 paratransit vehicles	\$155,958
SRW Environmental Services Inc	environmental services	\$150,000
O'Rourke Wrecking	demolition services	\$115,000
Carmeuse Lime & Stone Corp	purchase of chemicals	\$113,626
Efrosene Revelos	purchase of property	\$100,000
Cargill Inc	purchase of road salt	\$77,937
Woolpert Inc	engineering services	<u>\$75,940</u>
	Total	<u>\$ 2,196,798</u>

**NOTE 18 - 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 19 – 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%.

**CITY OF MIDDLETOWN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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**NOTE 20 – 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 2009 Bond series which totals \$111,000,000. Atrium Medical Center will repay this debt; the City of Middletown is not obligated for this debt.

City of Middletown conduit debt issues outstanding at December 31, 2009 include:

- \$12,250,000 demand revenue bonds issued on behalf of Fenwick High School in 2003,
- \$196,000,000 hospital facilities revenue bonds issued on behalf of Atrium Medical Center.

**NOTE 21- 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.

**CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
GENERAL FUND  
FOR YEAR ENDED DECEMBER 31, 2009**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property taxes	\$ 3,538,015	\$ 3,538,015	\$ 3,373,201	\$ (164,814)
Municipal income taxes	15,051,241	14,549,970	13,524,161	(1,025,809)
Intergovernmental revenue	3,929,770	3,929,770	4,058,866	129,096
Charges for services	3,661,145	3,661,145	4,062,728	401,583
Fees, licenses, and permits	363,035	363,035	187,774	(175,261)
Fines and forfeits	108,875	108,875	61,212	(47,663)
Interest earnings	423,812	423,812	347,314	(76,498)
Miscellaneous	890,300	934,447	1,043,700	109,253
<b>Total revenues</b>	<b>27,966,193</b>	<b>27,509,069</b>	<b>26,658,956</b>	<b>(850,113)</b>
Expenditures:				
Current				
Public Safety				
Fire administration	313,120	313,120	296,447	16,673
Fire operations	7,162,686	7,162,686	7,196,597	(33,911)
Fire prevention/training	352,406	404,406	380,052	24,354
Police administration	298,448	298,448	293,857	4,591
Criminal investigation	1,426,637	1,426,637	1,391,608	35,029
Uniform patrol	5,719,664	5,719,664	5,689,731	29,933
Police services	406,063	406,063	393,170	12,893
Police and fire dispatch	1,179,348	1,179,348	1,048,722	130,626
Humane officer	83,704	83,704	100,839	(17,135)
Jail management	1,157,698	1,157,698	1,111,713	45,985
School crossing guards	37,245	37,245	17,125	20,120
Neighborhood improvement	279,635	302,135	244,553	57,582
Building inspection and services	451,562	451,562	394,661	56,901
Building maintenance	762,780	762,780	757,477	5,303
<b>Total public safety</b>	<b>19,630,996</b>	<b>19,705,496</b>	<b>19,316,552</b>	<b>388,944</b>
Leisure Activities				
Community revitalization administra	178,441	178,441	173,606	4,835
Community center	180,355	180,355	176,752	3,603
Recreation	167,354	176,517	149,870	26,647
Parks maintenance	538,557	538,557	530,028	8,529
<b>Total leisure activities</b>	<b>1,064,707</b>	<b>1,073,870</b>	<b>1,030,256</b>	<b>43,614</b>

continued

**CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
GENERAL FUND  
FOR YEAR ENDED DECEMBER 31, 2009**

	Original Budget	Final Budget	Actual	Variance From Final Budget
<b>Community Environment</b>				
Planning administration	182,036	182,036	178,749	3,287
Community development	440,620	440,620	368,363	72,257
Street lighting	578,976	638,976	648,174	(9,198)
<b>Total community environment</b>	<b>1,201,632</b>	<b>1,261,632</b>	<b>1,195,286</b>	<b>66,346</b>
<b>General Government</b>				
City council	192,839	192,839	189,224	3,615
City manager	259,740	259,740	240,207	19,533
Finance administration	193,855	193,855	194,729	(874)
Treasurer	243,043	243,043	230,509	12,534
Taxation	521,937	576,937	584,901	(7,964)
Information systems	627,098	627,098	597,216	29,882
Personnel	413,634	413,634	287,578	126,056
Law	581,470	581,470	496,051	85,419
Purchasing	60,439	60,439	56,209	4,230
Planning	289,498	289,498	223,209	66,289
Economic development	241,122	241,122	230,245	10,877
Engineering	794,743	794,743	756,985	37,758
<b>Total general government</b>	<b>4,419,418</b>	<b>4,474,418</b>	<b>4,087,063</b>	<b>387,355</b>
<b>Miscellaneous</b>				
Non-departmental	1,166,522	1,511,742	1,491,701	20,041
<b>Total miscellaneous</b>	<b>1,166,522</b>	<b>1,511,742</b>	<b>1,491,701</b>	<b>20,041</b>
<b>Total expenditures</b>	<b>27,483,275</b>	<b>28,027,158</b>	<b>27,120,858</b>	<b>906,300</b>

continued

**CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
GENERAL FUND  
FOR YEAR ENDED DECEMBER 31, 2009**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Excess of revenues over (under) expenditures	482,918	(518,089)	(461,902)	56,187
Other financing sources (uses)				
Transfers-in	60,000	60,000	44,147	(15,853)
Loans to other funds	-	-	(329,000)	(329,000)
Transfers-out	(198,000)	(198,000)	(59,400)	138,600
Other sources	-	-	41,095	41,095
<b>Total other financing sources (uses)</b>	<b>(138,000)</b>	<b>(138,000)</b>	<b>(303,158)</b>	<b>(165,158)</b>
Net change in fund balance	344,918	(656,089)	(765,060)	(108,971)
Fund balance, beginning of year	9,201,538	9,201,538	9,201,538	-
Appropriation for prior year encumbrances	347,083	347,083	347,083	-
<b>Fund balance, end of the year</b>	<b>\$ 9,893,539</b>	<b>\$ 8,892,532</b>	<b>\$ 8,783,561</b>	<b>\$ (108,971)</b>

See notes to the required supplementary informaton.

**CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
HOUSING ASSISTANCE FUND  
FOR YEAR ENDED DECEMBER 31, 2009**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ 11,752,918	\$ 10,752,918	\$ 11,429,531	\$ 676,613
Interest earnings	20,000	20,000	3,242	(16,758)
Miscellaneous	60,000	60,000	74,291	14,291
<b>Total revenues</b>	<b>11,832,918</b>	<b>10,832,918</b>	<b>11,507,064</b>	<b>674,146</b>
Expenditures:				
Current				
Community Environment	11,759,143	11,759,143	10,742,522	1,016,621
<b>Total expenditures</b>	<b>11,759,143</b>	<b>11,759,143</b>	<b>10,742,522</b>	<b>1,016,621</b>
Excess of revenues over (under) expenditures	73,775	(926,225)	764,542	1,690,767
Other financing sources (uses):				
Other sources	-	-	43,978	43,978
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>43,978</b>	<b>43,978</b>
Net change in fund balance	73,775	(926,225)	808,520	1,734,745
Fund balance, beginning of the year	1,888,227	1,888,227	1,888,227	-
Appropriation for prior year encumbrances	6,225	6,225	6,225	-
<b>Fund balance, end of the year</b>	<b>\$ 1,968,227</b>	<b>\$ 968,227</b>	<b>\$ 2,702,972</b>	<b>\$ 1,734,745</b>

See notes to the required supplementary informaton.

**CITY OF MIDDLETOWN  
REQUIRED SUPPLEMENTARY INFORMATION  
GASB 45 SCHEDULES  
DECEMBER 31, 2009**

**LIFE INSURANCE PLAN FOR RETIREES**

**Schedule of Funding Progress**

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (3)-(2)	Funded Ratio (2)/(3)
1	2	3	4	5
January 1, 2008	\$0	\$789,246	\$789,246	0%
December 31, 2008	\$0	\$774,478	\$774,478	0%
December 31, 2009	\$0	\$779,746	\$779,746	0%

**Schedule of Employer Contributions**

Fiscal Year	Annual Required Contribution	Premiums Paid	Percentage Contributed
1	2	3	4=3/2 x 100%
2008	\$68,766	\$21,269	30.93%
2009	\$68,491	\$29,912	43.67%

**Net Other Postemployment Benefit (OPEB) Balance**

Valuation Date	ARC	Interest on Net OPEB Obligation	ARC Adjustment (UAAL) (3)-(2)	Amort Factor	Contribution	Change in Net OPEB Obligation	Net OPEB Obligation Balance
1	2	3	4	5	6	7	8
December 31, 2008	\$68,766	0	0	0	\$21,269	\$47,497	\$47,497
December 31, 2009	\$68,491	0	0	0	\$29,912	\$38,579	\$38,579

See notes to the required supplementary information.

**CITY OF MIDDLETOWN**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2009**

**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 as a reservation of fund balance (GAAP basis).
- iv) Receipt and payment of year-end interfund loans are treated as other sources or uses (budget basis) rather than an increase or decrease in an asset or liability account (GAAP basis).

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

	<b>General Fund</b>	<b>Housing Assistance</b>
GAAP basis (as reported)	\$(237,109)	\$730,053
Adjustments: revenue and other source accruals	492,771	87,956
Expenditures, encumbrances and other use accruals	(1,020,722)	(9,489)
<b>Budget basis</b>	<b>\$(765,060)</b>	<b>\$808,520</b>

**NOTE 2 - LIFE INSURANCE BENEFITS**

The life insurance (other post employment benefits) liability was determined in connection with actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is as follows:

Valuation Date	January 1, 2008
Actuarial Cost Method	Single Premium Fully Paid Up Life Insurance Method
Amortization Method	18-year amortization payment of unfunded
Remaining Amortization Period	18 years
Asset Valuation Method	Insurance company premium paid when due. No pre-funding.
Actuarial Assumptions:	
Mortality Table	1083 Group Annuity Mortality Table (Separate tables for males and females)
Discount Rate (Interest Rate)	6.0% per annum. Compounded annually

## **SPECIAL REVENUE FUNDS**

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

#### **FEMA GRANT FUND**

To account for federal grant monies received through the Ohio Emergency Management Agency.

#### **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. Fire capital needs are paid for by this fund.

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

To account for the Urban Development Action Grant loans to local businesses.

#### **COURT COMPUTERIZATION FUND**

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

#### **LAW ENFORCEMENT FUND**

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

#### **MANDATORY DRUG FINE FUND**

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

#### **PROBATION SERVICES FUND**

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

#### **TERMINATION PAY FUND**

To account for the expenditures resulting from the retirement or resignation of City employees.

#### **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.

#### **CIVIC DEVELOPMENT FUND**

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

## **SPECIAL REVENUE FUNDS**

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### **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 monies received for the maintenance and upkeep of Sunset Pool.

### **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.

### **AMERICAN RECOVERY & REINVESTMENT ACT FUND**

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

## **DEBT SERVICE FUNDS**

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

### **Non Major Debt Service Funds:**

#### **GENERAL OBLIGATION DEBT SERVICE FUND**

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

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

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

#### **DOWNTOWN TAX INCREMENT FINANCING DISTRICT FUND**

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

#### **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.

## **CAPITAL PROJECT FUNDS**

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

### **Non Major Capital Project Funds:**

#### **EAST END DEVELOPMENT FUND**

To accumulate costs for improvements in the City's recently annexed 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.

#### **2009 SIDEWALK, CURB AND GUTTER FUND**

To accumulate costs for the 2009 sidewalk project. Property owners will be assessed for this project.

**CITY OF MIDDLETOWN, OHIO  
 COMBINING BALANCE SHEET  
 NON MAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2009**

	<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>
<b>Assets:</b>				
Cash and equity in pooled cash, deposits and investments	\$ 5,289,660	\$ 588,999	\$ 4,662,398	\$ 10,541,057
Receivables (net of allowance for uncollectibles):				
Property taxes	440,402	-	-	440,402
Accounts	252,676	-	-	252,676
Loans	2,166,560	-	-	2,166,560
Payment in lieu of taxes	-	778,197	-	778,197
Due from other governments	4,102,037	-	-	4,102,037
Inventory of supplies	387,272	-	-	387,272
<b>Total assets</b>	<b>12,638,607</b>	<b>1,367,196</b>	<b>4,662,398</b>	<b>18,668,201</b>
<b>Liabilities:</b>				
Accounts payable	258,562	583,648	6,657	848,867
Accrued wages and benefits	174,928	-	-	174,928
Other accrued liabilities	48,318	-	-	48,318
Due to other funds	364,399	-	56,000	420,399
Due to other governments	969	-	-	969
Notes payable	-	-	2,056,916	2,056,916
Deferred revenue	4,304,518	778,197	-	5,082,715
<b>Total liabilities</b>	<b>5,151,694</b>	<b>1,361,845</b>	<b>2,119,573</b>	<b>8,633,112</b>
<b>Fund balances:</b>				
Reserved for encumbrances	356,163	-	171,211	527,374
Reserved for inventory	387,272	-	-	387,272
Reserved for loans	2,166,560	-	-	2,166,560
Unreserved and undesignated	4,576,918	5,351	2,371,614	6,953,883
<b>Total fund balances</b>	<b>7,486,913</b>	<b>5,351</b>	<b>2,542,825</b>	<b>10,035,089</b>
<b>Total liabilities and fund balances</b>	<b>\$ 12,638,607</b>	<b>\$ 1,367,196</b>	<b>\$ 4,662,398</b>	<b>\$ 18,668,201</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, 2009**

	Non Major Special Revenue Funds	Non Major Debt Service Funds	Non Major Capital Project Funds	Total Non Major Governmental Funds
Revenues:				
Property taxes	\$ 455,605	\$ -	\$ -	\$ 455,605
Municipal income taxes	3,223,000	1,621,052	8,000	4,852,052
Other taxes	-	831,119	-	831,119
Intergovernmental revenues	5,146,745	-	210,197	5,356,942
Charges for services	164,654	-	-	164,654
Fines and forfeits	1,688,000	-	-	1,688,000
Interest earnings	47,499	-	83,301	130,800
Miscellaneous	569,051	289,590	54,775	913,416
<b>Total revenues</b>	<b>11,294,554</b>	<b>2,741,761</b>	<b>356,273</b>	<b>14,392,588</b>
Expenditures:				
Current				
Public safety	5,019,026	-	-	5,019,026
Public health and welfare	1,084,270	-	-	1,084,270
Leisure time activities	110,985	-	-	110,985
Community environment	1,701,334	-	569,824	2,271,158
Highways and streets	3,056,195	-	55,613	3,111,808
General government	29,787	-	153,271	183,058
Miscellaneous	549,266	1,462,025	-	2,011,291
Debt service				
Principal retirement	-	1,592,274	-	1,592,274
Interest and fiscal charges	-	934,255	54,703	988,958
<b>Total expenditures</b>	<b>11,550,863</b>	<b>3,988,554</b>	<b>833,411</b>	<b>16,372,828</b>
Excess of revenues over (under) expenditures	(256,309)	(1,246,793)	(477,138)	(1,980,240)
Other financing sources (uses):				
Transfers-in	147,110	200,000	117,538	464,648
Transfers-out	(147,110)	-	(610,000)	(757,110)
Proceeds from notes	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>200,000</b>	<b>(492,462)</b>	<b>(292,462)</b>
Net change in fund balances	(256,309)	(1,046,793)	(969,600)	(2,272,702)
Fund balance, beginning of year	7,743,222	1,052,144	3,512,425	12,307,791
<b>Fund balance, end of the year</b>	<b>\$ 7,486,913</b>	<b>\$ 5,351</b>	<b>\$ 2,542,825</b>	<b>\$ 10,035,089</b>

**CITY OF MIDDLETOWN, OHIO  
 COMBINING BALANCE SHEET  
 NON MAJOR SPECIAL REVENUE FUNDS  
 DECEMBER 31, 2009**

	<b>Auto &amp; Gas Tax</b>	<b>Acquisition for Parks</b>	<b>FEMA Grant</b>	<b>Health Fund</b>	<b>Emergency Medical Services</b>	<b>Urban Development Action Grant</b>
<b>Assets:</b>						
Cash and equity in pooled cash, deposits and investments	\$ 1,677,880	\$ 107,492	\$ -	\$ 123,348	\$ 178,965	\$ 301,267
Receivables (net of allowance for uncollectibles):						
Property taxes	-	-	-	-	-	-
Accounts	-	-	-	152	-	-
Loans	-	-	-	-	-	309,549
Due from other governments	1,026,297	-	-	139,904	-	-
Inventory of supplies	387,272	-	-	-	-	-
<b>Total assets</b>	<b>3,091,449</b>	<b>107,492</b>	<b>-</b>	<b>263,404</b>	<b>178,965</b>	<b>610,816</b>
<b>Liabilities:</b>						
Accounts payable	122,467	-	-	44,130	4,200	-
Accrued wages and benefits	35,391	-	-	18,101	-	-
Other accrued liabilities	10,274	-	-	24,111	-	-
Due to other funds	37,706	-	-	766	-	-
Due to other governments	-	-	-	969	-	-
Deferred revenue	857,051	-	-	71,229	-	-
<b>Total liabilities</b>	<b>1,062,889</b>	<b>-</b>	<b>-</b>	<b>159,306</b>	<b>4,200</b>	<b>-</b>
<b>Fund balances:</b>						
Reserved for encumbrances	196,017	-	-	-	30,296	-
Reserved for inventory	387,272	-	-	-	-	-
Reserved for loans	-	-	-	-	-	309,549
Unreserved and undesignated	1,445,271	107,492	-	104,098	144,469	301,267
<b>Total fund balances</b>	<b>2,028,560</b>	<b>107,492</b>	<b>-</b>	<b>104,098</b>	<b>174,765</b>	<b>610,816</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,091,449</b>	<b>\$ 107,492</b>	<b>\$ -</b>	<b>\$ 263,404</b>	<b>\$ 178,965</b>	<b>\$ 610,816</b>

Court Computer- ization	Law Enforcement Trust	Mandatory Drug Fine	Probation Services	Termination Pay	Indigent Driver Alcohol Treatment	Enforce- ment Education	Civic Develop- ment
\$ 24,387	\$ 224,770	\$ 225,189	\$ 235,957	\$ 389,551	\$ 16,386	\$ 18,722	\$ 174,496
-	-	-	-	-	-	-	-
5,457	-	1,535	8,934	-	505	600	44,039
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<b>29,844</b>	<b>224,770</b>	<b>226,724</b>	<b>244,891</b>	<b>389,551</b>	<b>16,891</b>	<b>19,322</b>	<b>218,535</b>
-	-	3,654	-	-	-	-	-
-	-	-	2,054	80,216	-	-	-
-	-	-	664	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	3,654	2,718	80,216	-	-	-
-	-	-	-	-	-	-	14,850
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
29,844	224,770	223,070	242,173	309,335	16,891	19,322	203,685
<b>29,844</b>	<b>224,770</b>	<b>223,070</b>	<b>242,173</b>	<b>309,335</b>	<b>16,891</b>	<b>19,322</b>	<b>218,535</b>
<b>\$ 29,844</b>	<b>\$ 224,770</b>	<b>\$ 226,724</b>	<b>\$ 244,891</b>	<b>\$ 389,551</b>	<b>\$ 16,891</b>	<b>\$ 19,322</b>	<b>\$ 218,535</b>

(continued)

**CITY OF MIDDLETOWN, OHIO  
 COMBINING BALANCE SHEET  
 NON MAJOR SPECIAL REVENUE FUNDS  
 DECEMBER 31, 2009**

	<b>Municipal Court</b>	<b>Police Grant</b>	<b>Court IDIAM</b>	<b>Court Special Projects</b>	<b>Pool Fund</b>	<b>Home Program</b>
<b>Assets:</b>						
Cash and equity in pooled cash, deposits and investments	\$ 296,804	\$ 151,467	\$ 2,571	\$ 306,832	\$ 17,946	\$ 79,350
Receivables (net of allowance for uncollectibles):						
Property taxes	-	-	-	-	-	-
Accounts	179,623	-	550	11,281	-	-
Loans	-	-	-	-	-	-
Due from other governments	-	27,678	-	-	-	298,003
Inventory of supplies	-	-	-	-	-	-
<b>Total assets</b>	<b>476,427</b>	<b>179,145</b>	<b>3,121</b>	<b>318,113</b>	<b>17,946</b>	<b>377,353</b>
<b>Liabilities:</b>						
Accounts payable	14,784	908	-	3,071	-	15,857
Accrued wages and benefits	38,229	161	-	776	-	-
Other accrued liabilities	12,876	393	-	-	-	-
Due to other funds	927	-	-	-	-	50,000
Due to other governments	-	-	-	-	-	-
Deferred revenue	-	27,678	-	-	-	298,003
<b>Total liabilities</b>	<b>66,816</b>	<b>29,140</b>	<b>-</b>	<b>3,847</b>	<b>-</b>	<b>363,860</b>
<b>Fund balances:</b>						
Reserved for encumbrances	-	-	-	-	-	-
Reserved for inventory	-	-	-	-	-	-
Reserved for loans	-	-	-	-	-	-
Unreserved and undesignated	409,611	150,005	3,121	314,266	17,946	13,493
<b>Total fund balances</b>	<b>409,611</b>	<b>150,005</b>	<b>3,121</b>	<b>314,266</b>	<b>17,946</b>	<b>13,493</b>
<b>Total liabilities and fund balances</b>	<b>\$ 476,427</b>	<b>\$ 179,145</b>	<b>\$ 3,121</b>	<b>\$ 318,113</b>	<b>\$ 17,946</b>	<b>\$ 377,353</b>

Community Development	Community Development Escrow	Police Pension	Fire Pension	Neighborhood Stabilization Program	ARRA Act Grant	Totals
\$ 90,186	\$ 527,712	\$ 15,875	\$ 79,851	\$ 11,706	\$ 10,950	\$ 5,289,660
-	-	220,201	220,201	-	-	440,402
-	-	-	-	-	-	252,676
99,869	1,757,142	-	-	-	-	2,166,560
477,422	-	1,612	1,612	1,947,700	181,809	4,102,037
-	-	-	-	-	-	387,272
<b>667,477</b>	<b>2,284,854</b>	<b>237,688</b>	<b>301,664</b>	<b>1,959,406</b>	<b>192,759</b>	<b>12,638,607</b>
34,513	-	-	-	13,293	1,685	258,562
-	-	-	-	-	-	174,928
-	-	-	-	-	-	48,318
100,000	-	-	-	100,000	75,000	364,399
-	-	-	-	-	-	969
477,422	-	221,813	221,813	1,947,700	181,809	4,304,518
<b>611,935</b>	<b>-</b>	<b>221,813</b>	<b>221,813</b>	<b>2,060,993</b>	<b>258,494</b>	<b>5,151,694</b>
-	-	-	-	115,000	-	356,163
-	-	-	-	-	-	387,272
99,869	1,757,142	-	-	-	-	2,166,560
(44,327)	527,712	15,875	79,851	(216,587)	(65,735)	4,576,918
<b>55,542</b>	<b>2,284,854</b>	<b>15,875</b>	<b>79,851</b>	<b>(101,587)</b>	<b>(65,735)</b>	<b>7,486,913</b>
<b>\$ 667,477</b>	<b>\$ 2,284,854</b>	<b>\$ 237,688</b>	<b>\$ 301,664</b>	<b>\$ 1,959,406</b>	<b>\$ 192,759</b>	<b>\$ 12,638,607</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, 2009**

	<b>Auto &amp; Gas Tax</b>	<b>Acquisition for Parks</b>	<b>FEMA Grant</b>	<b>Health Fund</b>	<b>Emergency Medical Services</b>	<b>Urban Development Action Grant</b>
<b>Revenues:</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Municipal income taxes	514,000	-	-	265,000	-	-
Intergovernmental revenues	2,525,405	-	288,392	538,826	964	-
Charges for services	-	-	-	164,654	-	-
Fines and forfeits	-	-	-	-	-	-
Interest earnings	31,133	-	-	-	-	7,265
Miscellaneous	146,194	-	-	-	-	114,000
<b>Total revenues</b>	<b>3,216,732</b>	<b>-</b>	<b>288,392</b>	<b>968,480</b>	<b>964</b>	<b>121,265</b>
<b>Expenditures:</b>						
<b>Current</b>						
Public safety	640,512	-	-	-	4,200	-
Public health and welfare	-	-	-	861,973	222,297	-
Leisure time activities	-	-	-	-	-	-
Community environment	-	-	-	-	-	5,582
Highways and streets	2,995,711	-	-	-	-	-
General government	-	-	-	-	-	-
Miscellaneous	-	-	288,392	-	-	-
<b>Total expenditures</b>	<b>3,636,223</b>	<b>-</b>	<b>288,392</b>	<b>861,973</b>	<b>226,497</b>	<b>5,582</b>
Excess of revenues over (under) expenditures	(419,491)	-	-	106,507	(225,533)	115,683
<b>Other financing sources (uses):</b>						
Transfers-in	-	-	-	-	-	-
Transfers-out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	(419,491)	-	-	106,507	(225,533)	115,683
Fund balance, beginning of year	2,448,051	107,492	-	(2,409)	400,298	495,133
<b>Fund balance, end of the year</b>	<b>\$ 2,028,560</b>	<b>\$ 107,492</b>	<b>\$ -</b>	<b>\$ 104,098</b>	<b>\$ 174,765</b>	<b>\$ 610,816</b>

Court Computer- ization	Law Enforcement Trust	Mandatory Drug Fine	Probation Services	Termination Pay	Indigent Driver Alcohol Treatment	Enforce- ment Education	Civic Develop- ment
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	350,000	-	-	-
-	-	-	-	-	-	-	-
69,016	23,585	53,451	138,584	-	18,584	5,660	-
-	-	-	-	-	-	-	-
-	-	14,145	-	-	-	-	202,203
<b>69,016</b>	<b>23,585</b>	<b>67,596</b>	<b>138,584</b>	<b>350,000</b>	<b>18,584</b>	<b>5,660</b>	<b>202,203</b>
75,288	83,202	64,257	120,557	38,180	3,854	9,593	-
-	-	-	-	-	-	-	-
-	-	-	-	8,766	-	-	44,147
-	-	-	-	211,470	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	29,787	-	-	-
-	-	-	-	-	-	-	120,000
<b>75,288</b>	<b>83,202</b>	<b>64,257</b>	<b>120,557</b>	<b>288,203</b>	<b>3,854</b>	<b>9,593</b>	<b>164,147</b>
(6,272)	(59,617)	3,339	18,027	61,797	14,730	(3,933)	38,056
-	147,110	-	-	-	-	-	-
-	-	(147,110)	-	-	-	-	-
<b>-</b>	<b>147,110</b>	<b>(147,110)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
(6,272)	87,493	(143,771)	18,027	61,797	14,730	(3,933)	38,056
36,116	137,277	366,841	224,146	247,538	2,161	23,255	180,479
<b>\$ 29,844</b>	<b>\$ 224,770</b>	<b>\$ 223,070</b>	<b>\$ 242,173</b>	<b>\$ 309,335</b>	<b>\$ 16,891</b>	<b>\$ 19,322</b>	<b>\$ 218,535</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, 2009**

	<b>Municipal Court</b>	<b>Police Grant</b>	<b>Court IDIAM</b>	<b>Court Special Projects</b>	<b>Pool Fund</b>	<b>Home Program</b>
<b>Revenues:</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Municipal income taxes	450,000	-	-	-	-	-
Intergovernmental revenues	-	162,764	-	-	-	518,069
Charges for services	-	-	-	-	-	-
Fines and forfeits	1,230,355	-	3,121	145,644	-	-
Interest earnings	-	2,014	-	-	-	-
Miscellaneous	12,349	-	-	-	76,000	-
<b>Total revenues</b>	<b>1,692,704</b>	<b>164,778</b>	<b>3,121</b>	<b>145,644</b>	<b>76,000</b>	<b>518,069</b>
<b>Expenditures:</b>						
<b>Current</b>						
Public safety	1,484,300	81,210	-	17,887	-	-
Public health and welfare	-	-	-	-	-	-
Leisure time activities	-	-	-	-	58,072	-
Community environment	-	-	-	-	-	477,027
Highways and streets	-	-	-	-	-	-
General government	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
<b>Total expenditures</b>	<b>1,484,300</b>	<b>81,210</b>	<b>-</b>	<b>17,887</b>	<b>58,072</b>	<b>477,027</b>
Excess of revenues over (under) expenditures	208,404	83,568	3,121	127,757	17,928	41,042
<b>Other financing sources (uses):</b>						
Transfers-in	-	-	-	-	-	-
Transfers-out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	208,404	83,568	3,121	127,757	17,928	41,042
Fund balance, beginning of year	201,207	66,437	-	186,509	18	(27,549)
<b>Fund balance, end of the year</b>	<b>\$ 409,611</b>	<b>\$ 150,005</b>	<b>\$ 3,121</b>	<b>\$ 314,266</b>	<b>\$ 17,946</b>	<b>\$ 13,493</b>

Community Development	Community Development Escrow	Police Pension	Fire Pension	Neighborhood Stabilization Program	ARRA Act Grant	Totals
\$ -	\$ -	\$ 227,802	\$ 227,803	\$ -	\$ -	\$ 455,605
-	-	672,000	972,000	-	-	3,223,000
721,980	-	96,833	96,833	196,679	-	5,146,745
-	-	-	-	-	-	164,654
-	-	-	-	-	-	1,688,000
101	6,986	-	-	-	-	47,499
640	3,520	-	-	-	-	569,051
<b>722,721</b>	<b>10,506</b>	<b>996,635</b>	<b>1,296,636</b>	<b>196,679</b>	<b>-</b>	<b>\$ 11,294,554</b>
-	-	1,064,859	1,331,127	-	-	5,019,026
-	-	-	-	-	-	1,084,270
-	-	-	-	-	-	110,985
703,738	-	-	-	298,266	5,251	1,701,334
-	-	-	-	-	60,484	3,056,195
-	-	-	-	-	-	29,787
-	132,754	4,060	4,060	-	-	549,266
<b>703,738</b>	<b>132,754</b>	<b>1,068,919</b>	<b>1,335,187</b>	<b>298,266</b>	<b>65,735</b>	<b>11,550,863</b>
18,983	(122,248)	(72,284)	(38,551)	(101,587)	(65,735)	(256,309)
-	-	-	-	-	-	147,110
-	-	-	-	-	-	(147,110)
-	-	-	-	-	-	-
18,983	(122,248)	(72,284)	(38,551)	(101,587)	(65,735)	(256,309)
36,559	2,407,102	88,159	118,402	-	-	7,743,222
<b>\$ 55,542</b>	<b>\$ 2,284,854</b>	<b>\$ 15,875</b>	<b>\$ 79,851</b>	<b>\$ (101,587)</b>	<b>\$ (65,735)</b>	<b>\$ 7,486,913</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, 2009**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income tax	\$ 514,000	\$ 514,000	\$ 514,000	\$ -
Intergovernmental revenue	2,350,500	2,350,500	2,345,887	(4,613)
Interest earnings	32,000	32,000	31,133	(867)
Rentals and leases	-	-	189	189
Miscellaneous	145,598	145,598	327,815	182,217
<b>Total revenues</b>	<b>3,042,098</b>	<b>3,042,098</b>	<b>3,219,024</b>	<b>176,926</b>
Expenditures:				
Current				
Public safety:				
Electronic Maintenance	688,470	687,035	658,417	28,618
<b>Total public safety</b>	<b>688,470</b>	<b>687,035</b>	<b>658,417</b>	<b>28,618</b>
Highways and streets:				
Street Maintenance	2,258,648	2,257,132	1,936,274	320,858
Grounds Maintenance	713,293	710,660	684,337	26,323
<b>Total highways and streets</b>	<b>2,971,941</b>	<b>2,967,792</b>	<b>2,620,611</b>	<b>347,181</b>
<b>Total expenditures</b>	<b>3,660,411</b>	<b>3,654,827</b>	<b>3,279,028</b>	<b>375,799</b>
Excess of revenues over (under) expenditures	(618,313)	(612,729)	(60,004)	(198,873)
Fund balance, beginning of the year	1,057,819	1,057,819	1,057,819	-
Appropriation for prior year encumbrances	484,048	484,048	484,048	-
<b>Fund balance, end of the year</b>	<b>\$ 923,554</b>	<b>\$ 929,138</b>	<b>\$ 1,481,863</b>	<b>\$ (198,873)</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, 2009**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Charges for services	\$ 15,000	\$ -	\$ -	\$ -
<b>Total revenues</b>	<b>15,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures:				
Current				
Leisure activities	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenues over expenditures	15,000	-	-	-
Fund balance, beginning of the year	107,492	107,492	107,492	-
<b>Fund balance, end of the year</b>	<b>\$ 122,492</b>	<b>\$ 107,492</b>	<b>\$ 107,492</b>	<b>\$ -</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
FEMA GRANT FUND  
FOR YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ 300,000	\$ 300,000	\$ 288,392	\$ (11,608)
<b>Total revenues</b>	<b>300,000</b>	<b>300,000</b>	<b>288,392</b>	<b>(11,608)</b>
Expenditures:				
Current				
Public safety	-	300,000	288,392	11,608
<b>Total expenditures</b>	<b>-</b>	<b>300,000</b>	<b>288,392</b>	<b>11,608</b>
Excess of revenues over (under) expenditures	300,000	-	-	-
Other financing sources (uses):				
Transfers-out	(300,000)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(300,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	-	-	-	-
Fund balance, beginning of the year	-	-	-	-
<b>Fund balance, end of the year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
HEALTH FUND  
FOR YEAR ENDED DECEMBER 31, 2009**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income taxes	\$ 265,000	\$ 265,000	\$ 265,000	\$ -
Intergovernmental revenue	409,068	409,068	373,072	(35,996)
Charges for services	191,153	191,153	162,701	(28,452)
Miscellaneous	-	-	97,078	97,078
<b>Total revenues</b>	<b>865,221</b>	<b>865,221</b>	<b>897,851</b>	<b>32,630</b>
Expenditures:				
Current				
Public health and welfare:				
Health State Subsidy	14,731	14,731	14,279	452
Immunization Action Plan	32,758	39,216	30,031	9,185
Public Health Infranstructure	27,532	27,532	26,536	996
Child & Family Services	177,047	177,047	111,928	65,119
OIMRI Grant Program	150,000	150,000	149,965	35
Health/Evironment Admin.	475,561	515,561	514,937	624
<b>Total expenditures</b>	<b>877,629</b>	<b>924,087</b>	<b>847,676</b>	<b>76,411</b>
Excess of revenues under expenditures	(12,408)	(58,866)	50,175	109,041
Other financing sources uses:				
Other sources	-	-	970	970
<b>Total other financing uses</b>	<b>-</b>	<b>-</b>	<b>970</b>	<b>970</b>
Net change in fund balance	(12,408)	(58,866)	51,145	110,011
Fund balance, beginning of the year	72,203	72,203	72,203	-
<b>Fund balance, end of the year</b>	<b>\$ 59,795</b>	<b>\$ 13,337</b>	<b>\$ 123,348</b>	<b>\$ 110,011</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, 2009**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Miscellaneous	\$ 20,000	\$ 20,000	\$ 964	\$ (19,036)
<b>Total revenues</b>	<b>20,000</b>	<b>20,000</b>	<b>964</b>	<b>(19,036)</b>
Expenditures:				
Current				
Public safety	434,186	434,186	271,788	162,398
<b>Total expenditures</b>	<b>434,186</b>	<b>434,186</b>	<b>271,788</b>	<b>162,398</b>
Excess of revenues over (under) expenditures	(414,186)	(414,186)	(270,824)	143,362
Fund balance, beginning of the year	343,354	343,354	343,354	-
Appropriation for prior year encumbrances	76,139	76,139	76,139	-
<b>Fund balance, end of the year</b>	<b>\$ 5,307</b>	<b>\$ 5,307</b>	<b>\$ 148,669</b>	<b>\$ 143,362</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, 2009**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Interest earnings	\$ 9,596	\$ 9,596	\$ 6,074	\$ (3,522)
Miscellaneous	25,624	45,624	50,587	4,963
<b>Total revenues</b>	<b>35,220</b>	<b>55,220</b>	<b>56,661</b>	<b>1,441</b>
Expenditures:				
Current				
Community environment:	248,000	248,000	45,313	202,687
<b>Total expenditures</b>	<b>248,000</b>	<b>248,000</b>	<b>45,313</b>	<b>202,687</b>
Excess of revenues under expenditures	(212,780)	(192,780)	11,348	204,128
Fund balance, beginning of the year	289,919	289,919	289,919	-
<b>Fund balance, end of the year</b>	<b>\$ 77,139</b>	<b>\$ 97,139</b>	<b>\$ 301,267</b>	<b>\$ 204,128</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, 2009

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeitures	\$ 60,000	\$ 60,000	\$ 69,408	\$ 9,408
Miscellaneous	40,000	20,000	-	(20,000)
<b>Total revenues</b>	<b>100,000</b>	<b>80,000</b>	<b>69,408</b>	<b>(10,592)</b>
Expenditures:				
Current				
Miscellaneous	118,000	118,000	87,926	30,074
<b>Total expenditures</b>	<b>118,000</b>	<b>118,000</b>	<b>87,926</b>	<b>30,074</b>
Excess of revenues under expenditures	(18,000)	(38,000)	(18,518)	19,482
Fund balance, beginning of the year	42,905	42,905	42,905	-
<b>Fund balance, end of the year</b>	<b>\$ 24,905</b>	<b>\$ 4,905</b>	<b>\$ 24,387</b>	<b>\$ 19,482</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, 2009

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ 60,000	\$ 13,000	\$ 23,585	\$ 10,585
Miscellaneous	-	147,000	147,110	110
<b>Total revenues</b>	<b>60,000</b>	<b>160,000</b>	<b>170,695</b>	<b>10,695</b>
Expenditures:				
Current				
Public safety:	109,700	109,700	86,244	23,456
<b>Total expenditures</b>	<b>109,700</b>	<b>109,700</b>	<b>86,244</b>	<b>23,456</b>
Excess of revenues under expenditures	(49,700)	50,300	84,451	34,151
Fund balance, beginning of the year	140,319	140,319	140,319	-
<b>Fund balance, end of the year</b>	<b>\$ 90,619</b>	<b>\$ 190,619</b>	<b>\$ 224,770</b>	<b>\$ 34,151</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, 2009**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Fines and forfeits	\$ 26,000	\$ 1,000	\$ 26,968	\$ 25,968
Intergovernmental revenue	372,838	60,000	25,763	(34,237)
Miscellaneous	-	14,000	14,144	144
<b>Total revenues</b>	<b>398,838</b>	<b>75,000</b>	<b>66,875</b>	<b>(8,125)</b>
Expenditures:				
Current				
Public safety:	103,000	250,110	207,712	42,398
<b>Total expenditures</b>	<b>103,000</b>	<b>250,110</b>	<b>207,712</b>	<b>42,398</b>
Excess of revenues over (under) expenditures	295,838	(175,110)	(140,837)	34,273
Fund balance, beginning of the year	366,026	366,026	366,026	-
<b>Fund balance, end of the year</b>	<b>\$ 661,864</b>	<b>\$ 190,916</b>	<b>\$ 225,189</b>	<b>\$ 34,273</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, 2009**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ 172,100	\$ 150,000	\$ 140,665	\$ (9,335)
<b>Total revenues</b>	<b>172,100</b>	<b>150,000</b>	<b>140,665</b>	<b>(9,335)</b>
Expenditures:				
Current				
Public safety	149,877	149,877	121,102	28,775
<b>Total expenditures</b>	<b>149,877</b>	<b>149,877</b>	<b>121,102</b>	<b>28,775</b>
Excess of revenues over expenditures	22,223	123	19,563	19,440
Fund balance, beginning of the year	216,394	216,394	216,394	-
<b>Fund balance, end of the year</b>	<b>\$ 238,617</b>	<b>\$ 216,517</b>	<b>\$ 235,957</b>	<b>\$ 19,440</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, 2009

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income Tax	\$ 350,000	\$ 350,000	\$ 350,000	\$ -
<b>Total revenues</b>	<b>350,000</b>	<b>350,000</b>	<b>350,000</b>	<b>-</b>
Expenditures:				
Current				
Personal services:				
Public safety	240,000	240,000	196,418	43,582
Public health & welfare	10,000	10,000	-	10,000
Leisure time activities	10,000	10,000	-	10,000
Community environment	35,000	35,000	25,083	9,917
General government	30,000	30,000	-	30,000
Highways & streets	25,000	25,000	-	25,000
<b>Total expenditures</b>	<b>350,000</b>	<b>350,000</b>	<b>221,501</b>	<b>128,499</b>
Excess of revenues over expenditures	-	-	128,499	128,499
Fund balance, beginning of the year	261,052	261,052	261,052	-
<b>Fund balance, end of the year</b>	<b>\$ 261,052</b>	<b>\$ 261,052</b>	<b>\$ 389,551</b>	<b>\$ 128,499</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, 2009

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ 18,000	\$ 25,000	\$ 18,664	\$ (6,336)
<b>Total revenues</b>	<b>18,000</b>	<b>25,000</b>	<b>18,664</b>	<b>(6,336)</b>
Expenditures:				
Current				
Public safety	25,000	25,000	3,854	21,146
<b>Total expenditures</b>	<b>25,000</b>	<b>25,000</b>	<b>3,854</b>	<b>21,146</b>
Excess of revenues under expenditures	(7,000)	-	14,810	14,810
Fund balance, beginning of the year	1,576	1,576	1,576	-
<b>Fund balance, end of the year</b>	<b>\$ (5,424)</b>	<b>\$ 1,576</b>	<b>\$ 16,386</b>	<b>\$ 14,810</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, 2009

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ 7,000	\$ 6,000	\$ 5,599	\$ (401)
<b>Total revenues</b>	<b>7,000</b>	<b>6,000</b>	<b>5,599</b>	<b>(401)</b>
Expenditures:				
Current				
Public Safety	12,975	12,975	9,592	3,383
<b>Total expenditures</b>	<b>12,975</b>	<b>12,975</b>	<b>9,592</b>	<b>3,383</b>
Excess of revenues over (under) expenditures	(5,975)	(6,975)	(3,993)	2,982
Fund balance, beginning of year	22,715	22,715	22,715	-
<b>Fund balance, end of the year</b>	<b>\$ 16,740</b>	<b>\$ 15,740</b>	<b>\$ 18,722</b>	<b>\$ 2,982</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, 2009**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Miscellaneous	\$ 202,000	\$ 210,000	\$ 208,421	\$ (1,579)
<b>Total revenues</b>	<b>202,000</b>	<b>210,000</b>	<b>208,421</b>	<b>(1,579)</b>
Expenditures:				
Current				
Miscellaneous	157,853	202,000	178,997	23,003
<b>Total expenditures</b>	<b>157,853</b>	<b>202,000</b>	<b>178,997</b>	<b>23,003</b>
Excess of revenues under expenditures	44,147	8,000	29,424	21,424
Fund balance, beginning of the year	130,222	130,222	130,222	-
<b>Fund balance, end of the year</b>	<b>\$ 174,369</b>	<b>\$ 138,222</b>	<b>\$ 159,646</b>	<b>\$ 21,424</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, 2009**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income tax	\$ 500,000	\$ 500,000	\$ 450,000	\$ (50,000)
Fines and forfeits	1,006,500	1,090,908	1,136,973	46,065
Miscellaneous	9,092	9,092	12,348	3,256
<b>Total revenues</b>	<b>1,515,592</b>	<b>1,600,000</b>	<b>1,599,321</b>	<b>(679)</b>
Expenditures:				
Current				
Public safety:	1,508,556	1,508,556	1,508,495	61
<b>Total expenditures</b>	<b>1,508,556</b>	<b>1,508,556</b>	<b>1,508,495</b>	<b>61</b>
Excess of revenues over expenditures	7,036	91,444	90,826	(618)
Fund balance, beginning of the year	205,978	205,978	205,978	-
<b>Fund balance, end of the year</b>	<b>\$ 213,014</b>	<b>\$ 297,422</b>	<b>\$ 296,804</b>	<b>\$ (618)</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, 2009**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ -	\$ 144,920	\$ 156,011	\$ 11,091
Interest earnings	1,000	1,000	2,014	1,014
Miscellaneous	14,080	14,080	12,572	(1,508)
<b>Total revenues</b>	<b>15,080</b>	<b>160,000</b>	<b>170,597</b>	<b>10,597</b>
Expenditures:				
Current				
Public safety:				
Step Grant	-	-	27,980	(27,980)
E911 System Upgrade Grant	9,531	9,531	9,531	-
Local Police Grants	-	24,500	21,943	2,557
2002 Federal Block Grant	14,080	14,080	17,064	(2,984)
2002 Cops More Grant	1,020	-	-	-
Byrne Memorial Grant	-	109,973	4,193	105,780
<b>Total expenditures</b>	<b>24,631</b>	<b>158,084</b>	<b>80,711</b>	<b>77,373</b>
Excess of revenues under expenditures	(9,551)	1,916	89,886	87,970
Fund balance, beginning of the year	51,031	51,031	51,031	-
Appropriation for prior year encumbrances	10,550	10,550	10,550	-
<b>Fund balance, end of the year</b>	<b>\$ 52,030</b>	<b>\$ 63,497</b>	<b>\$ 151,467</b>	<b>\$ 87,970</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, 2009**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines & forfeits	\$ 20,000	\$ 20,000	\$ 2,571	\$ (17,429)
<b>Total revenues</b>	<b>20,000</b>	<b>20,000</b>	<b>2,571</b>	<b>(17,429)</b>
Expenditures:				
Current				
Public safety:	20,000	20,000	-	20,000
<b>Total expenditures</b>	<b>20,000</b>	<b>20,000</b>	<b>-</b>	<b>20,000</b>
Excess of revenues under expenditures	-	-	2,571	2,571
Fund balance, beginning of the year	-	-	-	-
<b>Fund balance, end of the year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,571</b>	<b>\$ 2,571</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, 2009**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines & forfeits	\$ 160,000	\$ 160,000	\$ 146,853	\$ (13,147)
<b>Total revenues</b>	<b>160,000</b>	<b>160,000</b>	<b>146,853</b>	<b>(13,147)</b>
Expenditures:				
Current				
Public safety:	220,000	220,000	15,334	204,666
<b>Total expenditures</b>	<b>220,000</b>	<b>220,000</b>	<b>15,334</b>	<b>204,666</b>
Excess of revenues under expenditures	(60,000)	(60,000)	131,519	191,519
Fund balance, beginning of the year	175,313	175,313	175,313	-
<b>Fund balance, end of the year</b>	<b>\$ 115,313</b>	<b>\$ 115,313</b>	<b>\$ 306,832</b>	<b>\$ 191,519</b>

**CITY OF MIDDLETOWN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**SUNSET POOL FUND**  
**FOR YEAR ENDED DECEMBER 31, 2009**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Miscellaneous revenue	\$ 70,000	\$ 76,000	\$ 76,000	\$ -
Municipal income tax	-	-	-	-
<b>Total revenues</b>	<b>70,000</b>	<b>76,000</b>	<b>76,000</b>	<b>-</b>
Expenditures:				
Current				
Community environment:	70,000	70,000	58,072	11,928
<b>Total expenditures</b>	<b>70,000</b>	<b>70,000</b>	<b>58,072</b>	<b>11,928</b>
Excess of revenues over (under) expenditures	-	6,000	17,928	11,928
Fund balance, beginning of the year	18	18	18	-
<b>Fund balance, end of the year</b>	<b>\$ 18</b>	<b>\$ 6,018</b>	<b>\$ 17,946</b>	<b>\$ 11,928</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, 2009**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ 370,000	\$ 580,000	\$ 423,840	\$ (156,160)
Miscellaneous	-	40,000	94,229	54,229
<b>Total revenues</b>	<b>370,000</b>	<b>620,000</b>	<b>518,069</b>	<b>(101,931)</b>
Expenditures:				
Current				
Community environment:	370,000	600,000	469,722	130,278
<b>Total expenditures</b>	<b>370,000</b>	<b>600,000</b>	<b>469,722</b>	<b>130,278</b>
Excess of revenues over (under) expenditures	-	20,000	48,347	28,347
Fund balance, beginning of the year	31,003	31,003	31,003	-
<b>Fund balance, end of the year</b>	<b>\$ 31,003</b>	<b>\$ 51,003</b>	<b>\$ 79,350</b>	<b>\$ 28,347</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, 2009**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
<b>Revenues:</b>				
Intergovernmental revenue	\$ 806,707	\$ 846,707	\$ 721,980	\$ (124,727)
Interest earnings	136	136	101	(35)
Miscellaneous	7,000	7,000	4,140	(2,860)
<b>Total revenues</b>	<b>813,843</b>	<b>853,843</b>	<b>726,221</b>	<b>(127,622)</b>
<b>Expenditures:</b>				
Current				
Community environment:	806,707	806,707	694,642	112,065
<b>Total expenditures</b>	<b>806,707</b>	<b>806,707</b>	<b>694,642</b>	<b>112,065</b>
Excess of revenues over (under) expenditures	7,136	47,136	31,579	(15,557)
Fund balance, beginning of the year	58,607	58,607	58,607	-
<b>Fund balance, end of the year</b>	<b>\$ 65,743</b>	<b>\$ 105,743</b>	<b>\$ 90,186</b>	<b>\$ (15,557)</b>

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
COMMUNITY DEVELOPMENT ESCROW  
FOR YEAR ENDED DECEMBER 31, 2009**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Interest earnings	\$ 25,000	\$ 25,000	\$ 6,986	\$ (18,014)
Miscellaneous	32,600	72,600	147,783	75,183
<b>Total revenues</b>	<b>57,600</b>	<b>97,600</b>	<b>154,769</b>	<b>57,169</b>
Expenditures:				
Current				
Community Environment	392,000	392,000	161,031	230,969
<b>Total expenditures</b>	<b>392,000</b>	<b>392,000</b>	<b>161,031</b>	<b>230,969</b>
Excess of revenues over (under) expenditures	(334,400)	(294,400)	(6,262)	288,138
Other financing sources (uses):				
Other uses	-	-	(57,696)	(57,696)
<b>Total other financing uses</b>	<b>-</b>	<b>-</b>	<b>(57,696)</b>	<b>(57,696)</b>
Net change in fund balance	(334,400)	(294,400)	(63,958)	230,442
Fund balance, beginning of the year	591,670	591,670	591,670	-
<b>Fund balance, end of the year</b>	<b>\$ 257,270</b>	<b>\$ 297,270</b>	<b>\$ 527,712</b>	<b>\$ 230,442</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, 2009**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Property taxes	\$ 275,000	\$ 275,000	\$ 227,801	\$ (47,199)
Intergovernmental revenue	71,373	71,373	96,833	25,460
Municipal income taxes	672,000	672,000	672,000	-
<b>Total revenues</b>	<b>1,018,373</b>	<b>1,018,373</b>	<b>996,634</b>	<b>(21,739)</b>
Expenditures:				
Current				
Public safety:	1,074,446	1,074,446	1,068,918	5,528
<b>Total expenditures</b>	<b>1,074,446</b>	<b>1,074,446</b>	<b>1,068,918</b>	<b>5,528</b>
Excess of revenues over (under) expenditures	(56,073)	(56,073)	(72,284)	(16,211)
Fund balance, beginning of the year	88,159	88,159	88,159	-
<b>Fund balance, end of the year</b>	<b>\$ 32,086</b>	<b>\$ 32,086</b>	<b>\$ 15,875</b>	<b>\$ (16,211)</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, 2009**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>
Revenues:				
Property taxes	\$ 275,000	\$ 275,000	\$ 227,802	\$ (47,198)
Intergovernmental revenue	71,373	71,373	96,833	25,460
Municipal income taxes	972,000	972,000	972,000	-
<b>Total revenues</b>	<b>1,318,373</b>	<b>1,318,373</b>	<b>1,296,635</b>	<b>(21,738)</b>
Expenditures:				
Current				
Public safety:	1,371,652	1,371,652	1,335,186	36,466
<b>Total expenditures</b>	<b>1,371,652</b>	<b>1,371,652</b>	<b>1,335,186</b>	<b>36,466</b>
Excess of revenues over (under) expenditures	(53,279)	(53,279)	(38,551)	14,728
Fund balance, beginning of the year	118,402	118,402	118,402	-
<b>Fund balance, end of the year</b>	<b>\$ 65,123</b>	<b>\$ 65,123</b>	<b>\$ 79,851</b>	<b>\$ 14,728</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
NEIGHBORHOOD REVITALIZATION GRANT FUND  
FOR YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ 1,600,000	\$ 1,600,000	\$ 196,679	\$ (1,403,321)
<b>Total revenues</b>	<b>1,600,000</b>	<b>1,600,000</b>	<b>196,679</b>	<b>(1,403,321)</b>
Expenditures:				
Current				
Community environment:	1,600,000	1,600,000	399,973	1,200,027
<b>Total expenditures</b>	<b>1,600,000</b>	<b>1,600,000</b>	<b>399,973</b>	<b>1,200,027</b>
Excess of revenues over (under) expenditures	-	-	(203,294)	(203,294)
Other financing sources (uses):				
Other sources		-	100,000	100,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>100,000</b>	<b>100,000</b>
Net change in fund balance	-	-	(103,294)	(103,294)
Fund balance, beginning of the year	-	-	-	-
<b>Fund balance, end of the year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (103,294)</b>	<b>\$ (103,294)</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
AMERICAN RECOVERY AND REINVESTMENT ACT GRANT FUND  
FOR YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ -	\$ 3,181,809	\$ -	\$ (3,181,809)
<b>Total revenues</b>	<b>-</b>	<b>3,181,809</b>	<b>-</b>	<b>(3,181,809)</b>
Expenditures:				
Current				
Community environment:	-	3,181,809	64,050	3,117,759
<b>Total expenditures</b>	<b>-</b>	<b>3,181,809</b>	<b>64,050</b>	<b>3,117,759</b>
Excess of revenues over (under) expenditures	-	-	(64,050)	(64,050)
Other financing sources (uses):				
Other sources	-	-	75,000	75,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>75,000</b>	<b>75,000</b>
Net change in fund balance	-	-	10,950	10,950
Fund balance, beginning of the year	-	-	-	-
<b>Fund balance, end of the year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,950</b>	<b>\$ 10,950</b>

CITY OF MIDDLETOWN, OHIO  
 COMBINING BALANCE SHEET  
 NON MAJOR DEBT SERVICE FUNDS  
 DECEMBER 31, 2009

	General Obligation Debt Service	East End - Towne Blvd Tax Increment Financing District	Downtown Tax Increment Financing District	Aeronca Tax Increment Financing District
<b>Assets</b>				
Cash and equity in pooled cash, deposits and investments	\$ 428,190	\$ 31,551	\$ 1,228	\$ 1,294
Receivables (net of allowance for uncollectibles)				
Payments in lieu of taxes	-	231,916	20,003	4,818
<b>Total assets</b>	<b>428,190</b>	<b>263,467</b>	<b>21,231</b>	<b>6,112</b>
<b>Liabilities</b>				
Accounts Payable	-	173,937	15,002	3,613
Deferred revenue	-	231,916	20,003	4,818
<b>Total liabilities</b>	<b>0</b>	<b>405,853</b>	<b>35,005</b>	<b>8,431</b>
<b>Fund balance:</b>				
Unreserved and undesignated	428,190	(142,386)	(13,774)	(2,319)
<b>Total fund balance</b>	<b>428,190</b>	<b>(142,386)</b>	<b>(13,774)</b>	<b>(2,319)</b>
<b>Total liabilities and fund balance</b>	<b>\$ 428,190</b>	<b>\$ 263,467</b>	<b>\$ 21,231</b>	<b>\$ 6,112</b>

<b>Airport - Riverfront Tax Increment Financing District</b>	<b>Miller Road North Tax Increment Financing District</b>	<b>Towne Mall Hospital Increment Financing District</b>	<b>Renaissance North Tax Increment Financing District</b>	<b>Renaissance South Tax Increment Financing District</b>	<b>Manchester Road Tax Increment Financing District</b>	<b>Totals</b>
\$ 1,051	\$ 12,441	\$ 11,308	\$ 91,407	\$ 10,151	\$ 378	\$ 588,999
1,391	5,957	392,598	97,128	24,386	-	778,197
<b>2,442</b>	<b>18,398</b>	<b>403,906</b>	<b>188,535</b>	<b>34,537</b>	<b>378</b>	<b>1,367,196</b>
1,043	4,468	294,449	72,846	18,290	-	583,648
1,391	5,957	392,598	97,128	24,386	-	778,197
<b>2,434</b>	<b>10,425</b>	<b>687,047</b>	<b>169,974</b>	<b>42,676</b>	<b>0</b>	<b>1,361,845</b>
8	7,973	(283,141)	18,561	(8,139)	378	5,351
<b>8</b>	<b>7,973</b>	<b>(283,141)</b>	<b>18,561</b>	<b>(8,139)</b>	<b>378</b>	<b>5,351</b>
<b>\$ 2,442</b>	<b>\$ 18,398</b>	<b>\$ 403,906</b>	<b>\$ 188,535</b>	<b>\$ 34,537</b>	<b>\$ 378</b>	<b>\$ 1,367,196</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, 2009**

	General Obligation Debt Service	East End - Towne Blvd Tax Increment Financing District	Downtown Tax Increment Financing District	Aeronca Tax Increment Financing District
<b>Revenues</b>				
Municipal income taxes	\$ 1,621,052	\$ -	\$ -	\$ -
Other taxes	-	152,361	30,479	2,319
Miscellaneous revenues	289,590	-	-	-
<b>Total revenues</b>	<b>1,910,642</b>	<b>152,361</b>	<b>30,479</b>	<b>2,319</b>
<b>Expenditures</b>				
Debt service				
Principal retirement	1,424,274	-	88,000	-
Interest and fiscal charges	874,946	59,309	-	-
Miscellaneous	-	537,004	65,193	6,939
<b>Total expenditures</b>	<b>2,299,220</b>	<b>596,313</b>	<b>153,193</b>	<b>6,939</b>
Excess of revenues over (under) expenditures	(388,578)	(443,952)	(122,714)	(4,620)
Other financing sources (uses)				
Transfers-in	200,000	-	-	-
<b>Total other financing sources (uses)</b>	<b>200,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	(188,578)	(443,952)	(122,714)	(4,620)
Fund balance, beginning of the year	616,768	301,566	108,940	2,301
<b>Fund balance, end of the year</b>	<b>\$ 428,190</b>	<b>\$ (142,386)</b>	<b>\$ (13,774)</b>	<b>\$ (2,319)</b>

<b>Airport - Riverfront Tax Increment Financing District</b>	<b>Miller Road North Tax Increment Financing District</b>	<b>Towne Mall Hospital Increment Financing District</b>	<b>Renaissance North Tax Increment Financing District</b>	<b>Renaissance South Tax Increment Financing District</b>	<b>Manchester Road Tax Increment Financing District</b>	<b>Totals</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,621,052
2,101	13,139	372,771	224,259	32,500	1,190	831,119
-	-	-	-	-	-	289,590
<b>2,101</b>	<b>13,139</b>	<b>372,771</b>	<b>224,259</b>	<b>32,500</b>	<b>1,190</b>	<b>2,741,761</b>
-	-	80,000	-	-	-	1,592,274
-	-	-	-	-	-	934,255
2,924	26,904	575,912	205,698	40,639	812	1,462,025
<b>2,924</b>	<b>26,904</b>	<b>655,912</b>	<b>205,698</b>	<b>40,639</b>	<b>812</b>	<b>3,988,554</b>
(823)	(13,765)	(283,141)	18,561	(8,139)	378	(1,246,793)
-	-	-	-	-	-	200,000
-	-	-	-	-	-	<b>200,000</b>
(823)	(13,765)	(283,141)	18,561	(8,139)	378	(1,046,793)
831	21,738	-	-	-	-	1,052,144
<b>\$ 8</b>	<b>\$ 7,973</b>	<b>\$ (283,141)</b>	<b>\$ 18,561</b>	<b>\$ (8,139)</b>	<b>\$ 378</b>	<b>\$ 5,351</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, 2009

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ 382,000	\$ 382,000	\$ 385,102	\$ 3,102
<b>Total revenues</b>	<b>382,000</b>	<b>382,000</b>	<b>385,102</b>	<b>3,102</b>
Expenditures:				
Debt service	381,915	381,915	379,815	2,100
<b>Total expenditures</b>	<b>381,915</b>	<b>381,915</b>	<b>379,815</b>	<b>2,100</b>
Excess of revenues over (under) expenditures	85	85	5,287	5,202
Fund balance, beginning of the year	70,907	70,907	70,907	-
<b>Fund balance, end of the year</b>	<b>\$ 70,992</b>	<b>\$ 70,992</b>	<b>\$ 76,194</b>	<b>\$ 5,202</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, 2009

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income taxes	\$ 1,621,052	\$ 1,822,323	\$ 1,621,052	\$ (201,271)
Miscellaneous	\$ 289,313	289,313	289,589	276
<b>Total revenues</b>	<b>1,910,365</b>	<b>2,111,636</b>	<b>1,910,641</b>	<b>(200,995)</b>
Expenditures:				
Debt service	2,111,269	2,312,540	2,299,219	13,321
<b>Total expenditures</b>	<b>2,111,269</b>	<b>2,312,540</b>	<b>2,299,219</b>	<b>13,321</b>
Excess of revenues under expenditures	(200,904)	(200,904)	(388,578)	(187,674)
Other financing sources:				
Transfers-in	200,000	200,000	200,000	-
<b>Total other financing sources</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>-</b>
Net change in fund balance	(904)	(904)	(188,578)	(187,674)
Fund balance, beginning of the year	616,768	616,768	616,768	-
<b>Fund balance, end of the year</b>	<b>\$ 615,864</b>	<b>\$ 615,864</b>	<b>\$ 428,190</b>	<b>\$ (187,674)</b>

CITY OF MIDDLETOWN, OHIO  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
 EAST END/SOUTH TOWNE BLVD TAX INCREMENT FINANCING FUND  
 FOR YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ 350,000	\$ 155,000	\$ 152,361	\$ (2,639)
<b>Total revenues</b>	<b>350,000</b>	<b>155,000</b>	<b>152,361</b>	<b>(2,639)</b>
Expenditures:				
Current				
Debt service	245,861	245,861	59,309	186,552
Miscellaneous	6,000	260,184	446,106	(185,922)
<b>Total expenditures</b>	<b>251,861</b>	<b>506,045</b>	<b>505,415</b>	<b>630</b>
Excess of revenues over expenditures	98,139	(351,045)	(353,054)	(2,009)
Fund balance, beginning of the year	384,605	384,605	384,605	-
<b>Fund balance, end of the year</b>	<b>\$ 482,744</b>	<b>\$ 33,560</b>	<b>\$ 31,551</b>	<b>\$ (2,009)</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
DOWNTOWN TAX INCREMENT FINANCING FUND  
FOR YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ 24,926	\$ 30,500	\$ 30,479	\$ (21)
<b>Total revenues</b>	<b>24,926</b>	<b>30,500</b>	<b>30,479</b>	<b>(21)</b>
Expenditures:				
Current				
Debt service	-	89,200	88,000	1,200
Miscellaneous	-	50,200	50,191	9
<b>Total expenditures</b>	<b>-</b>	<b>139,400</b>	<b>138,191</b>	<b>1,209</b>
Excess of revenues over expenditures	24,926	(108,900)	(107,712)	1,188
Fund balance, beginning of the year	108,940	108,940	108,940	-
<b>Fund balance, end of the year</b>	<b>\$ 133,866</b>	<b>\$ 40</b>	<b>\$ 1,228</b>	<b>\$ 1,188</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
AERONCA TAX INCREMENT FINANCING FUND  
FOR YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ 1,153	\$ 2,320	\$ 2,319	\$ (1)
<b>Total revenues</b>	<b>1,153</b>	<b>2,320</b>	<b>2,319</b>	<b>(1)</b>
Expenditures:				
Current				
Miscellaneous	-	4,000	3,326	674
<b>Total expenditures</b>	<b>-</b>	<b>4,000</b>	<b>3,326</b>	<b>674</b>
Excess of revenues over expenditures	1,153	(1,680)	(1,007)	673
Fund balance, beginning of the year	2,301	2,301	2,301	-
<b>Fund balance, end of the year</b>	<b>\$ 3,454</b>	<b>\$ 621</b>	<b>\$ 1,294</b>	<b>\$ 673</b>

CITY OF MIDDLETOWN, OHIO  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
 AIRPORT/RIVERFRONT TAX INCREMENT FINANCING FUND  
 FOR YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ -	\$ 2,100	\$ 2,102	\$ 2
<b>Total revenues</b>	<b>-</b>	<b>2,100</b>	<b>2,102</b>	<b>2</b>
Expenditures:				
Current				
Miscellaneous	-	2,500	1,882	618
<b>Total expenditures</b>	<b>-</b>	<b>2,500</b>	<b>1,882</b>	<b>618</b>
Excess of revenues over expenditures	-	(400)	220	620
Fund balance, beginning of the year	831	831	831	-
<b>Fund balance, end of the year</b>	<b>\$ 831</b>	<b>\$ 431</b>	<b>\$ 1,051</b>	<b>\$ 620</b>

CITY OF MIDDLETOWN, OHIO  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
 NORTH MILLER ROAD TAX INCREMENT FINANCING FUND  
 FOR YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ -	\$ 13,140	\$ 13,138	\$ (2)
<b>Total revenues</b>	<b>-</b>	<b>13,140</b>	<b>13,138</b>	<b>(2)</b>
Expenditures:				
Current				
Miscellaneous	-	25,000	22,435	2,565
<b>Total expenditures</b>	<b>-</b>	<b>25,000</b>	<b>22,435</b>	<b>2,565</b>
Excess of revenues over expenditures	-	(11,860)	(9,297)	2,563
Fund balance, beginning of the year	21,738	21,738	21,738	-
<b>Fund balance, end of the year</b>	<b>\$ 21,738</b>	<b>\$ 9,878</b>	<b>\$ 12,441</b>	<b>\$ 2,563</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
TOWNE MALL/HOSPITAL TAX INCREMENT FINANCING FUND  
FOR YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ -	\$ 372,000	\$ 372,771	\$ 771
<b>Total revenues</b>	<b>-</b>	<b>372,000</b>	<b>372,771</b>	<b>771</b>
Expenditures:				
Current				
Debt service	-	363,000	80,000	283,000
Miscellaneous	-	-	281,463	(281,463)
<b>Total expenditures</b>	<b>-</b>	<b>363,000</b>	<b>361,463</b>	<b>1,537</b>
Excess of revenues over expenditures	-	9,000	11,308	2,308
Fund balance, beginning of the year	-	-	-	-
<b>Fund balance, end of the year</b>	<b>\$ -</b>	<b>\$ 9,000</b>	<b>\$ 11,308</b>	<b>\$ 2,308</b>

CITY OF MIDDLETOWN, OHIO  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
 RENAISSANCE NORTH TAX INCREMENT FINANCING FUND  
 FOR YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ -	\$ 224,300	\$ 224,259	\$ (41)
<b>Total revenues</b>	<b>-</b>	<b>224,300</b>	<b>224,259</b>	<b>(41)</b>
Expenditures:				
Current				
Miscellaneous	-	140,000	132,852	7,148
<b>Total expenditures</b>	<b>-</b>	<b>140,000</b>	<b>132,852</b>	<b>7,148</b>
Excess of revenues over expenditures	-	84,300	91,407	7,107
Fund balance, beginning of the year	-	-	-	-
<b>Fund balance, end of the year</b>	<b>\$ -</b>	<b>\$ 84,300</b>	<b>\$ 91,407</b>	<b>\$ 7,107</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
RENAISSANCE SOUTH TAX INCREMENT FINANCING FUND  
FOR YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ -	\$ 32,500	\$ 32,500	\$ -
<b>Total revenues</b>	<b>-</b>	<b>32,500</b>	<b>32,500</b>	<b>-</b>
Expenditures:				
Current				
Miscellaneous	-	25,000	22,349	2,651
<b>Total expenditures</b>	<b>-</b>	<b>25,000</b>	<b>22,349</b>	<b>2,651</b>
Excess of revenues over expenditures	-	7,500	10,151	2,651
Fund balance, beginning of the year	-	-	-	-
<b>Fund balance, end of the year</b>	<b>\$ -</b>	<b>\$ 7,500</b>	<b>\$ 10,151</b>	<b>\$ 2,651</b>

CITY OF MIDDLETOWN, OHIO  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
 MANCHESTER ROAD TAX INCREMENT FINANCING FUND  
 FOR YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property and other taxes	\$ -	\$ 1,200	\$ 1,190	\$ (10)
<b>Total revenues</b>	<b>-</b>	<b>1,200</b>	<b>1,190</b>	<b>(10)</b>
Expenditures:				
Current				
Miscellaneous	-	1,000	812	188
<b>Total expenditures</b>	<b>-</b>	<b>1,000</b>	<b>812</b>	<b>188</b>
Excess of revenues over expenditures	-	200	378	178
Fund balance, beginning of the year	-	-	-	-
<b>Fund balance, end of the year</b>	<b>\$ -</b>	<b>\$ 200</b>	<b>\$ 378</b>	<b>\$ 178</b>

**CITY OF MIDDLETOWN, OHIO  
 COMBINING BALANCE SHEET  
 NON MAJOR CAPITAL PROJECTS FUNDS  
 DECEMBER 31, 2009**

	<b>East End Develop- ment</b>	<b>Downtown Improve- ments</b>	<b>Computer Replacement</b>	<b>Property Development</b>	<b>2009 Sidewalk, Curb and Gutter</b>	<b>Totals</b>
<b>Assets</b>						
Cash and equity in pooled cash, deposits and investments	\$ 4,014	\$ 2,151,956	\$ 1,479,653	\$ 1,026,388	\$ 387	\$ 4,662,398
<b>Total assets</b>	<b>4,014</b>	<b>2,151,956</b>	<b>1,479,653</b>	<b>1,026,388</b>	<b>387</b>	<b>4,662,398</b>
<b>Liabilities</b>						
Accounts payable	-	5,565	1,092	-	-	6,657
Notes payable	-	2,056,916	-	-	-	2,056,916
Due to other funds	-	-	-	-	56,000	56,000
<b>Total liabilities</b>	<b>-</b>	<b>2,062,481</b>	<b>1,092</b>	<b>-</b>	<b>56,000</b>	<b>2,119,573</b>
<b>Fund balances:</b>						
Reserved for encumbrances	-	116,942	39,269	15,000	-	171,211
Unreserved and undesignated	4,014	(27,467)	1,439,292	1,011,388	(55,613)	2,371,614
<b>Total fund balances</b>	<b>4,014</b>	<b>89,475</b>	<b>1,478,561</b>	<b>1,026,388</b>	<b>(55,613)</b>	<b>2,542,825</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,014</b>	<b>\$ 2,151,956</b>	<b>\$ 1,479,653</b>	<b>\$ 1,026,388</b>	<b>\$ 387</b>	<b>\$ 4,662,398</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, 2009**

	East End Develop- ment	Downtown Improve- ments	Computer Replacement	Property Development	2009 Sidewalk, Curb and Gutter	Totals
<b>Revenues</b>						
Municipal income taxes	\$ -	\$ -	\$ 8,000	\$ -	\$ -	\$ 8,000
Intergovernmental revenues	-	-	-	210,197	-	210,197
Interest earnings	3,135	51,097	29,069	-	-	83,301
Miscellaneous	-	-	51,500	3,275	-	54,775
<b>Total revenues</b>	<b>3,135</b>	<b>51,097</b>	<b>88,569</b>	<b>213,472</b>	<b>-</b>	<b>356,273</b>
<b>Expenditures</b>						
<b>Current</b>						
Community environment	-	422,062	-	147,762	-	569,824
Highways and streets	-	-	-	-	55,613	55,613
General government	-	-	153,271	-	-	153,271
<b>Debt service</b>						
Interest and fiscal charges	-	54,703	-	-	-	54,703
<b>Total expenditures</b>	<b>-</b>	<b>476,765</b>	<b>153,271</b>	<b>147,762</b>	<b>55,613</b>	<b>833,411</b>
Excess of revenues over (under) expenditures	3,135	(425,668)	(64,702)	65,710	(55,613)	(477,138)
<b>Other financing sources (uses)</b>						
Transfers-in	-	-	117,538	-	-	117,538
Transfers-out	(610,000)	-	-	-	-	(610,000)
<b>Total other financing sources (uses)</b>	<b>(610,000)</b>	<b>-</b>	<b>117,538</b>	<b>-</b>	<b>-</b>	<b>(492,462)</b>
Net change in fund balances	(606,865)	(425,668)	52,836	65,710	(55,613)	(969,600)
Fund balance, beginning of year	610,879	515,143	1,425,725	960,678	-	3,512,425
<b>Fund balance, end of the year</b>	<b>\$ 4,014</b>	<b>\$ 89,475</b>	<b>\$ 1,478,561</b>	<b>\$ 1,026,388</b>	<b>\$ (55,613)</b>	<b>\$ 2,542,825</b>

**CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
CAPITAL IMPROVEMENTS FUND  
FOR YEAR ENDED DECEMBER 31, 2009**

	Original Budget	Final Budget	Actual	Variance From Final Budget
<b>Revenues:</b>				
Property taxes	\$ 741,916	\$ 741,916	\$ 707,749	\$ (34,167)
Intergovernmental revenue	1,995,245	1,995,245	2,062,615	67,370
Charges for services	20,000	20,000	1,064	(18,936)
Interest earnings	55,000	55,000	13,244	(41,756)
Miscellaneous	153,949	133,000	106,878	(26,122)
<b>Total revenues</b>	<b>2,966,110</b>	<b>2,945,161</b>	<b>2,891,550</b>	<b>(53,611)</b>
<b>Expenditures:</b>				
Current				
Public safety	24,965	24,965	24,965	-
Leisure time activities	632,781	687,451	567,250	120,201
Highways and streets	11,246,257	9,567,257	9,409,710	157,547
General government	125,000	125,000	134,931	(9,931)
<b>Total expenditures</b>	<b>12,029,003</b>	<b>10,404,673</b>	<b>10,136,856</b>	<b>267,817</b>
Excess of revenues over (under) expenditures	(9,062,893)	(7,459,512)	(7,245,306)	214,206
<b>Other financing sources (uses):</b>				
Operating transfers-in	589,051	589,051	610,000	20,949
Transfers-out	(200,000)	(200,000)	(200,000)	-
Other uses	-	-	(57,374)	(57,374)
Proceeds from bonds	8,000,000	6,541,000	6,540,752	(248)
<b>Total other financing sources (uses)</b>	<b>8,389,051</b>	<b>6,930,051</b>	<b>6,893,378</b>	<b>(36,673)</b>
Net change in fund balance	(673,842)	(529,461)	(351,928)	177,533
Fund balance, beginning of the year	(428,175)	(428,175)	(428,175)	-
Appropriation for prior year encumbrances	1,011,003	1,011,003	1,011,003	-
<b>Fund balance, end of the year</b>	<b>\$ (91,014)</b>	<b>\$ 53,367</b>	<b>\$ 230,900</b>	<b>\$ 177,533</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, 2009

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Interest earnings	\$ 1,449	\$ 3,000	\$ 3,135	\$ 135
<b>Total revenues</b>	<b>1,449</b>	<b>3,000</b>	<b>3,135</b>	<b>135</b>
Expenditures:				
Current				
Highways and streets	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenues under expenditures	1,449	3,000	3,135	135
Other financing sources:				
Operating transfers-out	(610,000)	(610,000)	(610,000)	-
<b>Total other financing sources</b>	<b>(610,000)</b>	<b>(610,000)</b>	<b>(610,000)</b>	<b>-</b>
Net change in fund balance	(608,551)	(607,000)	(606,865)	135
Fund balance, beginning of the year	610,879	610,879	610,879	-
<b>Fund balance, end of the year</b>	<b>\$ 2,328</b>	<b>\$ 3,879</b>	<b>\$ 4,014</b>	<b>\$ 135</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, 2009**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Interest earnings	\$ 74,298	\$ 74,298	\$ 51,097	\$ (23,201)
<b>Total revenues</b>	<b>74,298</b>	<b>74,298</b>	<b>51,097</b>	<b>(23,201)</b>
Expenditures:				
Current				
Community environment	17,086	566,000	539,033	26,967
Debt Service				
Principal retirement	2,100,000	2,100,000	2,056,916	43,084
Interest expense	150,000	150,000	54,702	95,298
<b>Total expenditures</b>	<b>2,267,086</b>	<b>2,816,000</b>	<b>2,650,651</b>	<b>165,349</b>
Excess of revenues under expenditures	(2,192,788)	(2,741,702)	(2,599,554)	142,148
Other financing sources (uses):				
Proceeds from notes	\$ 4,300,000	2,100,000	2,056,916	(43,084)
<b>Total other financing sources (uses)</b>	<b>4,300,000</b>	<b>2,100,000</b>	<b>2,056,916</b>	<b>(43,084)</b>
Net change in fund balance	2,107,212	(641,702)	(542,638)	99,064
Fund balance, beginning of the year	2,576,566	2,576,566	2,576,566	-
Appropriation for prior year encumbrances	1,086	1,086	1,086	-
<b>Fund balance, end of the year</b>	<b>\$ 4,684,864</b>	<b>\$ 1,935,950</b>	<b>\$ 2,035,014</b>	<b>\$ 99,064</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, 2009

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income taxes	\$ 8,000	\$ 8,000	\$ 8,000	\$ -
Interest earnings	60,477	36,220	29,071	(7,149)
Miscellaneous	54,218	51,500	51,500	-
<b>Total revenues</b>	<b>122,695</b>	<b>95,720</b>	<b>88,571</b>	<b>(7,149)</b>
Expenditures:				
Current				
General government	399,014	396,403	191,450	204,953
<b>Total expenditures</b>	<b>399,014</b>	<b>396,403</b>	<b>191,450</b>	<b>204,953</b>
Excess of revenues under expenditures	(276,319)	(300,683)	(102,879)	197,804
Other financing sources:				
Transfers-in	256,138	133,113	117,538	(15,575)
<b>Total other financing sources</b>	<b>256,138</b>	<b>133,113</b>	<b>117,538</b>	<b>(15,575)</b>
Net change in fund balance	(20,181)	(167,570)	14,659	182,229
Fund balance, beginning of the year	1,360,711	1,360,711	1,360,711	-
Appropriation for prior year encumbrances	65,014	65,014	65,014	-
<b>Fund balance, end of the year</b>	<b>\$ 1,405,544</b>	<b>\$ 1,258,155</b>	<b>\$ 1,440,384</b>	<b>\$ 182,229</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, 2009

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental Revenue	-	\$ 194,000	\$ 210,197	\$ 16,197
Miscellaneous	-	-	3,276	3,276
<b>Total revenues</b>	<b>-</b>	<b>194,000</b>	<b>213,473</b>	<b>19,473</b>
Expenditures:				
Current				
Community environment	209,499	207,152	164,354	42,798
<b>Total expenditures</b>	<b>209,499</b>	<b>207,152</b>	<b>164,354</b>	<b>42,798</b>
Excess of revenues under expenditures	(209,499)	(13,152)	49,119	62,271
Fund balance, beginning of the year	918,770	918,770	918,770	-
Appropriation for prior year encumbrances	43,499	43,499	43,499	-
<b>Fund balance, end of the year</b>	<b>\$ 752,770</b>	<b>\$ 949,117</b>	<b>\$ 1,011,388</b>	<b>\$ 62,271</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)  
2009 SIDEWALK, CURB AND GUTTER FUND  
FOR YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Interest earnings	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures:				
Current				
Highways and streets	110,000	110,000	55,613	54,387
<b>Total expenditures</b>	<b>110,000</b>	<b>110,000</b>	<b>55,613</b>	<b>54,387</b>
Excess of revenues under expenditures	(110,000)	(110,000)	(55,613)	54,387
Other financing sources:				
Other sources	-	-	56,000	56,000
Proceeds from notes	110,000	110,000	-	(110,000)
<b>Total other financing sources</b>	<b>110,000</b>	<b>110,000</b>	<b>56,000</b>	<b>(54,000)</b>
Net change in fund balance	-	-	387	387
Fund balance, beginning of the year	-	-	-	-
<b>Fund balance, end of the year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 387</b>	<b>\$ 387</b>

## **ENTERPRISE FUNDS**

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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.

### **WATER**

To account for the provision of water treatment and distribution to the residents and commercial users of the City.

### **SEWER**

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

### **GOLF COURSE**

To account for the operation of the City's public golf course.

### **SOLID WASTE DISPOSAL**

To account 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 \$3.3 million 1994 bond issue in connection with the closing of the City landfill are made by this fund.

### **PARKING GARAGE**

To account for the operation of the City's downtown parking garage and parking lot facilities.

### **AIRPORT**

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

### **TRANSIT SYSTEM**

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

### **STORM SEWER**

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

CITY OF MIDDLETOWN, OHIO  
 COMBINING STATEMENT OF NET ASSETS  
 NON MAJOR ENTERPRISE FUNDS  
 DECEMBER 31, 2009

**Business Type Activities - Enterprise Funds**

	Parking Garage	Airport	Transit	Storm Water	Totals
<b>Assets:</b>					
Current assets					
Equity in pooled cash, deposits and investments	\$ 12,556	\$ 145,881	\$ 391	\$ 3,531,058	\$ 3,689,886
Receivables (net of allowance for uncollectibles):					
Accounts Intergovernmental	-	8,457	-	129,586	138,043
Intergovernmental	-	-	567,825	-	567,825
<b>Total current assets</b>	<b>12,556</b>	<b>154,338</b>	<b>568,216</b>	<b>3,660,644</b>	<b>4,395,754</b>
Non Current Assets:					
Deferred charges	-	34,686	-	-	34,686
Capital assets:					
Land	16,900	1,524,356	-	-	1,541,256
Land Improvements	-	316,241	-	-	316,241
Infrastructure assets	-	372,385	-	1,941,510	2,313,895
Buildings	2,738,763	1,803,022	1,342,585	69,270	5,953,640
Equipment	12,120	632,440	2,075,286	636,375	3,356,221
Less: Accumulated depreciation	(2,032,741)	(1,067,045)	(2,073,252)	(276,303)	(5,449,341)
Total capital assets (net of accumulated depreciation)	735,042	3,581,399	1,344,619	2,370,852	8,031,912
<b>Total noncurrent assets</b>	<b>735,042</b>	<b>3,616,085</b>	<b>1,344,619</b>	<b>2,370,852</b>	<b>8,066,598</b>
<b>Total assets</b>	<b>747,598</b>	<b>3,770,423</b>	<b>1,912,835</b>	<b>6,031,496</b>	<b>12,462,352</b>
<b>Liabilities:</b>					
Current liabilities					
Accounts payable	497	17,932	403,790	24,962	447,181
Accrued wages and benefits	402	-	20,304	7,952	28,658
Other accrued liabilities	-	4,616	6,218	2,604	13,438
Accrued interest payable	-	5,199	-	-	5,199
Due to other funds	-	1,139	768,765	10,781	780,685
General obligation bonds payable	-	65,000	-	-	65,000
Compensated absences (short term)	-	-	14,226	5,813	20,039
Other post employment benefits (short term)	286	-	1,803	-	2,089
<b>Total current liabilities</b>	<b>1,185</b>	<b>93,886</b>	<b>1,215,106</b>	<b>52,112</b>	<b>1,362,289</b>
Long-term liabilities:					
General obligation bonds payable	-	1,505,000	-	-	1,505,000
Premium on debt	-	34,686	-	-	34,686
Compensated absences payable	-	-	28,883	11,284	40,167
Other post employment benefits	1,617	-	10,210	-	11,827
<b>Total long-term liabilities</b>	<b>1,617</b>	<b>1,539,686</b>	<b>39,093</b>	<b>11,284</b>	<b>1,591,680</b>
<b>Total liabilities</b>	<b>2,802</b>	<b>1,633,572</b>	<b>1,254,199</b>	<b>63,396</b>	<b>2,953,969</b>
<b>Net Assets:</b>					
Invested in capital assets, net of related debt	735,042	1,976,713	1,344,619	2,370,852	6,427,226
Unrestricted	9,754	160,138	(685,983)	3,597,248	3,081,157
<b>Total net assets</b>	<b>\$ 744,796</b>	<b>\$ 2,136,851</b>	<b>\$ 658,636</b>	<b>\$ 5,968,100</b>	<b>\$ 9,508,383</b>

**CITY OF MIDDLETOWN, OHIO  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN FUND NET ASSETS  
 NON MAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2009**

**Business Type Activities - Enterprise Funds**

	<b>Parking Garage</b>	<b>Airport</b>	<b>Transit</b>	<b>Storm Water</b>	<b>Totals</b>
<b>Operating revenues:</b>					
Charges for services	\$ 22	\$ 259,067	\$ 281,962	\$ 1,536,468	\$ 2,077,519
Other operating revenue	1,584	25	5,390	1,252	8,251
<b>Total operating revenues</b>	<b>1,606</b>	<b>259,092</b>	<b>287,352</b>	<b>1,537,720</b>	<b>2,085,770</b>
<b>Operating expenses:</b>					
Personal services	86	-	659,869	325,299	985,254
Contractual services	75,266	210,881	1,089,571	178,683	1,554,401
Commodities	-	5,685	4,073	74,761	84,519
Depreciation	61,669	140,451	113,342	120,952	436,414
Other operating expenses	257	54,016	-	113,515	167,788
<b>Total operating expenses</b>	<b>137,278</b>	<b>411,033</b>	<b>1,866,855</b>	<b>813,210</b>	<b>3,228,376</b>
Operating income (loss)	(135,672)	(151,941)	(1,579,503)	724,510	(1,142,606)
<b>Non-operating revenues (expenses):</b>					
Interest revenue	-	-	-	65,586	65,586
Interest expense and fiscal charges	-	(63,877)	-	-	(63,877)
Operating grants	-	19,588	1,058,283	-	1,077,871
Income taxes	58,000	90,000	196,000	-	344,000
<b>Total non-operating revenues (expenses)</b>	<b>58,000</b>	<b>45,711</b>	<b>1,254,283</b>	<b>65,586</b>	<b>1,423,580</b>
Income (loss) before contributions	(77,672)	(106,230)	(325,220)	790,096	280,974
Capital contributions	-	-	-	542,229	542,229
<b>Change in net assets</b>	<b>(77,672)</b>	<b>(106,230)</b>	<b>(325,220)</b>	<b>1,332,325</b>	<b>823,203</b>
Total net assets, beginning of year	822,468	2,243,081	983,856	4,635,775	8,685,180
<b>Total net assets, end of year</b>	<b>\$ 744,796</b>	<b>\$ 2,136,851</b>	<b>\$ 658,636</b>	<b>\$ 5,968,100</b>	<b>\$ 9,508,383</b>

CITY OF MIDDLETOWN, OHIO  
 COMBINING STATEMENT OF CASH FLOWS  
 NON MAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

**Business Type Activities - Enterprise Funds**

	Parking Garage	Airport	Transit	Storm Water	Totals
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$ 268	\$ 254,175	\$ 283,089	\$ 1,543,433	\$ 2,080,965
Cash payments to suppliers for goods and services	(75,712)	(254,312)	(99,759)	(104,038)	(533,821)
Cash payments to employees for services	(1,040)	-	(619,201)	(268,743)	(888,984)
Miscellaneous revenues	1,584	25	5,390	1,252	8,251
Miscellaneous expenses	-	-	-	(20,888)	(20,888)
Cash payments for interfund services used	(509)	(8,171)	(326,904)	(267,428)	(603,012)
Deposits and collections for other governme	-	-	-	-	-
<b>Net cash provided by operating activities</b>	<b>(75,409)</b>	<b>(8,283)</b>	<b>(757,385)</b>	<b>883,588</b>	<b>42,511</b>
<b>Cash flows from non-capital financing activities:</b>					
Operating grants	-	19,588	630,227	-	649,815
Interfund advances	-	-	36,000	-	36,000
Income taxes received	58,000	90,000	196,000	-	344,000
<b>Net cash provided by non-capital financing activities</b>	<b>58,000</b>	<b>109,588</b>	<b>862,227</b>	<b>-</b>	<b>1,029,815</b>
<b>Cash flows from capital and related financing activities:</b>					
Purchase of capital assets	-	-	(115,585)	(823,206)	(938,791)
Interest expense	-	(64,012)	-	-	(64,012)
Repayment of debt principal	-	(65,000)	-	-	(65,000)
Capital contributions	-	-	-	542,229	542,229
<b>Net cash provided by capital and related financing activities</b>	<b>-</b>	<b>(129,012)</b>	<b>(115,585)</b>	<b>(280,977)</b>	<b>(525,574)</b>
<b>Cash flows from investing activities:</b>					
Interest income	-	-	-	65,586	65,586
<b>Net cash provided by investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65,586</b>	<b>65,586</b>
Net increase (decrease) in cash and cash equivalents	(17,409)	(27,707)	(10,743)	668,197	612,338
Cash and cash equivalents, beginning of year	29,965	173,588	11,134	2,862,861	3,077,548
<b>Cash and cash equivalents, end of year</b>	<b>\$ 12,556</b>	<b>\$ 145,881</b>	<b>\$ 391</b>	<b>\$ 3,531,058</b>	<b>\$ 3,689,886</b>

continued

**CITY OF MIDDLETOWN, OHIO  
COMBINING STATEMENT OF CASH FLOWS  
NON MAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>(continued)</b>	<b>Parking Garage</b>	<b>Airport</b>	<b>Transit</b>	<b>Storm Water</b>	<b>Totals</b>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (135,672)	\$ (151,941)	\$ (1,579,503)	\$ 724,510	\$ (1,142,606)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	61,669	140,451	113,342	120,952	436,414
Changes in assets and liabilities:					
Increase (decrease) in accounts receivable (net)	246	(2,127)	1,127	6,965	6,211
Decrease (increase) in accounts payable	(474)	7,396	10,233	20,815	37,970
Increase (decrease) in accrued wages and benefits	(933)	53	(14,857)	(1,429)	(17,166)
Increase (decrease) in other accrued liabilities	(34)	-	(845)	(212)	(1,091)
Increase (decrease) in due to other funds	(224)	648	713,942	6,664	721,030
Increase (decrease) in compensated absences payable	-	-	(905)	5,323	4,418
Increase (decrease) in other post employment benefits	13	-	81	-	94
Increase (Decrease) in due to individuals	-	(2,763)	-	-	(2,763)
<b>Total adjustments</b>	<b>60,263</b>	<b>143,658</b>	<b>822,118</b>	<b>159,078</b>	<b>1,185,117</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$(75,409)</b>	<b>\$ (8,283)</b>	<b>\$(757,385)</b>	<b>\$ 883,588</b>	<b>\$ 42,511</b>
<b>Noncash investing, capital and financing activities:</b>					
Purchase of capital assets on account	\$ -	\$ -	\$ 392,500	\$ -	\$ 392,500

**CITY OF MIDDLETOWN, OHIO**  
**SCHEDULE OF REVENUES, EXPENSES, AND**  
**CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**WATER FUND**  
**FOR YEAR ENDED DECEMBER 31, 2009**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Operating revenues				
Charges for services	\$ 7,211,715	\$ 6,211,715	\$ 6,111,065	\$ (100,650)
Other operating revenues	16,225	16,225	100,046	83,821
<b>Total operating revenues</b>	<b>7,227,940</b>	<b>6,227,940</b>	<b>6,211,111</b>	<b>(16,829)</b>
Operating expenses				
Water Administration	387,825	387,825	383,229	4,596
Water Treatment	2,364,225	2,195,130	2,062,224	132,906
Water Maintenance	1,530,575	1,530,527	1,430,023	100,504
Administrative Support	829,325	829,325	829,325	-
Water Capital Reserve	1,682,264	1,671,231	1,260,472	410,759
Wellfield Protection	323,578	358,878	334,568	24,310
<b>Total operating expenses</b>	<b>7,117,792</b>	<b>6,972,916</b>	<b>6,299,841</b>	<b>673,075</b>
Operating income (loss)	110,148	(744,976)	(88,730)	656,246
Non-operating revenues (expenses)				
Interest revenue	164,416	164,416	123,419	(40,997)
Interest expenses & fiscal charges	(210,112)	(210,112)	(210,112)	0
Debt retirement	(710,461)	(710,461)	(710,461)	(0)
Other sources	-	-	10,349	10,349
<b>Total non-operating revenues (expenses)</b>	<b>(756,157)</b>	<b>(756,157)</b>	<b>(786,805)</b>	<b>(30,648)</b>
Income (loss) before operating transfers	(646,009)	(1,501,133)	(875,535)	625,598
Operating transfers-out	(29,069)	(29,069)	(29,069)	-
<b>Total transfers</b>	<b>(29,069)</b>	<b>(29,069)</b>	<b>(29,069)</b>	<b>-</b>
Net income (loss)	(675,078)	(1,530,202)	(904,604)	625,598
Retained earnings, beginning of the year	5,733,285	5,733,285	5,733,285	-
Appropriation for prior year encumbrances	695,054	695,054	695,054	-
<b>Retained earnings, end of the year</b>	<b>\$ 5,753,261</b>	<b>\$ 4,898,137</b>	<b>\$ 5,523,735</b>	<b>\$ 625,598</b>

**CITY OF MIDDLETOWN, OHIO**  
**SCHEDULE OF REVENUES, EXPENSES, AND**  
**CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**SEWER FUND**  
**FOR YEAR ENDED DECEMBER 31, 2009**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Operating revenues				
Charges for services	\$ 7,908,157	\$ 7,708,157	\$ 7,250,911	\$ (457,246)
Other operating revenues	-	-	1,919	1,919
<b>Total operating revenues</b>	<b>7,908,157</b>	<b>7,708,157</b>	<b>7,252,830</b>	<b>(455,327)</b>
Operating expenses				
Sewer Administration	271,246	296,246	290,731	5,515
Sewer Treatment	3,169,828	3,168,740	2,810,241	358,499
Sewer Maintenance	941,568	941,568	835,346	106,222
Environmental Services Administration	208,115	208,115	201,467	6,648
Administrative Support	829,325	829,325	829,325	-
Sewer Capital Reserve	7,124,795	7,121,925	6,340,682	781,243
<b>Total operating expenses</b>	<b>12,544,877</b>	<b>12,565,919</b>	<b>11,307,792</b>	<b>1,258,127</b>
Operating income (loss)	(4,636,720)	(4,857,762)	(4,054,962)	802,800
Non-operating revenues (expenses)				
Interest revenue	42,430	42,430	97,740	55,310
Interest expenses & fiscal charges	(417,380)	(417,380)	(417,380)	-
Debt retirement	(656,719)	(656,719)	(656,719)	-
<b>Total non-operating revenues (expenses)</b>	<b>(1,031,669)</b>	<b>(1,031,669)</b>	<b>(976,359)</b>	<b>55,310</b>
Income (loss) before operating transfers	(5,668,389)	(5,889,431)	(5,031,321)	858,110
Operating transfers-out	(29,069)	(29,069)	(29,069)	-
<b>Total transfers</b>	<b>(29,069)</b>	<b>(29,069)</b>	<b>(29,069)</b>	<b>-</b>
Net income (loss)	(5,697,458)	(5,918,500)	(5,060,390)	858,110
Retained earnings, beginning of the year	2,128,610	2,128,610	2,128,610	-
Appropriation for prior year encumbrances	5,900,747	5,900,747	5,900,747	-
<b>Retained earnings, end of the year</b>	<b>\$ 2,331,899</b>	<b>\$ 2,110,857</b>	<b>\$ 2,968,967</b>	<b>\$ 858,110</b>

**CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENSES, AND  
CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL (NON-GAAP BASIS)  
GOLF COURSE FUND  
FOR YEAR ENDED DECEMBER 31, 2009**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Operating revenues				
Charges for services	\$ 1,966,000	\$ 1,966,000	\$ 1,404,427	\$ (561,573)
Other operating revenues	4,000	4,000	28,631	24,631
<b>Total operating revenues</b>	<b>1,970,000</b>	<b>1,970,000</b>	<b>1,433,058</b>	<b>(536,942)</b>
Operating expenses				
Golf Maintenance	901,356	906,856	735,072	171,784
Golf Clubhouse	773,310	773,310	591,716	181,594
<b>Total operating expenses</b>	<b>1,674,666</b>	<b>1,680,166</b>	<b>1,326,788</b>	<b>353,378</b>
Operating income (loss)	295,334	289,834	106,270	(183,564)
Non-operating revenues (expenses)				
Interest expenses & fiscal charges	(50,728)	(51,728)	(51,705)	23
Debt retirement	(172,452)	(172,452)	(172,452)	-
Other sources	-	600,000	118,068	(481,932)
<b>Total non-operating revenues (expenses)</b>	<b>(223,180)</b>	<b>375,820</b>	<b>(106,089)</b>	<b>(481,909)</b>
Net income (loss)	72,154	665,654	181	(665,473)
Retained earnings, beginning of the year	6,175	6,175	6,175	-
<b>Retained earnings, end of the year</b>	<b>\$ 78,329</b>	<b>\$ 671,829</b>	<b>\$ 6,356</b>	<b>\$ (665,473)</b>

**CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENSES, AND  
CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL (NON-GAAP BASIS)  
SOLID WASTE DISPOSAL FUND  
FOR YEAR ENDED DECEMBER 31, 2009**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Operating revenues				
Charges for services	\$ 2,856,000	\$ 2,956,000	\$ 2,839,868	\$ (116,132)
Other operating revenues	18,281	18,281	16,837	(1,444)
<b>Total operating revenues</b>	<b>2,874,281</b>	<b>2,974,281</b>	<b>2,856,705</b>	<b>(117,576)</b>
Operating expenses	2,898,667	2,894,667	2,505,605	389,062
Administrative Support	20,000	20,000	20,000	-
<b>Total operating expenses</b>	<b>2,918,667</b>	<b>2,914,667</b>	<b>2,525,605</b>	<b>389,062</b>
Operating income (loss)	(44,386)	59,614	331,100	271,486
Non-operating expenses				
Interest expenses & fiscal charges	(36,787)	(36,787)	(36,787)	-
Debt retirement	(231,533)	(231,533)	(231,533)	-
<b>Total non-operating expenses</b>	<b>(268,320)</b>	<b>(268,320)</b>	<b>(268,320)</b>	<b>-</b>
Net income (loss)	(312,706)	(208,706)	62,780	271,486
Retained earnings, beginning of the year	(75,845)	(75,845)	(75,845)	-
Appropriation for prior year encumbrances	329,093	329,093	329,093	-
<b>Retained earnings, end of the year</b>	<b>\$ (59,458)</b>	<b>\$ 44,542</b>	<b>\$ 316,028</b>	<b>\$ 271,486</b>

**CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENSES, AND  
CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL (NON-GAAP BASIS)  
PARKING GARAGE FUND  
FOR YEAR ENDED DECEMBER 31, 2009**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Operating revenues				
Charges for services	\$ 14,000	\$ 14,000	\$ 269	\$ (13,731)
Fines and forfeits	-	-	1,584	1,584
<b>Total operating revenues</b>	<b>14,000</b>	<b>14,000</b>	<b>1,853</b>	<b>(12,147)</b>
Operating expenses				
Parking Enforcement	15,000	15,000	1,547	13,453
Parking Garage	86,069	86,069	78,804	7,265
<b>Total operating expenses</b>	<b>101,069</b>	<b>101,069</b>	<b>80,351</b>	<b>20,718</b>
Operating income (loss)	(87,069)	(87,069)	(78,498)	8,571
Non-operating revenues (expenses)				
Income taxes	58,000	58,000	58,000	-
<b>Total non-operating revenues (expenses)</b>	<b>58,000</b>	<b>58,000</b>	<b>58,000</b>	<b>-</b>
Net income (loss)	(29,069)	(29,069)	(20,498)	8,571
Retained earnings, beginning of the year	29,965	29,965	29,965	-
<b>Retained earnings, end of the year</b>	<b>\$ 896</b>	<b>\$ 896</b>	<b>\$ 9,467</b>	<b>\$ 8,571</b>

**CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENSES, AND  
CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL (NON-GAAP BASIS)  
AIRPORT FUND  
FOR YEAR ENDED DECEMBER 31, 2009**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Operating revenues				
Charges for services	\$ 234,084	\$ 234,084	\$ 254,176	\$ 20,092
Other operating revenues	-	-	25	25
<b>Total operating revenues</b>	<b>234,084</b>	<b>234,084</b>	<b>254,201</b>	<b>20,117</b>
Operating expenses				
Airport Improvements	268,567	241,875	57,323	184,552
Airport	200,027	224,027	213,844	10,183
<b>Total operating expenses</b>	<b>468,594</b>	<b>465,902</b>	<b>271,167</b>	<b>194,735</b>
Operating income (loss)	(234,510)	(231,818)	(16,966)	214,852
Non-operating revenues (expenses)				
Interest revenue	-	1,884	-	(1,884)
Interest expenses & fiscal charges	(64,013)	(64,013)	(64,013)	-
Debt retirement	(65,000)	(65,000)	(65,000)	-
Operating grants	200,000	200,000	19,588	(180,412)
Other sources	-	-	54	54
Income taxes	90,000	90,000	90,000	-
<b>Total non-operating revenues</b>	<b>160,987</b>	<b>160,987</b>	<b>(19,371)</b>	<b>(180,358)</b>
Net income (loss)	(73,523)	(70,831)	(36,337)	34,494
Retained earnings, beginning of the year	124,744	124,744	124,744	-
Appropriation for prior year encumbrances	48,844	48,844	48,844	-
<b>Retained earnings, end of the year</b>	<b>\$ 100,065</b>	<b>\$ 102,757</b>	<b>\$ 137,251</b>	<b>\$ 34,494</b>

**CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENSES, AND  
CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL (NON-GAAP BASIS)  
TRANSIT SYSTEM FUND  
FOR YEAR ENDED DECEMBER 31, 2009**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Operating revenues				
Charges for services	\$ 175,000	\$ 175,000	\$ 154,456	\$ (20,544)
Other operating revenues	6,000	6,000	5,415	(585)
<b>Total operating revenues</b>	<b>181,000</b>	<b>181,000</b>	<b>159,871</b>	<b>(21,129)</b>
Operating expenses	1,160,651	2,031,312	1,855,454	175,858
<b>Total operating expenses</b>	<b>1,160,651</b>	<b>2,031,312</b>	<b>1,855,454</b>	<b>175,858</b>
Operating income (loss)	(979,651)	(1,850,312)	(1,695,583)	154,729
Non-operating revenues (expenses)				
Operating grants	784,734	1,684,734	758,835	(925,899)
Other sources	-	-	36,000	36,000
Income tax	196,000	196,000	196,000	-
<b>Total non-operating revenues (expenses)</b>	<b>980,734</b>	<b>1,880,734</b>	<b>990,835</b>	<b>(889,899)</b>
Net income (loss)	1,083	30,422	(704,748)	(735,170)
Retained earnings, beginning of the year	11,134	11,134	11,134	-
<b>Retained earnings, end of the year</b>	<b>\$ 12,217</b>	<b>\$ 41,556</b>	<b>\$ (693,614)</b>	<b>\$ (735,170)</b>

**CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENSES, AND  
CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL (NON-GAAP BASIS)  
STORM SEWER FUND  
FOR YEAR ENDED DECEMBER 31, 2009**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Operating revenues				
Charges for services	\$ 1,549,431	\$ 1,549,431	\$ 1,543,433	\$ (5,998)
Other operating revenues	-	-	1,252	1,252
<b>Total operating revenues</b>	<b>1,549,431</b>	<b>1,549,431</b>	<b>1,544,685</b>	<b>(4,746)</b>
Operating expenses				
Administrative Support	100,000	100,000	100,000	-
Storm Sewer Maint	721,561	793,269	600,546	192,723
Sewer Capital Reserve	775,000	775,000	303,609	471,391
<b>Total operating expenses</b>	<b>1,596,561</b>	<b>1,668,269</b>	<b>1,004,155</b>	<b>664,114</b>
Operating income (loss)	(47,130)	(118,838)	540,530	659,368
Non-operating revenues (expenses)				
Interest revenue	78,495	78,495	65,586	(12,909)
<b>Total non-operating revenues (expenses)</b>	<b>78,495</b>	<b>78,495</b>	<b>65,586</b>	<b>(12,909)</b>
Net income (loss)	31,365	(40,343)	606,116	646,459
Retained earnings, beginning of the year	2,791,282	2,791,282	2,791,282	-
Appropriation for prior year encumbrances	71,579	71,579	71,579	-
<b>Retained earnings, end of the year</b>	<b>\$ 2,894,226</b>	<b>\$ 2,822,518</b>	<b>\$ 3,468,977</b>	<b>\$ 646,459</b>

## **INTERNAL SERVICE FUNDS**

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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 ASSETS  
INTERNAL SERVICE FUNDS  
DECEMBER 31, 2009**

	<b>Municipal Garage</b>	<b>Employee Benefits Fund</b>	<b>Totals</b>
<b>Assets:</b>			
<b>Current assets:</b>			
Equity in pooled cash, deposits and investments	\$ 924,149	\$ 1,023,078	\$ 1,947,227
Receivables (net of allowance for uncollectibles):			
Accounts	13,805	-	13,805
Due from other funds	913,199	-	913,199
Inventory of supplies	200,705	-	200,705
<b>Total current assets</b>	<b>2,051,858</b>	<b>1,023,078</b>	<b>3,074,936</b>
<b>Capital assets:</b>			
Land	195,750	-	195,750
Buildings	521,872	-	521,872
Equipment	10,178,336	-	10,178,336
Less: Accumulated depreciation	(7,353,660)	-	(7,353,660)
<b>Net capital assets</b>	<b>3,542,298</b>	<b>-</b>	<b>3,542,298</b>
<b>Total assets</b>	<b>5,594,156</b>	<b>1,023,078</b>	<b>6,617,234</b>
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Accounts payable	125,694	821,921	947,615
Accrued wages and benefits	23,691	-	23,691
Other accrued liabilities	5,116	-	5,116
Other post employment benefits	2,982	-	2,982
<b>Total current liabilities</b>	<b>157,483</b>	<b>821,921</b>	<b>979,404</b>
<b>Long-term liabilities:</b>			
Compensated absences payable	61,162	-	61,162
Other post employment benefits	16,889	-	16,889
<b>Total long-term liabilities</b>	<b>78,051</b>	<b>-</b>	<b>78,051</b>
<b>Total liabilities</b>	<b>235,534</b>	<b>821,921</b>	<b>1,057,455</b>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	3,542,298	-	3,542,298
Unrestricted	1,816,324	201,157	2,017,481
<b>Total net assets</b>	<b>\$ 5,358,622</b>	<b>\$ 201,157</b>	<b>\$ 5,559,779</b>

**CITY OF MIDDLETOWN, OHIO  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN FUND NET ASSETS  
 INTERNAL SERVICE FUNDS  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009**

	Municipal Garage	Employee Benefits Fund	Totals
Operating revenues:			
Charges for services	\$ 3,611,737	\$ 4,954,227	\$ 8,565,964
Other operating revenues	167,260	3,146	170,406
<b>Total operating revenues</b>	<b>3,778,997</b>	<b>4,957,373</b>	<b>8,736,370</b>
Operating expenses:			
Personal services	576,831	-	576,831
Contractual services	707,529	4,873,150	5,580,679
Commodities	749,914	-	749,914
Depreciation	829,848	-	829,848
Other operating expenses	41,774	-	41,774
<b>Total operating expenses</b>	<b>2,905,896</b>	<b>4,873,150</b>	<b>7,779,046</b>
Operating income (loss)	873,101	84,223	957,324
Non-operating revenues (expenses):			
Interest revenue	16,817	-	16,817
Loss on sale of equipment	(78,954)	-	(78,954)
<b>Total non-operating revenues (expenses)</b>	<b>(62,137)</b>	<b>-</b>	<b>(62,137)</b>
Change in net assets	810,964	84,223	895,187
Total net assets, beginning of the year	4,547,658	116,934	4,664,592
<b>Total net assets, end of the year</b>	<b>\$ 5,358,622</b>	<b>\$ 201,157</b>	<b>\$ 5,559,779</b>

**CITY OF MIDDLETOWN, OHIO  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<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	\$ (1,385,830)	\$ (4,416,460)	\$ (5,802,290)
Cash payments to employees for services	(517,252)	-	(517,252)
Miscellaneous revenue	169,363	3,146	172,509
Miscellaneous expenses	(97,341)	-	(97,341)
Cash received from interfund services provided	2,886,365	4,954,227	7,840,592
Cash payments for interfund services used	(91,551)	-	(91,551)
<b>Net cash provided by operating activities</b>	<b>963,754</b>	<b>540,913</b>	<b>1,504,667</b>
<b>Cash flows from capital and related financing activities:</b>			
Purchase of capital assets	(1,522,025)	-	(1,522,025)
<b>Net cash used by capital and related financing activities</b>	<b>(1,522,025)</b>	<b>-</b>	<b>(1,522,025)</b>
<b>Cash flows from investing activities:</b>			
Interest income	16,817	-	16,817
<b>Net cash provided by investing activities</b>	<b>16,817</b>	<b>-</b>	<b>16,817</b>
Net increase (decrease) in cash and cash equivalents	(541,454)	540,913	(541)
Cash and cash equivalents, beginning of year	1,465,603	482,165	1,947,768
<b>Cash and cash equivalents, end of year</b>	<b>\$ 924,149</b>	<b>\$ 1,023,078</b>	<b>\$ 1,947,227</b>

**CITY OF MIDDLETOWN, OHIO  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2009**

<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	\$ 873,101	\$ 84,223	\$ 957,324
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	829,848	-	829,848
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	2,104	-	2,104
Increase (decrease) in due from other funds	(725,373)	-	(725,373)
Decrease (increase) in supplies inventory	(22,531)	-	(22,531)
Decrease (increase) in accounts payable	37,229	456,690	493,919
Decrease (increase) in accrued wages	(1,388)	-	(1,388)
Decrease (increase) in accrued liabilities	(1,425)	-	(1,425)
Increase (decrease) in compensated absences and other	(27,811)	-	(27,811)
<b>Total adjustments</b>	<b>90,653</b>	<b>456,690</b>	<b>547,343</b>
<b>Net cash provided by operating activities</b>	<b>\$ 963,754</b>	<b>\$ 540,913</b>	<b>\$ 1,504,667</b>

**CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENSES, AND  
CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL (NON-GAAP BASIS)  
MUNICIPAL GARAGE FUND  
FOR YEAR ENDED DECEMBER 31, 2009**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Operating revenues				
Charges for services	\$ 2,962,328	\$ 2,958,401	\$ 3,055,727	\$ 97,326
<b>Total operating revenues</b>	<b>2,962,328</b>	<b>2,958,401</b>	<b>3,055,727</b>	<b>97,326</b>
Operating expenses				
Personal services	625,070	625,070	607,836	17,234
Contractual services	438,931	909,931	1,013,027	(103,096)
Commodities	975,331	975,331	748,339	226,992
Other operating expenses	1,920,253	1,920,253	1,824,254	95,999
<b>Total operating expenses</b>	<b>3,959,585</b>	<b>4,430,585</b>	<b>4,193,456</b>	<b>237,129</b>
Operating income (loss)	(997,257)	(1,472,184)	(1,137,729)	334,455
Non-operating revenues (expenses)				
Interest revenue	59,453	63,380	16,816	(46,564)
<b>Total non-operating revenues (expenses)</b>	<b>59,453</b>	<b>63,380</b>	<b>16,816</b>	<b>(46,564)</b>
Net income	(937,804)	(1,408,804)	(1,120,913)	287,891
Retained earnings, beginning of the year	501,154	501,154	501,154	-
Appropriation for prior year encumbrances	964,449	964,449	964,449	-
<b>Retained earnings, end of the year</b>	<b>\$ 527,799</b>	<b>\$ 56,799</b>	<b>\$ 344,690</b>	<b>\$ 287,891</b>

CITY OF MIDDLETOWN, OHIO  
SCHEDULE OF REVENUES, EXPENSES, AND  
CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL (NON-GAAP BASIS)  
EMPLOYEE BENEFITS FUND  
FOR YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance From Final Budget
Operating revenues				
Charges for services	\$ 5,280,772	\$ 5,280,772	\$ 4,957,373	\$ (323,399)
<b>Total operating revenues</b>	<b>5,280,772</b>	<b>5,280,772</b>	<b>4,957,373</b>	<b>(323,399)</b>
Operating expenses				
Contractual services	4,590,027	4,590,027	4,416,460	173,567
<b>Total operating expenses</b>	<b>4,590,027</b>	<b>4,590,027</b>	<b>4,416,460</b>	<b>173,567</b>
Net income	690,745	690,745	540,913	(149,832)
Retained earnings, beginning of the year	482,165	482,165	482,165	-
<b>Retained earnings, end of the year</b>	<b>\$ 1,172,910</b>	<b>\$ 1,172,910</b>	<b>\$ 1,023,078</b>	<b>\$ (149,832)</b>

## **AGENCY FUNDS**

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

### **CONSERVANCY**

The Conservancy fund records the city property tax levy which is collected on the behalf of the Miami Conservancy District.

### **PAYROLL CLEARING**

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

### **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 NET ASSETS  
 FIDUCIARY FUNDS  
 DECEMBER 31, 2009

	Conser- vancy	Payroll Clearing	Municipal Court	Joint Economic Development District I	Totals
Assets:					
Cash and equity in pooled cash, deposits and investments	\$ 16,165	\$ -	\$ 81,793	\$ 55,061	\$ 153,019
Cash with fiscal and escrow agent	-	26,058	-	-	26,058
Property taxes receivable	61,961	-	-	12,086	74,047
<b>Total assets</b>	<b>78,126</b>	<b>26,058</b>	<b>81,793</b>	<b>67,147</b>	<b>253,124</b>
Liabilities:					
Due to other governments	78,126	(1)	-	67,147	145,272
Due to individuals	-	1,017	35,403	-	36,420
Unapportioned monies	-	25,042	46,390	-	71,432
<b>Total liabilities</b>	<b>\$ 78,126</b>	<b>\$ 26,058</b>	<b>\$ 81,793</b>	<b>\$ 67,147</b>	<b>\$ 253,124</b>

CITY OF MIDDLETOWN, OHIO  
 COMBINING SCHEDULE OF CHANGES  
 IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

CONSERVANCY				
	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets:				
Cash and equity in pooled cash, deposits and investments	\$ 11,860	\$ 148,237	\$ 143,932	\$ 16,165
Property taxes receivable	107,083	103,623	148,745	61,961
<b>Total assets</b>	<b>118,943</b>	<b>251,860</b>	<b>292,677</b>	<b>78,126</b>
Liabilities:				
Due to other governments	118,943	251,860	292,677	78,126
<b>Total liabilities</b>	<b>\$ 118,943</b>	<b>\$ 251,860</b>	<b>\$ 292,677</b>	<b>\$ 78,126</b>

CITY OF MIDDLETOWN, OHIO  
 COMBINING SCHEDULE OF CHANGES  
 IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

PAYROLL CLEARING				
	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets:				
Cash with fiscal and escrow agent	\$ 190,287	\$ 22,568,386	\$ 22,732,615	\$ 26,058
<b>Total assets</b>	<b>190,287</b>	<b>22,568,386</b>	<b>22,732,615</b>	<b>26,058</b>
Liabilities:				
Due to other governments	163,520	5,604,498	5,768,019	(1)
Due to individuals	920	16,236,392	16,236,295	1,017
Unapportioned monies	25,847	727,496	728,301	25,042
<b>Total liabilities</b>	<b>\$ 190,287</b>	<b>\$ 22,568,386</b>	<b>\$ 22,732,615</b>	<b>\$ 26,058</b>

CITY OF MIDDLETOWN, OHIO  
 COMBINING SCHEDULE OF CHANGES  
 IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

MUNICIPAL COURT				
	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets:				
Cash and equity in pooled cash, deposits and investments	\$ 80,819	\$ 3,968,183	\$ 3,967,209	\$ 81,793
<b>Total assets</b>	<b>80,819</b>	<b>3,968,183</b>	<b>3,967,209</b>	<b>81,793</b>
Liabilities:				
Due to other governments	-	657,921	657,921	-
Due to individuals	30,538	1,368,408	1,363,543	35,403
Unapportioned monies	50,281	1,941,854	1,945,745	46,390
<b>Total liabilities</b>	<b>\$ 80,819</b>	<b>\$ 3,968,183</b>	<b>\$ 3,967,209</b>	<b>\$ 81,793</b>

CITY OF MIDDLETOWN, OHIO  
 COMBINING SCHEDULE OF CHANGES  
 IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

**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	\$ 28,107	\$ 728,718	\$ 701,764	\$ 55,061
Income taxes receivable	12,086	730,965	730,965	12,086
<b>Total assets</b>	<b>40,193</b>	<b>1,459,683</b>	<b>1,432,729</b>	<b>\$ 67,147</b>
Liabilities:				
Due to other governments	40,193	728,718	701,764	\$ 67,147
<b>Total liabilities</b>	<b>\$ 40,193</b>	<b>\$ 728,718</b>	<b>\$ 701,764</b>	<b>\$ 67,147</b>

## **STATISTICAL SECTION**

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# STATISTICAL SECTION

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

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

CONTENTS	PAGE
<b>Financial Trends</b>	<b>166</b>
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	<b>173</b>
These schedules contain information to help the reader assess one of the government's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	<b>177</b>
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	<b>182</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
<b>Operating Information</b>	<b>184</b>
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

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

	2009	2008	2007	2006	2005	2004	2003	2002
<b>Governmental Activities</b>								
Invested in Capital Assets, Net of Related Debt	\$ 59,504	58,169	59,871	62,823	68,722	22,142	21,613	18,601
<b>Restricted:</b>								
Capital Projects	3,527	4,168	3,806	4,229	5,838	5,402	3,703	-
Debt Service	4,495	5,845	1,932	2,466	2,483	2,700	1,768	443
Housing Assistance	11,897	11,241	12,629	12,608	10,625	-	-	-
Other Purposes	11,351	10,256	8,327	7,761	8,502	16,329	15,413	5,463
Unrestricted	10,494	10,366	6,963	4,930	3,605	2,267	4,239	21,526
<b>Total Governmental Activities Net Assets</b>	<b>\$ 101,268</b>	<b>100,045</b>	<b>93,528</b>	<b>94,817</b>	<b>99,775</b>	<b>48,840</b>	<b>46,736</b>	<b>46,033</b>
<b>Business-Type Activities</b>								
Invested in Capital Assets, Net of Related Debt	\$ 49,139	49,847	41,709	40,483	41,012	39,549	38,968	36,568
<b>Restricted:</b>								
Other Purposes	1,411	1,367	1,255	1,105	711	711	716	712
Unrestricted	13,247	10,779	15,702	15,650	12,658	13,204	12,239	13,145
<b>Total Business-Type Activities Net Assets</b>	<b>\$ 63,797</b>	<b>61,993</b>	<b>58,666</b>	<b>57,238</b>	<b>54,381</b>	<b>53,464</b>	<b>51,923</b>	<b>50,425</b>

The year 2002 was the first year to report all activities using the accrual basis of accounting.

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

	2009	2008	2007	2006	2005	2004	2003	2002
<b>Expenses</b>								
Governmental activities:								
Community environment	\$ 14,621	15,950	11,736	11,402	11,022	13,033	12,476	10,981
General government	6,489	4,073	4,233	4,639	4,674	4,389	4,248	5,625
Leisure	1,150	1,250	1,565	1,096	1,661	877	1,146	1,315
Public health	1,094	1,490	1,031	1,262	1,247	1,471	1,859	1,991
Public safety	24,250	23,701	23,498	22,691	22,420	22,544	22,128	22,174
Highways and streets	9,509	7,965	10,318	9,787	4,196	5,446	3,485	4,532
Interest on long-term debt	1,179	1,028	1,497	1,522	1,506	1,375	1,215	1,197
Total governmental activities expenses	<u>58,292</u>	<u>55,457</u>	<u>53,878</u>	<u>52,399</u>	<u>46,726</u>	<u>49,135</u>	<u>46,557</u>	<u>47,815</u>
Business-type activities:								
Water	5,867	7,588	7,510	8,027	6,002	5,265	5,397	5,625
Sanitary Sewer	7,092	7,374	6,730	6,928	5,640	5,505	5,734	5,627
Golf	1,488	1,563	1,713	1,653	1,881	1,727	1,879	1,869
Solid Waste	2,547	2,496	2,748	2,442	2,280	2,236	2,290	1,939
Non major enterprise funds	3,292	2,314	2,203	2,037	1,810	1,961	1,321	1,896
Total business-type activities expenses	<u>20,286</u>	<u>21,335</u>	<u>20,904</u>	<u>21,087</u>	<u>17,613</u>	<u>16,694</u>	<u>16,621</u>	<u>16,956</u>
Total primary government expenses	<u>\$ 78,578</u>	<u>76,792</u>	<u>74,782</u>	<u>73,486</u>	<u>64,339</u>	<u>65,829</u>	<u>63,178</u>	<u>64,771</u>
<b>Program Revenue</b>								
Governmental activities:								
Charges for services:								
Community environment	\$ 192	347	501	896	777	447	16	651
General government	2,704	2,980	2,296	1,744	2,329	1,589	1,528	1,478
Highways and streets	-	-	449	498	-	18	-	-
Leisure	1	162	79	45	18	23	34	38
Public health	167	184	-	204	205	200	329	637
Public safety	3,990	3,967	3,686	2,297	2,836	1,793	2,422	2,445
Operating grants & contributions	13,682	12,827	11,332	12,241	14,421	6,895	10,007	11,713
Capital grants & contributions	7,423	4,203	2,405	3,047	1,560	9,125	1,985	115
Total governmental activities program revenue	<u>\$ 28,159</u>	<u>24,670</u>	<u>20,748</u>	<u>20,972</u>	<u>22,146</u>	<u>20,090</u>	<u>16,321</u>	<u>17,077</u>

The year 2002 was the first year to report all activities using the accrual basis of accounting.

continued

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

	2009	2008	2007	2006	2005	2004	2003	2002
<b>Business-type activities:</b>								
Charges for services:								
Water	\$ 6,038	6,866	6,598	6,980	6,655	6,711	6,228	5,433
Sanitary Sewer	7,210	7,930	6,673	7,122	5,574	5,791	5,460	5,546
Golf course	1,408	1,393	1,629	1,635	1,716	1,765	1,668	1,799
Solid Waste	2,825	2,817	3,153	2,596	2,454	2,423	2,330	2,021
Other business-type activities	2,078	2,007	1,842	1,994	267	201	206	215
Operating grants & contributions	1,101	1,257	1,115	2,639	1,139	184	31	417
Capital grants & contributions	754	1,119	473	172	151	654	1,985	2,150
Total business-type activities program revenue	21,414	23,389	21,483	23,138	17,956	17,729	17,908	17,581
Total primary government program revenue	\$ 49,573	48,059	42,231	44,110	40,102	37,819	34,229	34,658
<b>Net (Expense)/Revenue</b>								
Governmental activities	\$ (30,133)	(30,787)	(33,130)	(31,427)	(24,580)	(29,045)	(30,236)	(30,738)
Business-type activities	1,128	2,054	579	2,051	343	1,035	1,287	625
Total primary government net expense	(29,005)	(28,733)	(32,551)	(29,376)	(24,237)	(28,010)	(28,949)	(30,113)
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities:								
Income taxes	\$ 18,942	19,921	17,921	17,695	18,009	17,960	16,417	17,764
Property taxes	4,534	4,965	5,644	5,920	5,941	5,654	5,588	5,042
Other taxes	2,427	2,248	3,694	3,382	3,046	3,445	3,849	3,436
Grants/contributions not restricted	3,666	3,349	1,014	807	6	69	2,300	4,366
Investment earnings	(151)	686	2,327	967	485	529	1,006	1,101
Miscellaneous	1,823	6,135	1,241	3,143	3,196	3,560	1,445	49
Transfers	58	-	-	55	56	(67)	334	1,868
Total governmental activities general revenues	31,299	37,304	31,841	31,969	30,739	31,150	30,939	33,626
Business-type activities:								
Income taxes	\$ 344	466	300	270	338	238	245	230
Grants/contributions not restricted	-	-	-	-	-	201	245	216
Investment earnings	323	694	549	591	291	-	-	377
Transfers	96	-	-	(55)	(56)	67	(279)	(49)
Miscellaneous	(58)	113	-	-	-	-	-	116
Total business-type activities general revenues	705	1,273	849	806	573	506	211	890
Total primary government general revenues	\$ 32,004	38,577	32,690	32,775	31,312	31,656	31,150	34,516
Special item	\$ -	-	-	(5,500)	-	-	-	-
<b>Changes in Net Assets</b>								
Governmental activities	\$ 1,166	6,517	(1,289)	(4,958)	6,159	2,105	703	2,888
Business-type activities	1,833	3,327	1,428	2,857	916	1,541	1,498	1,515
Total primary government	\$ 2,999	9,844	139	(2,101)	7,075	3,646	2,201	4,403

The year 2002 was the first year to report all activities using the accrual basis of accounting.

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

Fiscal Year	Income Tax	Property Tax	Other Taxes	Total
2009	\$ 19,286	\$ 4,533	\$ 2,427	\$ 26,246
2008	\$ 20,387	\$ 4,965	\$ 2,248	\$ 27,600
2007	\$ 18,221	\$ 5,644	\$ 3,694	\$ 27,559
2006	\$ 17,966	\$ 5,920	\$ 3,382	\$ 27,268
2005	\$ 18,009	\$ 5,941	\$ 3,046	\$ 26,996
2004	\$ 17,960	\$ 5,654	\$ 3,445	\$ 27,059
2003	\$ 16,417	\$ 5,588	\$ 3,849	\$ 25,854
2002	\$ 17,764	\$ 5,042	\$ 3,436	\$ 26,242

The year 2002 was the first year to report all activities using the accrual basis of accounting.

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

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>General Fund</b>										
Reserved	\$ 326	311	211	229	732	355	509	417	221	469
Unreserved	10,977	11,229	8,864	6,792	6,527	6,007	7,119	10,938	10,193	9,959
Total General Fund	\$ 11,303	11,540	9,075	7,021	7,259	6,362	7,628	11,355	10,414	10,428
<b>All Other Governmental Funds</b>										
Reserved	\$ 3,764	4,476	3,148	5,138	4,457	5,225	9,197	8,608	(221)	8,564
Unreserved, undesignated, reported in:										
Capital project funds	2,499	6,021	3,552	1,823	4,258	2,541	(1,091)	6,709	6,709	7,386
Debt service funds	82	1,123	720	317	327	124	443	649	650	885
Special revenue funds	7,133	2,933	6,842	5,440	4,117	4,169	3,852	4,184	4,184	3,501
Total All Other Governmental Funds	13,478	14,553	14,262	12,718	13,159	12,059	12,401	20,150	11,322	20,336
<b>Total Governmental Funds</b>	\$ 24,781	26,093	23,337	19,739	20,418	18,421	20,029	31,505	21,736	30,764

**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**

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Revenues</b>										
Property taxes	\$ 4,533	4,965	5,643	5,920	5,941	5,654	5,588	5,019	4,773	5,140
Municipal income taxes	18,640	19,606	17,944	17,061	18,092	17,376	15,443	17,764	19,231	16,970
Intergovernmental revenues	23,325	19,921	18,853	19,159	15,702	17,940	17,781	16,308	13,808	11,952
Charges for services	4,449	4,312	4,216	3,286	3,624	3,758	2,915	3,730	2,568	1,371
Fees, licenses, and permits	187	257	452	417	338	312	245	274	335	308
Fines and forfeits	1,774	2,019	1,575	1,483	1,612	1,499	1,164	1,259	1,301	1,272
Special assessments	385	440	491	498	591	659	638	625	816	810
Investment earnings	(151)	686	1,054	861	450	498	730	1,111	1,764	1,890
Miscellaneous	2,575	3,958	3,142	3,385	3,172	2,089	1,976	2,270	1,908	1,542
<b>Total revenues</b>	<b>55,717</b>	<b>56,164</b>	<b>53,370</b>	<b>52,070</b>	<b>49,522</b>	<b>49,785</b>	<b>46,480</b>	<b>48,360</b>	<b>46,504</b>	<b>41,255</b>
<b>Expenditures</b>										
Current:										
General Government	4,060	4,334	4,083	4,306	4,196	4,104	4,203	5,124	4,804	4,676
Public safety	23,873	23,240	23,122	23,791	22,501	22,142	23,596	23,775	20,863	19,457
Public health and welfare	1,084	1,394	1,024	1,220	1,187	1,457	1,832	1,996	1,699	1,548
Leisure time activities	1,466	1,259	1,421	1,064	1,502	1,060	1,152	1,233	1,071	1,022
Community environment	14,616	15,907	11,754	11,377	13,708	13,024	12,441	14,991	11,195	7,467
Highways and streets	12,008	3,329	4,731	6,587	5,373	3,787	7,432	7,401	5,139	4,618
Miscellaneous	3,422	1,127	1,427	1,410	1,636	7,353	2,080	1,371	976	1,602
Debt Service										
Principal retirement	1,822	1,896	1,556	1,661	1,520	1,407	1,238	1,356	1,300	1,237
Interest and fiscal charges	1,277	971	1,503	1,527	1,493	1,355	1,209	1,217	1,209	1,192
Bond issuance costs	-	836	-	-	-	-	141	-	-	-
<b>Total expenditures</b>	<b>63,628</b>	<b>54,293</b>	<b>50,621</b>	<b>52,943</b>	<b>53,116</b>	<b>55,689</b>	<b>55,324</b>	<b>58,464</b>	<b>48,256</b>	<b>42,819</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (7,911)</b>	<b>1,871</b>	<b>2,749</b>	<b>(873)</b>	<b>(3,594)</b>	<b>(5,904)</b>	<b>(8,844)</b>	<b>(10,104)</b>	<b>(1,752)</b>	<b>(1,564)</b>

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

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Continued										
<b>Other Financing Sources (Uses)</b>										
Transfers in	\$ 1,075	2,842	842	497	661	765	1,047	1,290	2,784	4,125
Transfers out	(1,017)	(2,785)	(242)	(442)	(606)	(713)	(768)	(1,379)	(1,751)	(2,741)
Issuance of bonds	6,530	10,323	-	58	4,315	6,216	4,250	-	716	223
Other uses	11	(9,665)	(4)	(29)	-	-	-	-	-	-
Other sources	-	170	107	-	-	-	-	-	-	-
Capital lease	-	-	-	-	-	-	-	-	-	362
<b>Total other financing sources (uses)</b>	<u>6,599</u>	<u>885</u>	<u>703</u>	<u>84</u>	<u>4,370</u>	<u>6,268</u>	<u>4,529</u>	<u>(89)</u>	<u>1,749</u>	<u>1,969</u>
<b>Net change in Fund Balances</b>	<u>\$ (1,312)</u>	<u>2,756</u>	<u>3,452</u>	<u>(789)</u>	<u>776</u>	<u>364</u>	<u>(4,315)</u>	<u>(10,193)</u>	<u>(3)</u>	<u>405</u>
Asset Additions	8,103	10,475	2,753	5,649	7,639	7,005	7,217	9,676	586	1,078
Non capital expenditures	55,525	43,818	47,868	47,294	45,477	48,684	48,107	48,788	47,670	41,741
Debt service as a % of noncapital expenditures	5.58%	8.45%	6.39%	6.74%	6.63%	5.67%	5.38%	5.27%	5.26%	5.82%

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

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Property taxes	\$ 4,533	4,965	5,643	5,920	5,941	5,654	5,588	5,019	4,773	5,140
Municipal income taxes	\$ 18,640	19,606	17,944	17,061	18,092	17,376	15,443	17,764	19,231	16,970

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

Tax Levy/ Collection Year	Real Property		Personal Property (1)		Public Utility (2)		Totals		Assessed Value as a Percent of Estimated Actual Value
	Assessed	Estimated Actual	Assessed	Estimated Actual	Assessed	Estimated Actual	Assessed	Estimated Actual	
1999/2000	\$622,984	\$1,779,954	\$210,395	\$841,580	\$55,444	\$158,411	\$888,823	\$2,779,946	31.97
2000/2001	\$636,124	\$1,817,497	\$215,165	\$860,660	\$52,758	\$211,030	\$904,046	\$2,889,187	31.29
2001/2002	\$652,341	\$1,863,830	\$237,371	\$949,486	\$35,230	\$140,920	\$924,942	\$2,954,236	31.31
2002/2003	\$751,960	\$2,148,865	\$248,818	\$995,273	\$39,698	\$158,224	\$1,040,477	\$3,302,362	31.51
2003/2004	\$753,911	\$2,154,032	\$252,766	\$1,011,064	\$38,624	\$154,498	\$1,045,301	\$3,319,593	31.49
2004/2005	\$752,108	\$2,148,880	\$253,353	\$1,013,414	\$38,637	\$154,548	\$1,044,099	\$3,316,842	31.48
2005/2006	\$777,301	\$2,220,861	\$238,133	\$952,532	\$36,625	\$146,501	\$1,052,060	\$3,319,895	31.69
2006/2007	\$796,561	\$2,214,750	\$200,461	\$739,474	\$43,102	\$171,800	\$1,040,124	\$3,126,024	33.27
2007/2008	\$698,478	\$1,990,520	\$129,635	\$739,474	\$32,519	\$130,000	\$860,632	\$2,859,994	30.09
2008/2009	\$850,845	\$2,395,651	\$0	\$0	\$33,839	\$135,100	\$884,684	\$2,530,751	34.96

Real property is reappraised every six years with a State mandated update of the current market in the third year following each reappraisal.

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. General business tangible personal property tax is being phased out beginning in 2006. For collection year 2006, both types of general business tangible personal property were assessed at 18.75 percent. The percentage will be 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 the 10%, 2 1/2% and 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>							
Collection Year	Operating	Police and Fire Pension	Debt Retirement	City of Middletown Total	Butler County	Middletown City School District	Total
2000	5.26	0.60	0.61	6.47	8.44	38.49	53.40
2001	5.26	0.60	0.45	6.31	8.45	37.26	52.02
2002	5.26	0.60	0.00	5.86	8.45	37.26	51.57
2003	5.26	0.60	0.00	5.86	8.75	36.71	51.32
2004	5.26	0.60	0.00	5.86	8.74	40.03	54.63
2005	5.30	0.60	0.00	5.90	8.74	40.01	54.65
2006	5.30	0.60	0.00	5.90	9.44	47.06	62.40
2007	5.30	0.60	0.00	5.90	10.95	47.06	63.91
2008	5.30	0.60	0.00	5.90	10.45	47.68	64.03
2009	5.30	0.60	0.00	5.90	10.45	47.68	64.03

(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, 2009**  
**Table 9**

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*Top Ten Property Taxpayers*

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	2009 Calendar year/ 2008 Tax Year		2010 Calendar year/ 2009 Tax Year		
	<u>Value</u>	<u>% of Total</u>		<u>Value</u>	<u>% of Total</u>
Cincinnati Gas & Electric	\$ 30,211,840	43.11%	Duke Energy Ohio Inc.	\$ 31,131,440	43.00%
A K Steel Corp	\$ 16,635,210	23.74%	A K Steel Corp	\$ 13,160,100	18.18%
Precision Strip Inc	\$ 4,154,670	5.93%	Compartir LLC	\$ 6,365,070	8.79%
Southwestern Ohio Steel	\$ 4,028,020	5.75%	Precision Strip Inc	\$ 4,154,670	5.74%
Sam Boymel	\$ 3,978,830	5.68%	Southwestern Ohio Steel	\$ 4,028,020	5.56%
Bavarian Woods Apartments	\$ 2,865,170	4.09%	Sam Boymel	\$ 3,978,830	5.50%
Liberty Retirement Prop.	\$ 2,563,510	3.66%	Bavarian Woods Apartments	\$ 2,865,170	3.96%
Chaka-Chak LLC	\$ 2,060,340	2.94%	Liberty Retirement Prop.	\$ 2,563,510	3.54%
Texas Eastern Transmission	\$ 1,806,340	2.58%	Texas Eastern Transmission	\$ 2,090,660	2.89%
Bay West Paper Corp	\$ 1,770,080	2.53%	Chaka-Chak LLC	\$ 2,060,340	2.85%
<b>TOTAL</b>	<b>\$ 70,074,010</b>	<b>100.00%</b>		<b>\$ 72,397,810</b>	<b>100.00%</b>

Source: Butler County Auditor's Office

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

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year (Millage)	Collected within the Fiscal Year of the Levy		
		Amount Levied	Amount Collected	Percentage of Levy Collected
2009	5.90	\$5,402	\$5,022	92.97%
2008	5.90	\$6,009	\$5,764	95.92%
2007	5.90	\$6,207	\$6,206	99.98%
2006	5.90	\$6,160	\$5,941	96.44%
2005	5.90	\$6,167	\$5,654	91.68%
2004	5.86	\$6,097	\$5,588	91.65%
2003	5.86	\$5,420	\$5,019	92.60%
2002	5.86	\$5,298	\$4,773	90.09%
2001	6.31	\$5,608	\$5,140	91.65%
2000	6.47	\$5,265	\$4,837	91.87%

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

Fiscal Year	Governmental Activities				Business-Type Activities		Total	Percentage of Personal Income	Per Capita (1)
	General Obligation Bonds	Special Assessment Bonds	Police & Fire Pension Accrued Liability	Capital Leases	General Obligation Bonds	Capital Leases			
2009	\$ 26,341	\$ 2,593	\$ 2,359	\$ -	\$ 14,108	\$ 6,041	\$ 49,083	4.87%	\$ 951
2008	\$ 21,410	\$ 2,823	\$ 2,457	\$ -	\$ 14,967	\$ 6,765	\$ 45,965	4.56%	\$ 891
2007	\$ 22,215	\$ 3,099	\$ 2,555	\$ -	\$ 6,235	\$ 7,462	\$ 39,011	3.87%	\$ 756
2006	\$ 24,010	\$ 3,325	\$ 2,652	\$ -	\$ 6,850	\$ 8,024	\$ 42,209	4.14%	\$ 818
2005	\$ 25,375	\$ 2,899	\$ 2,750	\$ -	\$ 7,650	\$ -	\$ 35,924	3.52%	\$ 696
2004	\$ 22,220	\$ 3,259	\$ 2,848	\$ 74	\$ 8,405	\$ -	\$ 33,958	3.33%	\$ 658
2003	\$ 17,815	\$ 2,857	\$ 2,946	\$ 155	\$ 9,125	\$ -	\$ 29,952	2.94%	\$ 580
2002	\$ 14,705	\$ 2,955	\$ 3,043	\$ 223	\$ 9,315	\$ -	\$ 27,198	2.67%	\$ 527
2001	\$ 15,595	\$ 3,352	\$ 3,141	\$ 223	\$ 9,960	\$ -	\$ 29,130	2.85%	\$ 564
2000	\$ 16,455	\$ 3,007	\$ 3,239	\$ 291	\$ 10,565	\$ -	\$ 30,318	2.97%	\$ 588

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**  
**Last Ten Years**  
**(amounts expressed in thousands, except per capita amount)**  
**Table 12**

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Actual Taxable Value (1) of Property	Per Capita (2)
2009	\$26,341	\$460	\$25,881	3.06%	\$510
2008	\$21,410	\$617	\$20,793	2.42%	\$415
2007	\$21,410	\$346	\$21,064	2.49%	\$415
2006	\$22,215	\$138	\$22,077	2.14%	\$430
2005	\$24,010	\$172	\$23,838	2.28%	\$465
2004	\$25,375	\$272	\$25,103	2.43%	\$492
2003	\$22,220	\$141	\$22,079	2.13%	\$431
2002	\$17,815	\$297	\$17,518	1.71%	\$345
2001	\$14,705	\$284	\$14,421	1.59%	\$285
2000	\$15,595	\$279	\$15,316	1.73%	\$302

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 on page 173 for property value data

(2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 182.

**CITY OF MIDDLETOWN, OHIO**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**As of December 31, 2009**  
**(amounts expressed in thousands)**  
**Table 13**

<b>Political Subdivision</b>	<b>General Bonded Debt</b>	<b>Percent Applicable to City</b>	<b>City's Share</b>
City of Middletown	\$26,341	100.0	\$26,341
Butler County	55,615	14.0	\$7,786
Warren County	<u>3,853</u>	2.0	<u>77</u>
<b>Total</b>	<b>\$85,809</b>		<b>\$34,204</b>

Source: Butler and Warren County Auditor's Offices.

Percent applicable to City's share is estimated based upon past records.

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	
Debt limit	\$ 93,326	94,925	97,119	109,250	109,757	109,630	110,466	109,213	90,366	92,892	
Total net debt applicable to limit	6,606	5,725	5,185	8,655	13,535	16,995	16,050	15,610	13,920	19,429	
Legal debt margin	\$ 86,720	89,200	91,934	100,595	96,222	92,635	94,416	93,603	76,446	73,463	
Total net debt applicable to the limit as a percentage of debt limit	7.08%	6.03%	5.34%	7.92%	12.33%	15.50%	14.53%	14.29%	15.40%	20.92%	
										Assessed value	\$884,684
										Add back: exempt real property	-
										Total assessed value	<u>884,684</u>
										Debt limit (10.5%) of total asses value	92,892
										Debt applicable to limit:	
										General obligation bond	19,429
										Less: Amount set aside for repayment of general obligation debt	<u>(460)</u>
										Total net debt applicable to limit	<u>18,969</u>
										Legal debt margin	<u><u>73,923</u></u>

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

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

<b>Debt Service</b>				
<b>Tax Year</b>	<b>Special Assessment Collections</b>	<b>Principal</b>	<b>Interest &amp; Fiscal Charges</b>	<b>Coverage</b>
2009	\$385,101	\$229,900	\$149,915	1.01
2008	\$589,343	\$276,399	\$163,173	1.34
2007	\$581,144	\$270,818	\$176,149	1.30
2006	\$498,210	\$296,295	\$187,135	1.03
2005	\$547,790	\$359,859	\$201,059	0.98
2004	\$489,116	\$312,000	\$162,746	1.03
2003	\$557,436	\$233,000	\$184,966	1.33
2002	\$623,248	\$397,144	\$204,857	1.04
2001	\$603,269	\$371,658	\$213,702	1.03
2000	\$632,469	\$401,780	\$215,524	1.02
1999	\$747,284	\$428,376	\$303,056	1.02
1998	\$632,469	\$400,743	\$233,574	1.00

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

<b>Year</b>	<b>Population (1)</b>	<b>Personal Income (in 1,000's)</b>	<b>Per Capita Personal Income (1)</b>	<b>Median Age (1)</b>	<b>Education Level in Years of Formal Schooling (1)</b>	<b>School Enrollment (3)</b>	<b>Unemployment Rate (2)</b>
2000	51,605	\$1,020,386	\$19,773	36.2	n/a	9,343	5.40
2001	51,950	\$1,027,207	\$19,773	36.2	n/a	7,818	6.00
2002	51,894	\$1,026,100	\$19,773	36.2	n/a	7,836	7.90
2003	51,752	\$1,023,292	\$19,773	36.2	n/a	7,631	6.30
2004	51,583	\$1,019,951	\$19,773	36.2	n/a	7,302	6.30
2005	51,187	\$1,005,006	\$19,634	34.5	n/a	7,198	6.00
2006	51,018	\$1,001,687	\$19,634	34.5	16 yrs - 12% 12 yrs - 80%	11,539	7.10
2007	51,739	\$1,015,844	\$19,634	34.5	16 yrs - 12% 12 yrs - 80%	11,539	6.00
2008	51,422	\$1,009,620	\$19,634	34.5	16 yrs - 12% 12 yrs - 80%	11,539	7.20
2009	49,000	\$1,006,607	\$20,543	36.4	16 yrs - 13% 12 yrs - 81%	11,366	11.20

Data Sources:

- (1) Bureau of the Census
- (2) State Department of Labor
- (3) School District

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

**CITY OF MIDDLETOWN, OHIO**  
**Principal Employers**  
**Current Year**  
**Table 17**

<b>2009</b>			
<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
AK Steel	2,354	1	11.8%
Atrium Medical Center	2,225	2	11.2%
Middletown City School District	1,309	3	6.6%
Kroger's	850	4	4.3%
Meijer's Store	663	5	3.3%
Miami University	615	6	3.1%
McDonald's	548	7	2.8%
Garden Manor Extended Care	532	8	2.7%
City of Middletown	485	9	2.4%
Walmart	424	10	2.1%
<b>2006</b>			
AK Steel	4,651	1	39.8%
Middletown Regional Hospital	1,836	2	15.7%
Middletown City School District	1,248	3	10.7%
City of Middletown	514	4	4.4%
Strom Engineering Corp.	1,181	5	10.1%
Bay West Paper (Wausau)	197	6	1.7%
National Workforce Assistance	505	7	4.3%
Stone Container Corp.	314	8	2.7%
Miami University	667	9	5.7%
Garden Manor Extended Care	563	10	4.8%

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

<b>Function</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
General government	50	51	57	54	47	42	44	40	40	40
Public safety										
Police										
Officers	89	89	89	93	90	89	86	80	80	80
Civilians	41	46	46	49	45	45	40	36	37	37
Fire										
Firefighters & officers	90	90	90	90	87	87	84	84	84	84
Civilians	1	1	1	1	1	1	1	1	1	1
Other	31	38	36	36	33	28	33	35	32	32
Highways and streets										
Maintenance	21	21	19	19	17	18	17	15	15	15
Leisure Time Activities	10	11	11	11	10	7	7	8	8	8
Community Environment	5	5	1	2	2	7	7	6	4	7
Public health & welfare	13	11	11	11	7	6	6	5	5	4
Water	32	31	32	32	32	33	32	32	32	31
Sewer	36	36	35	35	34	34	35	35	32	31
Storm Water	0	0	0	0	0	0	0	4	4	6
Golf Course	8	8	8	8	8	8	8	7	7	6
Transit	9	9	9	9	9	8	8	8	8	8
Parking	1	1	1	1	0	0	0	0	0	0
Internal Services	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>9</u>	<u>9</u>
Total	448	459	457	462	432	423	418	406	398	399

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

<b>Function</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Fire</b>										
Number of fire responses	811	791	742	708	718	604	916	660	695	566
Average response time (minutes)	3.6	4.0	4.0	4.1	4.2	4.3	4.3	4.7	4.9	4.5
Emergency medical calls	5,606	5,751	5,951	6,153	6,159	6,557	6,700	6,954	7,807	7,969
<b>Police</b>										
Calls for service	45,851	43,930	46,807	44,285	42,547	42,563	47,348	42,830	42,135	46,727
Number of arrests	7,089	7,998	7,840	7,069	7,525	8,223	8,370	7,799	7,235	8,106
Response time for priority calls (minutes)	5.0	4.9	4.8	5.3	5.4	5.5	5.7	5.6	5.6	5.8
Traffic accidents	2,499	2,305	2,170	2,140	1,965	1,877	1,892	1,822	1,790	1,562
Average daily jail population	65	65	69	55	55	58	53	49	50	49
<b>Recreation and leisure</b>										
Community center admissions	9,613	8,830	6,556	14,382	8,042	9,125	8,548	6,208	9,244	10,179
<b>Transit</b>										
Unlinked passenger trips	205,602	202,373	188,840	195,687	194,079	233,750	253,587	250,142	247,979	198,333
<b>Water</b>										
Average daily water pumpage (million gallons per day)	8.60	8.30	8.46	8.11	8.12	8.23	8.00	8.36	7.55	7.38
Number of water accounts	19,869	19,869	19,869	19,877	19,877	19,877	19,877	19,649	19,060	19,381
<b>Sewer</b>										
Average daily flow (million gallons per day)	16.6	16.4	17.5	16.4	14.1	16.5	16.2	15.6	17.9	16.1
Sewer mains cleaned (feet)	9,078	9,639	300,000	40,417	98,502	19,217	21,475	36,590	188,504	153,442

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

<b>Function</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Public safety:										
Fire stations	5	5	5	5	5	5	5	5	5	5
Police stations	1	1	1	1	1	1	1	1	1	1
Highways and streets:										
Streets (miles)	229	229	229	231	231	231	231	231	239	240
Traffic Lights	118	116	112	108	110	114	110	110	112	113
Water:										
Water mains (miles)	332	332	332	337	338	340	340	340	343	343
Sewer:										
Sanitary & storm (miles)	299	299	299	307	309	311	311	311	319	320
Leisure & recreation:										
Parks	34	34	36	36	36	36	36	36	36	36
Swimming pools	2	2	2	2	2	0	0	1	1	0
Community Centers	1	1	1	1	1	1	1	1	1	1
Golf Courses (public)	1	1	1	1	1	1	1	1	1	1





**Mary Taylor, CPA**  
Auditor of State

**CITY OF MIDDLETOWN**

**BUTLER COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 31, 2010**