CITY OF MIDDLETOWN, OHIO

Schedule of Expenditures of Federal Awards and Single Audit Reports Year Ended December 31, 2017





Dave Yost • Auditor of State

Honorable Mayor and Members of City Council City of Middletown One Dunham Plaza Middletown, Ohio 445042

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, 2017 through December 31, 2017. 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.

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Dave Yost Auditor of State

August 15, 2018

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CITY OF MIDDLETOWN, OHIO Schedule of Expenditures of Federal Awards Year Ended December 31, 2017

Federal Grantor/Program Title	Pass Through Entity Number	Federal CFDA <u>Number</u>	Passed through to Subrecipients	Total Federal <u>Expenditures</u>
			<u></u>	<u> </u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Community Development Block Grants/Entitlement Grants Cluster: Community Development Block Grants/Entitlement Grants Neighborhood Stabilization Program Total CDBG Entitlement Cluster	n/a B-08-MN-39-0011	14.218 14.218	\$ 116,513	366,238 9,173 375,411
(Passed through Butler County Department of Community Development) HOME Investment Partnership Program Total U.S. Department of Housing and Urban Development	B-11-UC-39-0008	14.239	116,513	192,866 568,277
U.S. DEPARTMENT OF JUSTICE Bulletproof Vest Partnership Program	n/a	16.607		1,260
Edward Byrne Memorial Justice Assistance Grant Program Edward Byrne Memorial Justice Assistance Grant Program	2015-DJ-BX-0130 2016-DJ-BX-0389	16.738 16.738		22,058 <u>10,000</u> 32,058
Total U.S. Department of Justice				33,318
<u>U.S. DEPARTMENT OF TRANSPORTATION</u> Federal Transit Cluster: Federal Transit-Formula Grants (Urbanized Area Formula Program):				
Operating Assistance Capital Assistance	OH-2016-003 OH-90-X751-03	20.507 20.507		894,415 111,506
Paratransit Grant Total Federal Transit Cluster	OH-90-X751-03	20.507		<u>65,966</u> 1,071,887
Highway Planning & Construction Cluster:				
(Passed through Ohio Rail Development Commission): Highway Planning and Construction - Rail Preemption Project	n/a	20.205		3,167
(Passed through Ohio Department of Transportation):				
Highway Planning and Construction - Oxford State Road Highway Planning and Construction - Yankee Road Phase 3	PID90542 PID95124	20.205 20.205		1,708,329 <u>3,153,419</u> 4,861,748
Total Highway Planning & Construction Cluster				4,864,915
(Passed through Ohio Department of Public Safety): Highway Safety Cluster:				
Alcohol Impaired Driving Countermeasures Incentive Grants I Total Highway Safety Cluster:	n/a	20.601		<u>13,457</u> 13,457
Total U.S. Department of Transportation				5,950,259
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Passed through Butler County Board of Health):				
Hospital Preparedness Program - EBOLA Total U.S. Department of Health and Human Services	n/a	93.817		2,250 2,250
U.S. DEPARTMENT OF HOMELAND SECURITY				
Staffing for Adequate Fire and Emergency Response Total U.S. Department of Homeland Security	n/a	97.083		734,265 734,265
Total Passed Through to Subrecipients and Federal Expenditures			\$ <u>116,513</u>	7,288,369

CITY OF MIDDLETOWN, OHIO Schedule of Expenditures of Federal Awards - continued Year Ended December 31, 2017

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City of Middletown, Ohio (the "City") under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the costs principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require that the City contribute non-Federal funds (matching funds) to support Federally-funded programs. The City has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

NOTE D - U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT LOANS

The City had established a revolving loan program under the Community Development Block Grant (CDBG) to provide low-interest loans to businesses in order to create jobs for persons from low-to-moderate income households; and to eligible persons to rehabilitate homes. The City has also established a down payment assistance program under the HOME Program (HOME) to provide down payment/closing cost assistance, five-year forgivable loans to income-eligible, qualified home buyers. The City records initial loans amounts as disbursements on the Schedule of Expenditures of Federal Awards in the year of issuance. At December 31, 2017, the City had outstanding loan balances of \$808,040 under the CDBG Program and \$1,395,352 under the HOME Program.



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

INDEPENDENT AUDITORS' REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Middletown, Ohio ("City"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 26, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiency in internal control, described in the accompany schedule of findings and questioned costs as 2017-001 that we consider to be a material weakness.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to the Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio June 26, 2018



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITORS' REPORT

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

Report on Compliance for Each Major Federal Program

We have audited the City of Middletown, Ohio's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2017. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2017-002. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The City's response was not

subjected to the audit procedures applied in the audit of compliance and, accordingly, we express not opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, 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 a 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiency, or a combination of deficiency, or a combination of deficiency with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-002, that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 26, 2018, which contained unmodified opinions on those financials statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the

auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio June 26, 2018 This page intentionally left blank.

CITY OF MIDDLETOWN, OHIO Schedule of Findings and Questioned Costs Year Ended December 31, 2017

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Internal control over financial reporting:	Unmodified
Material weakness(es) identified?	Yes
 Significant deficiency(ies) identified not considered to be material weaknesses? 	None
Noncompliance material to financial statements noted?	None
Federal Awards	
Internal Control over major programs:Material weakness(es) identified?	None
Significant deficiency(ies) identified	
not considered to be material weaknesses?	Yes
Type of auditors' report issued on compliance for major programs:	Unmodified
Type of addition report locada on compliance for major programe.	Unnouneu
Any audit findings that are required	Onnouned
Any audit findings that are required to be reported in accordance with	Yes
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? Identification of major programs:	
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? Identification of major programs:	

CITY OF MIDDLETOWN, OHIO Schedule of Findings and Questioned Costs (continued) Year Ended December 31, 2017

Section II - Financial Statement Findings

2017-001 Financial Reporting

During the course of our audit, we identified misstatements in the financial statements that were not initially identified by the City's internal control over financial reporting. A deficiency in internal control exists when the design of 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. In this case, the internal controls over the preparation and review of the City's financial statements did not operate as designed.

Adjustments were needed to correct an overstatement of intergovernmental receivable in the Capital Improvement Fund and to record pension deferred inflows and deferred outflows in Governmental Activities.

We recommend the City enhance its internal controls over financial reporting with steps such as management's review of conversion documentation for completeness and accuracy and improved communication with hired consultants to ensure the preparation of complete, accurate and reliable financial statements in conformity with generally accepted accounting principles.

Views of Responsible Officials: The City concurs with these adjustments which have been posted to the financial statements.

Section III – Federal Award Findings and Questioned Costs

U.S. DEPARTMENT OF TRANSPORTATION

2017-002 CFDA 20.205—Highway Planning and Construction Cluster

Condition: During 2017, program management failed to file the required monthly LPA Prevailing Wage / EEO Report.

Criteria: Ohio Department of Transportation ("ODOT") Administered Transportation Projects Manual of Procedures – LPA Construction Contract Administration Chapter states the LPA will be required to submit the LPA Prevailing Wage / EEO Report monthly to the ODOT District Prevailing Wage / EEO Coordinator detailing prevailing wage and EEO monitoring efforts for the previous month.

Cause: Oversight by program management.

Effect: Failing to comply with report submission deadlines could result in noncompliance with the requirements of Federal awards.

Recommendation: We recommend the City implement procedures to ensure the City is compliant with reporting requirements of federal awards.

Views of Responsible Officials and Planned Corrective Actions: The City will implement policies and procedures to ensure the City is compliant with reporting requirements of federal awards.



CITY OF MIDDLETOWN

CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) December 31, 2017

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	We will implement an additional review of conversion documentation for completeness and accuracy to ensure the financial statements are free of misstatements.	12/31/18	Jacob Burton, Finance Director
2017-002	We will begin sending the required LPA Prevailing Wage / EEO Report monthly to the ODOT District Prevailing Wage / EEO Coordinator detailing prevailing wage and EEO monitoring efforts for the previous month.	6/30/18	Michelle Evans, Contracts Administrator

Department of Finance One Donham Plaza Middletown, OH 45042-1901 513.425.7766 telephone www.cityofmiddletown.org





RESULTS THROUGH REMARKABLE RELATIONSHIPS

CITY OF

Comprehensive Annual Financial Report

For the Year Ended December 31, 2017

City of Middletown One Donham Plaza Middletown, Ohio



CITY OF MIDDLETOWN, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2017

Prepared by Finance Department

Jacob C. Burton Finance Director This page intentionally left blank.

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June 29, 2018

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

State law requires that every general purpose local government publish a complete set of audited financial statements within six months of the close of each fiscal year. We are pleased to present this Comprehensive Annual Financial Report (CAFR) for Middletown, Ohio. This report, for the year ended December 31, 2017, contains the financial statements and other financial and statistical data that provide a complete and full disclosure of all material financial aspects of the City.

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

The 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 Uniform Guidance, Audits of State and Local Governments. Information related to this single audit, including a schedule of federal financial assistance, the independent auditors' reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in a separately issued single audit report.

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

MIDDLETOWN PROFILE

Population

Middletown is positioned between the major metropolitan areas of Cincinnati and Dayton in southwestern Ohio with a population of approximately 48,813.

Council-Manager Form of Government

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

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

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

City Services

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

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

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

Budgetary Process and Controls

Detailed provisions for the City's budget, tax levies, and appropriations are set forth in the Ohio Revised Code and the City Charter. The City Manager, with the assistance of the Finance Director, is required to submit to Council a tax budget of estimated revenues and expenditures for all funds, except agency funds, for the succeeding fiscal year by the first council meeting in July. The budget is required to be adopted by the legislative body by July 15 and to be submitted to the County Budget Commission by July 20 of each year. City Council is required by Charter to adopt a permanent appropriation measure for the ensuing fiscal year no later than January 1st. In November, 2016, City Council adopted the 2017 fiscal year permanent appropriation measure.

The City maintains budgetary control on a non-GAAP budgetary basis by fund/division along with a personnel category and a category labeled other (the state minimum legal level of control). Management further monitors budgetary performance by establishing lower levels of budgetary control within each fund by department at major object levels, which include personal services, contractual services, commodities, other expenditures, capital outlay, debt service and operating transfers.

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

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

Economic Outlook and Relevant Financial Policies

One of the most important duties we have is the management of our resources. The annual budget is the first major step of managing those resources. While our local economy is beginning to stabilize, the 2018 Budget and Financial Plan is cautiously optimistic.

Kettering Health Network has begun construction on a \$30 million medical facility. The facility will include a full-service emergency department, outpatient lab and imaging services, and a medical office building for physician practices. This new facility located on Ohio 122 just southeast of I-75 will create 110 new jobs, including registered nurses, respiratory therapists, imaging and lab technicians, and support staff. The facility is expected to be open in mid to late 2018.

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

Construction of a new middle school, renovations and additions to the current high school including a sports arena continue to progress thanks to Middletown residents who passed a \$55 million bond issue and a 0.26-mill permanent improvement levy. The new school will have up-to-date security, modern wireless technology and improved lighting with energy efficient features, and will be open for the 2018-2019 school year.

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

Water rates are reviewed every two years while taking in consideration of operations, maintenance, and capital improvement costs. There is no increase in water rates scheduled for 2018. Sewer rates will increase 15% and will cost a typical residential user an additional \$4.41 per month. According to the annual Oakwood Water and Sewer Rate Survey for southwest Ohio, the city ranks as the twenty-fourth lowest out of the sixty-six communities surveyed for water, forty-sixth out of sixty-three communities surveyed for sewer and forty out of sixty-three communities surveyed for combined services as of March 1, 2017.

The unemployment rate has lowered from 2016 to 2017 indicating progress:

UNEMPLOYMENT RATE (%) Yearly Average <u>Middletown</u> Ohio U. S. 2016 4.0% 5.0% 4.7% 2017 3.79% 4.9% 4.1%

Property Taxes/Local Income Taxes

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

The City's property tax rate is 6.90 mils or \$6.90 per \$1,000 of taxable valuation. Real property is assessed at 35% of estimated true value. The assessed value of public utility personal property ranges from 25% to 88% for electric transmission and distribution property. General business tangible personal property tax has been phased out. The Senior Citizens Levy, with a one mil tax rate, began in 2013 and expired in five years. This levy was renewed for an additional five years beginning in 2018. The majority of property tax revenues are used by the City's General Fund.

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

			Property Tax
Levy	Collection	Assessed	Revenues
Year	Year	Value	(cash basis)
2012	2013	\$714,739,000	\$ 4,168,420
2013	2014	\$709,019,160	\$ 4,187,579
2014	2015	\$660,204,000	\$ 4,149,587
2015	2016	\$660,204,000	\$ 4,043,885
2016	2017	\$662,132,320	\$ 3,823,670

The City levies a 1.75% local earnings tax on all businesses and on all persons employed in the City of Middletown. The 1.75% local earning tax includes a .25% Public Safety Levy which is used for public

safety activities. All businesses operating in the City also pay a 1.75% on their earnings attributed to their Middletown facility.

Local income tax receipts for the past five years are:

Local Income	e Tax Receipts
(Cash Basis)	
2013	\$19,949,274
2014	\$20,560,181
2015	\$21,571,744
2016	\$22,285,507
2017	\$24,047,903

FINANCIAL INFORMATION

Accounting Controls

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

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

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

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

Cash Management

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

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

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

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must be either insured or protected by eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured; or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

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

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

OTHER INFORMATION

Independent Audit

The State of Ohio requires an annual audit by either the Auditor of State or by an independent public accounting firm. Clark Schaefer Hackett performed the City's 2017 audit. The Independent Auditors' Report on the City's basic financial statements is included in the financial section of this Comprehensive Annual Financial Report.

<u>Awards</u>

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, 2016.

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 2017 Comprehensive Annual Financial Report of the City of Middletown is the result of the combined efforts of the City's Finance Department, Hurst, Kelly & Company, and Clark Schaefer Hackett, which was the City's auditor.

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

Respectfully submitted,

DEPARTMENT OF FINANCE

Butan 1 tou

Jacob Burton Finance Director



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Middletown Ohio

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2016

Christopher P. Monill

Executive Director/CEO

CITY OF MIDDLETOWN, OHIO

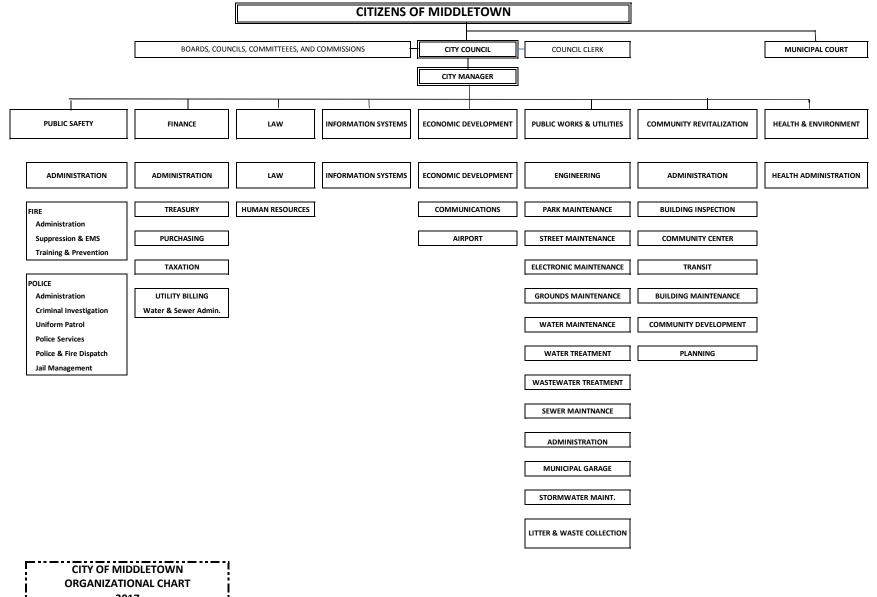
Principal Officials January 1, 2017

Legislative

Mayor	Lawrence P. Mulligan, Jr.
Vice Mayor	Dr. Dora D. Bronston
Council Member	Steve H. Bohannon
Council Member	Talbott C. Moon
Council Member	Daniel J. Picard

Executive/Administrative

City Manager	Douglas D. Adkins
Chief of Police	Rodney E. Muterspaw
Community Revitalization Director	Kyle D. Fuchs
Director of Court Services	Steven P. Longworth
Economic Development Director	Jennifer L. Ekey
Finance Director	Jacob C. Burton
Fire Chief	Paul J. Lolli
Health Commissioner	Jacquelyn D. Phillips
Information Systems	Troy S. Anderton
Law Director	Leslie S. Landen
Public Works & Utilities Director	Scott D. Tadych



FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the City Council City of Middletown, Ohio:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the businesstype 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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Middletown, Ohio, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio June 26, 2018 This page intentionally left blank.

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, 2017. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the transmittal letter on page i, and the City's financial statements, which begin on page 20.

I. USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements.

The Basic Financial Statements

- <u>Financial Statements for the City as Whole</u>. The Statement of Net Position and the Statement of Activities (pages 20 and 21) provide information about the activities of the City as a whole and present a longer-term view of the City's finances.
- <u>Individual Fund Financial Statements</u>. Fund financial statements also reflect the City's operations in more detail than the government-wide financial statements by providing information about the City's major funds. For governmental funds, these statements tell how these services were financed in the short-term as well as what remains for future spending. These statements begin on page 22.
- <u>Fiduciary Financial Statements</u>. 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.
- <u>Notes to the Basic Financial Statements</u>. The Notes provide helpful information explaining the City's significant accounting procedures and providing greater detail regarding financial statement components (pages 37 to 76).

Required Supplementary Information

- <u>Schedules of Revenue, Expenditures and Changes in Fund Balances Budget and Actual Budget</u> (Non-GAAP) Basis. Schedule is presented for the General Fund (pages 77 to 80) that compare actual results to the original and final budget for this fund.
- Schedules pertaining to the net pension liability and contributions to the pension funds begin on page 81.

A. Reporting the City as a Whole

Government-wide statements

The <u>Statement of Net Position and the Statement of Activities</u> report information about the <u>City as a whole</u> and about its activities. These statements include *all* assets and liabilities and deferred outflows/inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

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

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

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

B. Reporting the City's Most Significant Funds

Fund financial statements

The City accounts for its activities using many individual funds. The most significant funds are reported in separate columns in the <u>fund</u> financial statements that begin on page 22. These statements provide detailed information about <u>the individual major funds</u> – unlike the <u>government-wide</u> financial statements, which report on the City as a whole. Some funds are required to be established by State Law. However, the City Council establishes many other funds to help control and manage money for particular purposes, like water, storm water, sewer, and solid waste activities. City Council may also establish separate funds to show that it is meeting legal responsibilities for using certain taxes, grants, or other money, such as grants and contributions received for community and economic development activities. The City's two kinds of funds –*governmental and proprietary* - use different accounting methods.

• <u>Governmental funds</u> - 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 <u>modified accrual</u> 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 governmental activities as reported in the <u>government–</u>

<u>wide</u> financial statements and as reported in the <u>fund</u> statements are presented in a reconciliation attached to the fund financial statements.

• <u>Proprietary funds</u> – There are two types of proprietary funds, <u>enterprise funds</u> and <u>internal service</u> <u>funds</u>. 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 <u>enterprise funds</u>. Enterprise funds are generally reported in the same way that all activities are reported in the government-wide Statement of Net Position and Statement of Activities. In fact, the City's enterprise funds are the same funds we report in the combined business-type activities column in the government-wide statements. The individual fund statements for enterprise funds provide more detail and additional information, such as cash flows. <u>Internal service funds</u> 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 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 on page 36. During 2017, the City had three agency funds. The Payroll Clearing fund accounts for the employee payroll, withholdings due to other agencies and private businesses. The Municipal Court fund accounts for the activities of the Municipal Court collections which are due to other agencies and to certain individuals. The Joint Economic Development District I Fund records and accounts for the collection and disbursement of tax revenue with Liberty Township and the City of Mason. The City acts as the collection agent for these separate activities. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations.

II. THE CITY AS A WHOLE

A. Net position at year-end

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

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

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

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

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

As a result of GASB 68, the City is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

The following table presents a condensed summary of the City's overall financial position at December 31, 2017 and 2016 (in thousands).

		Net 1 (in the Governm		Business	• 1		
		Activit		Activi		Tot	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$	41,394	37.697	24,402	23,610	65,796	61,307
Capital assets	Ψ	78,279	79,379	76,779	71,120	155.059	150,498
Total assets	-	119,673	117,076	101,182	94,730	220,855	211,805
Deferred outlfows of resources		11,713	11,728	1,547	1,086	13,260	12,814
Long-term liabilities		72,516	71,134	14,246	14,088	86,762	85,222
Other liabilities	-	3,607	3,948	1,985	2,004	5,592	5,952
Total liabilities		76,123	75,082	16,231	16,092	92,354	91,174
Deferred inflows of resources		7,632	8,018	27	62	7,659	8,080
Net position:							
Net investments in capital assets		57,656	56,377	66,917	61,159	124,573	117,536
Restricted		13,426	12,165	-	-	13,426	12,165
Unrestricted	_	(23,450)	(22,838)	19,553	18,502	(3,897)	(4,336)
Total position		47,632	45,704	86,470	79,661	134,102	125,365
Beginning net Position		45,704	46,372	79,661	72,233	125,365	116,851
Net increase (decrease)	_	1,928	(668)	6,809	7,428	8,737	6,760
Ending net Position	\$	47,632	45,704	86,470	79,661	134,102	125,365

As of December 31, 2017, the City's ending net position was \$134,102 compared to \$125,365 in 2016, an increase of \$8,737. Governmental activities increased \$1,928 and business type activities increased \$6,809 in 2017 over 2016 totals.

Governmental activities net position has decreased in the past (\$668 in 2016, \$1,484 in 2015, \$11,760 in 2014, \$5,265 in 2013, and \$1,937 in 2012) with the economy playing a major role for these decreases. During this economic shortfall, the City used cash balances for operating expenses. The City took measures to cut expenses with decreased services and layoffs of staff in anticipation of these shortfalls.

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

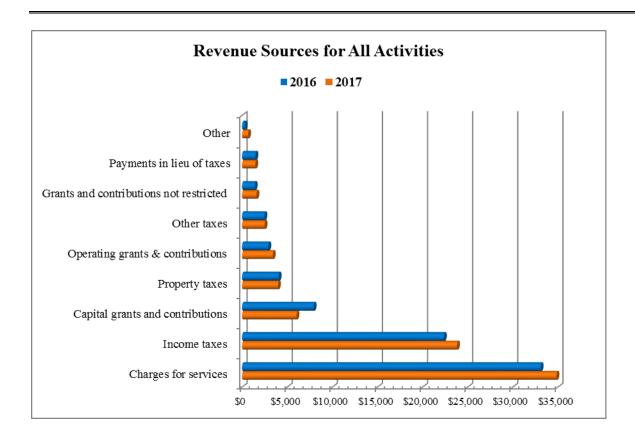
B. Governmental and Business-type Activities during 2017

Table 2, on the following page, (in thousands) presents a condensed summary of the City's activities during 2017 and 2016 and the resulting changes in net position.

Table 2Statement of Activities

(in thousands)

	Governi <u>Activ</u>		Busines <u>Activ</u>	s-Type <u>ities</u>	<u> </u>	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services	\$ 8,764	8,826	26,092	24,275	34,856	33,101
Operating grants & contributions	2,366	1,202	1,052	1,727	3,418	2,929
Capital grants and contributions	<u>5,181</u>	<u>5,391</u>	<u>862</u>	2,559	6,043	<u>7,950</u>
Total program revenues	16,311	15,419	28,006	28,561	44,317	43,980
General revenues:						
Income taxes	23,663	22,181	175	205	23,838	22,386
Property taxes	3,988	4,073	0	0	3,988	4,073
Other taxes	2,507	2,487	0	0	2,507	2,487
Payments in lieu of taxes	1,475	1,494	0	0	1,475	1,494
Grants and contributions not restricted	1,611	1,414	0	0	1,611	1,414
Investment earnings	11	(90)	226	153	237	63
Other	<u>279</u>	<u>151</u>	<u>164</u>	<u>93</u>	<u>443</u>	<u>244</u>
Total general revenues	<u>33,534</u>	<u>31,710</u>	<u>565</u>	451	34,099	32,161
Total revenues	49,845	47,129	28,571	29,012	78,416	76,141
Expenses						
Public safety	26,315	24,990	0	0	26,315	24,990
Public health	538	531	0	0	538	531
Leisure activities	1,191	1,072	0	0	1,191	1,072
Community environment	3,930	4,320	0	0	3,930	4,320
Highways and streets	7,393	7,272	0	0	7,393	7,272
General government	7,464	8,610	0	0	7,464	8,610
Interest on long-term debt	1,085	1,074	0	0	1,085	1,074
Water	0	0	7,257	7,040	7,257	7,040
Sewer	0	0	7,711	7,545	7,711	7,545
Transit	0	0	1,985	1,996	1,985	1,996
Solid Waste	0	0	3,075	3,281	3,075	3,281
Storm Water	0	0	1,299	1,236	1,299	1,236
Airport	<u>0</u>	<u>0</u>	<u>436</u>	<u>414</u>	<u>436</u>	414
Total expenses	<u>47,916</u>	<u>47,869</u>	<u>21,763</u>	<u>21,512</u>	<u>69,679</u>	<u>69,381</u>
Increase/(decrease) in net position before transfers	1,929	(740)	6,808	7,500	8,737	6,760
Transfers	(1)	72	1	(72)	0	0
Increase/(decrease) in net position	1,928	(668)	6,809	7,428	8,737	6,760
Beginning net position	45,704	46,372	79,661	72,233	125,365	118,605
Ending net position	\$ 47,632	<u>45,704</u>	<u>86,470</u>	<u>79,661</u>	<u>134,102</u>	<u>125,365</u>



Most revenue sources have not fluctuated very much from 2017 compared to 2016, with the exception of income taxes and charges for services. Income taxes have increased from 2016 to 2017 by \$1,452, with 2017 being \$23,838 and 2016 collections at \$22,386. Income tax collections have been on a steady increase and are at a ten year high for 2017. Charges for services has also seen an increase due to water, sewer, storm water and solid waste increases. In late 2015 there was an additional 10% sewer surcharge added to all accounts to begin the process of replacing City sewer infrastructure.

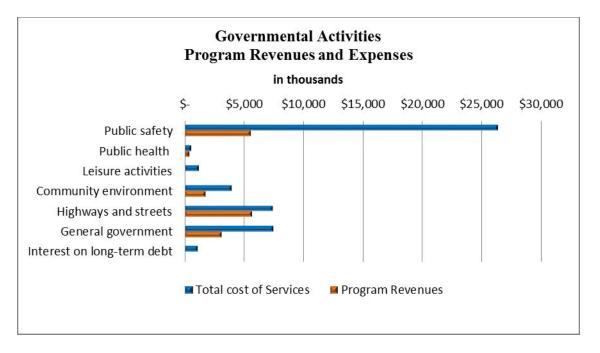
Property taxes have been declining steadily from \$4,965 in 2008 to \$3,988 in 2017. Although 2013 had an increase of \$387 for property taxes, approximately \$700 was for the Senior Services Fund which was implemented in 2013 with passage of the Senior Citizens levy. A five year renewal of the Senior Citizens levy was passed in May 2017. New construction revenue and a stronger economy are attributed to the increase. In 2009, income tax collections were \$18,942 which represented the lowest collection in the previous ten years.

1) Governmental activities during 2017

Table 3 presents the total cost of each of the government's primary services and the net cost after deducting the revenues generated by these services. Total cost of services was offset 34% with income coming from program revenues. The City recouped about 32% for the cost of services in program revenues for 2016 and about 27% in 2015. In 2014, 24% was recouped while 37% was recouped in 2013.

Table 3						
Governmental Activities						
(in thousands)						

	 <u>l cost of</u> rvices	ogram venues	<u>Revenues as</u> <u>a % of Total</u> <u>Costs</u>	<u>Net Cost o</u>	<u>f Services</u>
Public safety	\$ 26,315	\$ 5,520	21%	\$	20,795
Public health	538	360	67%		178
Leisure activities	1,191	-	0%		1,191
Community environment	3,930	1,711	44%		2,219
Highways and streets	7,393	5,632	76%		1,761
General government	7,464	3,088	41%		4,376
Interest on long-term debt	 1,085	 	<u>0%</u>		1,085
Total	\$ 47,916	\$ 16,311	<u>34%</u>	\$	31,605



Community Environment, which relies heavily upon federal and state grants, covered 44% of its activities in 2017, 45% in 2016, 37% of its activities in 2015 and 12% of its costs with program revenues in 2014. Community environment includes Community Development, Neighborhood Stabilization Program, and Home Funds.

Highways and streets activities for 2017 was funded with program revenues totaling 76%, down from 2016 with 79%. Grants are a large factor for fluctuations for this activity. In 2015, 31% was recouped, down from 2014 with 33% recouped, fluctuating from only 11% in 2013.

Leisure activities did not receive any program revenues in 2017 or 2016 compared to 8% in 2015. The Community Center activities were contracted out in 2017 and 2016.

2) Business-type activities during 2017

The City attempts to break even on its business-type activities. All activities except Airport and Transit had operating surpluses in 2017. Surpluses are used to accumulate earnings for future capital investments and debt payments.

The following table (in thousands) summarizes the business-type activities during 2017:

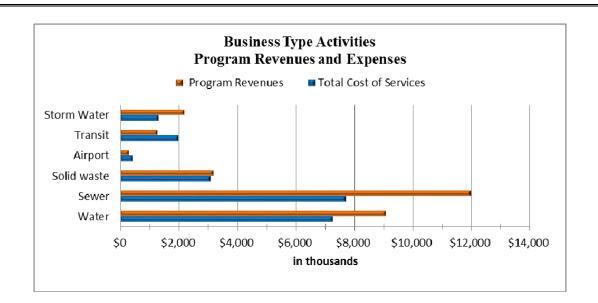
Table 4 Business-type Activities (in thousands)

	Total Cost of Services	<u>Program</u> <u>Revenues</u>	<u>Revenues as %</u> of Total Costs	<u>Net Revenue from</u> <u>Operations</u>
Water	\$7,257	\$9,082	125%	\$1,825
Sewer	\$7,711	\$11,994	156%	\$4,283
Solid waste	\$3,075	\$3,183	104%	\$108
Airport	\$437	\$286	65%	(\$151)
Transit	\$1,985	\$1,275	64%	(\$710)
Storm Water	<u>\$1,299</u>	<u>\$2,186</u>	<u>168%</u>	<u>\$887</u>
Total	<u>\$21,764</u>	<u>\$28,006</u>	<u>129%</u>	<u>\$6,242</u>

The transit and airport funds rely upon grants and taxes to supplement their services. In 2015, FAA grants were received putting the airport in the surplus of \$122 in net revenue compared to a negative surplus of (\$85) for 2016. In 2017, transit ends with a negative surplus of (\$710) and the airport ends with a negative surplus of (\$151).

Sewer rates were increased in late 2015, adding a 10% surcharge to all accounts. The surcharge is to replace aging sewer infrastructure. Water rates increased 7.5% in 2016. Water charges were increased by 7.5% again in 2017 along with a 15% increase in sewer and an additional \$0.75 per month for refuse removal. Total cost of services vary for these funds due to capital improvement projects.

Storm water received \$2,186 in program revenues in 2017. This being up 2.9% from \$2,125 in 2016. The 2015 revenue amount was \$1,821. The increased revenue for 2016 and 2017 is due to a fee increase in 2016. Total cost of services will also vary for this fund to various capital projects of improving the storm water lines and appurtenances. The net revenue for storm water in 2017 was \$887.



III. THE CITY'S INDIVIDUAL FUNDS

A. Governmental funds

The financial statements for the City's governmental funds, using the modified accrual basis of accounting, are presented beginning on page 22. The City has fifty-two governmental funds, three of which are considered major funds. Assets of those three funds comprise approximately 63.57% of the total governmental funds' assets of \$39,821. The following table (in thousands) summarizes the activities of these major funds.

Table 5 Financial Highlights Major Governmental Funds (in thousands)

			Special Assessment	
		General Fund	Debt Service	Capital Improvements
Total assets	\$	19,968	2,074	3,245
Total liabilities		(1,657)	-	(1,543)
Deferred inflow of resources		(4,979)	(1,609)	(1,248)
Fund balance	_	13,332	464	1,634
Unassigned fund balance	\$ _	6,730		
Revenues	\$	30,848	245	4,955
Expenditures		(27,532)	(297)	(4,131)
Other financing sources/uses		(439)	10	
Net change in fund balance	\$	2,877	(42)	824

General Fund. The fund balance at the end of 2017 was \$13,332. This is an increase of 27.5% over the 2016 ending fund balance of \$10,454. The balance at end of year 2015 was \$9,459 and \$8,964 in 2014,

\$9,805 in 2013 and \$11,024 in 2012. The fund balance had been decreasing since 2010 until 2015 with an increase of \$495 and an even larger increase of \$995 for 2016 and \$2,878 in 2017. This increase is attributed to increased income tax 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 typically relies heavily upon grants for capital improvement projects. Expenditures have increased in 2015, and 2016 due to large street projects that will be reimbursed partly by grants upon completion. This fund received state and federal grants for street improvements in both 2016 and 2017.

B. Proprietary funds

1) Enterprise funds

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

	Table 6 Financial Highlights Enterprise Funds (in thousands)						
	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Storm Water</u> <u>Fund</u>	<u>Solid Waste</u> <u>Fund</u>			
Total assets	34,806	5 45,658	10,977	866			
Total deferred outflows of resources	580) 695	120	12			
Total liabilities	(6,177	7) (7,907)	(379)	(295)			
Total deferred inflows of resources	(10)) (12)	(2)				
Total net position	29,199	38,434	10,716	583			
Unrestricted net position	5,180) 10,863	1,405	167			
Operating revenues	9,139	9 11,552	1,959	3,183			
Operating expenses	(7,375	5) (7,465)	(1,299)	(3,075)			
Net non-operating revenues (expenses)	(41	l) (126)	31	-			
Net contributions and transfers	37	412	228				
Net change in net position \$	1,760) 4,373	919	108			

Water Fund. Water Fund rates are set to cover the fund's operating cost and to accumulate cash resources for future capital expenditures. The change in net position for 2017 is \$1,760 with an increase in total assets by \$1,489. The increase in assets is due to the work on Oxford State Road and other large construction projects in the City. In 2016, assets increased by \$1,168 mainly due to construction on the South Verity and Central Avenue water main projects being completed. The change in net position was \$2,002 for 2016, \$1,259 for 2015, \$854 for 2014, and \$78 for 2013. The largest factor for operating

revenue increases in 2015, 2016 and 2017 is due to increased water rates. Rates increased 5% in 2015 and 7.5% in both 2016 and 2017.

Sewer Fund. The Sewer Fund ended 2017 with a positive change in net position of \$4,373 due to a 15% rate increase in 2017 and a 10.3% increase of \$4,286 in total assets from the 2016 total of \$41,372. The increased total assets are due to large construction projects and major repairs to the City's sewer systems. The net change in position for 2016 was \$2,617, with 2015 being \$1,125, with \$246 for 2014 and \$507 for 2013. A 10% sewer surcharge was added to all accounts in late 2015 and sewer rates were increased 10% in 2014. The balance in the fund is to be used for large capital projects and infrastructure improvements.

Storm Water Fund. The Storm Water Fund ended the year with \$919 change in net position for 2017. A \$914 change in net position for 2016. The change in 2015 was \$672. There was an increase of \$.25 per ERU (equivalent residential unit) added to all accounts in 2016. The first year for this fund to be a major enterprise fund was 2015.

Solid Waste Fund. Both total assets and operating revenues increased for 2017 resulting in a positive change in net position by \$108. Total assets decreased for 2016 and operating revenues increased resulting in (\$139) net change in net position. This compared to a net change in net position of (\$86) for 2015.

2) Internal service funds

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

The City's Employee Benefits Fund ended the year with a net position of (\$2,571) for 2017 (page 168). This compared closely to (\$3,101) in 2016. The total net position for 2015 was (\$947). This change is due to increased health care costs. The rising cost of health insurance puts a burden on the City's budget; however, the City has increased efforts to reduce costs with the help of an employee/ management sponsored health care committee. This fund maintains a required reserve for payments of claims for the time period of sixty days.

The Municipal Garage Fund ended the year with a net position of \$10,174 in 2017 and \$9,534 for 2016 compared to \$8,612 in 2015, \$7,811 in 2014, \$7,184 in 2013 and \$6,955 in 2012. Funds are being set aside for future vehicle purchases according to a multi-year plan developed by the fleet manager.

IV. BUDGETED ACTIVITY AND ACTUAL RESULTS

The schedules comparing the City's original and final General Fund budget to actual includes both revenue and expenditures beginning on page 77. There were no significant variances for the General Fund's actual results compared to budget in 2017. The General Fund's original appropriation of \$27,958 was amended to \$28,517 with supplemental appropriations and de-appropriations. The General Fund's actual expenditures on a budget basis were \$27,596.

Original 2017 appropriations were increased during the year by \$3,530 for all funds. The majority of the supplemental appropriations included the following:

- \$50 for various maintenance issues and repairs at Middletown Regional Airport;
- \$80 for overtime wages in Police & Fire Dispatch;
- \$222 for TIF payment reimbursements to the school district;
- \$379 for storm sewer improvements;
- \$46 for the repair and coating of the city building roof;
- \$137 for the creation of an Airport Master Plan and Airport Layout Plan;
- \$47 for the purchase and installation of a pole barn at Lefferson Park;
- \$575 for concrete repair, reconstruction and resurfacing of streets; and
- \$58 payment for EZ agreements to schools.

V. CAPITAL ASSET AND DEBT ADMINISTRATION

A. Capital assets

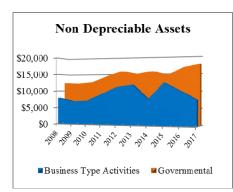
Capital assets are divided into two categories – depreciable and non-depreciable. Land and constructionin-progress are the only non-depreciable assets recorded for the City of Middletown. Construction-inprogress will be categorized with depreciable assets once the improvement project is completed with the exception of land. Depreciable assets include machinery, equipment, buildings, infrastructure or any other item that can be depreciated or value reduced over a period of time. Depreciation takes into account that assets will eventually become obsolete, worn out and/or of little value over a period of time.

 Table 7

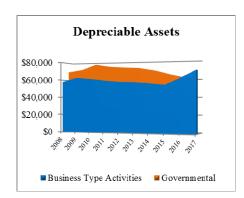
 Capital Assets at Year-End

 Out of December 1410

(Net of Depreciation) (in thousands)								
Governmenta Business-Type <u>Activities</u> <u>Activities</u> <u>Total</u>								
Land	\$	14,564	3,773	18,337				
Land improvements		270	337	607				
Buildings		10,161	15,108	25,269				
Equipment		5,771	6,991	12,762				
Infrastructure		45,547	46,891	92,438				
Construction in Progress 1,967 3,679 5,645								
Total	\$	78,279	76,779	155,059				



(Asset amounts shown in thousands)



The City had approximately \$155,059 in capital assets at year end of 2017 and \$150,498 at year end of 2016. The increase of \$4,561 is due to a variety of factors.

- 1) Governmental activities non-depreciable assets:
 - a. Land Total of capital assets at year end was \$14,564 an increase of \$497 due to purchase of property for right of way access for the Oxford State Road project.
 - b. Construction in progress total for 2017 is \$1,967 at year end, a decrease of \$1,766 from 2016 year end. All current projects are reported in the Capital Improvement Fund for various street projects with the exception of the Central Avenue Street Light project and the Rathman Field project that are both paid from the General Fund. The current projects are:
 - Yankee Road right-of-way acquisitions and Phase 3 improvements \$856
 - Central Avenue Street Lights \$20
 - Rathman Field/Smith Park \$10

The following projects were completed and placed in service as of December 31, 2017:

- Oxford State Road right-of-way acquisitions and Oxford State Road Design \$2,921
- Taxiway and Ramp resurfacing at Middletown Regional Airport \$68
- 2) Governmental activities for depreciable assets:
 - a. Land improvements- no changes in 2016.
 - b. Buildings a total of \$176 was added for major building upgrades and construction of a new pole barn at Lefferson Park.
 - c. Equipment a total of \$1,649 was added for equipment with the majority of purchases (\$1,002) for vehicles and (\$265) for computer equipment.
 - d. Infrastructure an additional \$5,635 was added for 2017. This consisted mainly of street improvements. This increase is due to the completion of the Oxford State Road project (listed above in 1b), the 2017 Local Street/Road Improvement Program, contributed roadway capital in the Renaissance development and construction in progress that was placed in service in 2017.
- 3) Business-type activities non-depreciable assets:
 - a. Land No increase or decrease for 2017.
 - b. Construction in progress current projects are:
 - Yankee Road– Phase 3 \$3,018
 - New well/abandonment of wells 17 & 18 \$167
 - Kensington Pump Station Upgrade \$207
 - WWTP Influent Valves \$218
- 4) Business type activities depreciable assets:
 - a. Land improvements \$36 for AK Research Road storm water improvements.

- b. Buildings a total of \$4,313; Energy improvements for water treatment plant totaling \$3,449 and energy improvements for waste water treatment plant totaling \$856. The total energy improvements removed from construction in progress for the Water Fund was \$3,449 and \$833 was from the Sewer Fund.
- c. Equipment
 - \$545 Grit Tank/Thickener Project Phase 1 & Phase 2 for Waste Water Treatment Plant
 - \$139 pumps for sewer operations
 - \$102 for water meters, decoders and valves
 - \$100 for new Automated Weather Observing System (AWOS) at Middletown Regional Airport
 - \$66 Centrifuge repairs at waste water treatment plant
 - \$53 Valve Insertion Equipment for water mains
 - \$30 Cyclo Gear for waste water treatment plant
 - \$25 truck for waste water treatment plant
 - \$11 Secondary Clarifier construction/design at waste water treatment plant
- d. Infrastructure
 - \$2,716 Oxford State Road project water, storm and sewer improvements
 - \$1,065 Interceptor Sewer repairs/upgrades
 - \$979 Airport Repaving
 - \$751 Renaissance Development Sewer, Storm and Water contributed capital
 - \$250 for 2017 Sidewalk, Curb & Gutter concrete work
 - \$149 University Blvd storm sewer improvements
 - \$106 Manhole lining repair and restoration of 116 manholes

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

B. Debt

In 2017, the City refinanced \$11,205,000 in debt saving \$902,872 over the duration of thirteen years. The newly refinanced debt matures in or before 2029.

Long term obligations are presented on pages 63 through 66 in Note 10.

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

The City of Middletown has experienced over \$1 billion dollars of investment made by area businesses since 2007. These investments include a variety of businesses including industrial, commercial, educational, and medical facilities. Unemployment in the Cincinnati-Middletown region is down to approximately 3.7% for the third month of 2018. Aging infrastructure is being addressed. Downtown is alive with more new businesses and entertainment.

Building inspection processed 1,607 permits in 2017 with a valuation of over \$70 million. This is a decrease in the number of permits and an increase in the valuation. This is a strong indicator that our local

economy is on the rebound and heading in the right direction. In 2016 building inspection processed 2,341 permits with a valuation of \$65 million.

The financial results from the city show that we have made positive progress. In 2014, 2015 and 2016 we experienced an increase in tax revenue of about 3 percent each year. The increase for 2017 is 6.4%. Large construction projects in the City are the main reason for the large increase for 2017.

Significant Statistics/Changes for 2018 Budget:

- Keep public safety, finances, revitalization and street improvements as a priority
- 2% cost of living adjustment for all employees
- Tax Increment Funds will generate \$686,713 in debt payments
- Police and Fire pensions remain at current rate
- Income tax revenue will increase 3% over 2017 budget in 2018
- Health insurance costs increase 6%
- 2018 will end with 15.0% General Fund Balance

VII. REQUESTS FOR ADDITIONAL INFORMATION

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

DEPARTMENT OF FINANCE

Joul Butan

Jacob Burton Finance Director

CITY OF MIDDLETOWN, OHIO STATEMENT OF NET POSITION DECEMBER 31, 2017

	Governmental Activities		Business-Type Activities	 Total		
Assets						
Cash and equity in pooled cash,						
deposits and investments	\$	24,945,331	\$ 19,144,368	\$ 44,089,699		
Receivables (net of allowance for uncollectibles):						
Income taxes		4,900,000	-	4,900,000		
Property taxes		4,579,071	-	4,579,071		
Payments in lieu of taxes		564,058	-	564,058		
Accounts		1,203,172	2,583,777	3,786,949		
Interest		150,512	-	150,512		
Loans		1,059,373	148,510	1,207,883		
Intergovernmental		3,128,978	112,754	3,241,732		
Special assessments		1,849,377	49,143	1,898,520		
Inventory of supplies		876,865	501,058	1,377,923		
Internal balances		(1,862,835)	1,862,835	-		
Capital assets, net						
Non-depreciable		16,530,701	7,451,967	23,982,668		
Depreciable		61,748,557	69,327,354	 131,075,911		
Total assets		119,673,160	101,181,766	 220,854,926		
Deferred outflows of resources						
Deferred charge on refunding		461,611	91,977	553,588		
Pension related		11,251,705	1,454,540	 12,706,245		
Total deferred outflows of resources		11,713,316	1,546,517	 13,259,833		
Liabilities						
Accounts payable and other current liabilities		1,780,213	716,736	2,496,949		
Accrued wages and benefits		1,286,708	215,287	1,501,995		
Other accrued liabilities		338,701	5,430	344,131		
Accrued interest payable		77,971	28,793	106,764		
Due to other governments		123,349	1,813	125,162		
Due to other individuals			868,860	868,860		
Unearned revenue		-	148,510	148,510		
Non current liabilities:			,	,		
Due within one year		4,579,659	1,141,305	5,720,964		
Due in more than one year		67,936,287	13,104,519	81,040,806		
Total liabilities		76,122,888	16,231,253	 92,354,141		
Deferred inflows of resources						
Revenues levied for the next year		4,684,626		4,684,626		
,			- 27 209	, ,		
Pension related Total deferred inflows of resources		<u>2,946,895</u> 7,631,521	27,298 27,298	 2,974,193 7,658,819		
Net Position				124 572 471		
Net investment in capital assets		57,655,893	66,916,578	124,572,471		
Restricted for capital projects		1,936,143	-	1,936,143		
Restricted for debt service		3,167,530	-	3,167,530		
Restricted for housing assistance		400,512	-	400,512		
Restricted for community development		2,335,119	-	2,335,119		
Restricted for public safety		2,384,266	-	2,384,266		
Restricted for roads		2,949,742	-	2,949,742		
Restricted for other purposes		252,586	-	252,586		
Unrestricted	- <u></u>	(23,449,724)	19,553,154	 (3,896,570)		
Total net position	<u>\$</u>	47,632,067	<u>\$ 86,469,732</u>	\$ 134,101,799		

See accompanying notes to the basic financial statements.

CITY OF MIDDLETOWN, OHIO STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2017

				Program Revenues					Net (Expense) Revenue and Changes in Net Position					
		Expenses	(Charges for Services		Operating Grants and Contributions		Capital Grants and ontributions	G	Governmental Activities		isiness-Type Activities		Total
Functions/Programs														
Governmental activities: Public safety Public health and welfare Leisure time activities Community environment Highways and streets General government Interest on long-term debt	\$	26,315,220 537,872 1,190,521 3,929,611 7,393,008 7,464,472 1,085,380	\$	4,768,362 322,018 - 307,342 278,939 3,087,804 -	\$	751,683 38,404 - 1,109,993 465,737 - -	\$	- - 293,834 4,887,318 - -	\$	(20,795,175) (177,450) (1,190,521) (2,218,442) (1,761,014) (4,376,668) (1,085,380)			\$	(20,795,175) (177,450) (1,190,521) (2,218,442) (1,761,014) (4,376,668) (1,085,380)
Total governmental activities	\$	47,916,084	\$	8,764,465	\$	2,365,817	\$	5,181,152	\$	(31,604,650)			\$	(31,604,650)
Business-type activities:														
Water	\$	7,256,791	\$	9,008,266	\$	-	\$	73,764	\$	-	\$	1,825,239	\$	1,825,239
Sewer		7,711,404		11,545,416		-		448,642		-		4,282,654		4,282,654
Solid Waste		3,075,138		3,183,112		-		-		-		107,974		107,974
Airport		436,707		285,520		-		-		-		(151,187)		(151,187)
Transit		1,984,818		111,311		1,051,839		111,506		-		(710,162)		(710,162)
Storm Water		1,298,953		1,958,152		-		228,285				887,484		887,484
Total business-type activities		21,763,811		26,091,777		1,051,839		862,197				6,242,002		6,242,002
Total	\$	69,679,895	<u>\$</u>	34,856,242	<u>\$</u>	3,417,656	\$	6,043,349	<u>\$</u>	(31,604,650)	<u>\$</u>	6,242,002	<u>\$</u>	(25,362,648)
		eral revenues: axes:												
	I	income taxes							\$	23,662,900	\$	175,000	\$	23,837,900
	F	Property taxes								3,987,528		-		3,987,528
	(Other taxes								2,507,259		-		2,507,259
	Pa	yments in lieu o	f taxes							1,474,694		-		1,474,694
	Gr	ants and contrib	outions	not restricted to	specific	c programs				1,611,528		-		1,611,528
	In	vestment earnin	gs							10,836		226,134		236,970
	Mi	iscellaneous								278,982		164,476		443,458
	Trar	sfers								(1,353)		1,353		-
	Tota	I general revenu	ies and	transfers						33,532,374		566,963		34,099,337
		nge in net positio								1,927,724		6,808,965		8,736,689
		position beginniı		ear						45,704,343		79,660,767		125,365,110
		position end of y	/ear						\$	47,632,067	\$	86,469,732	\$	134,101,799
See accompanying notes to the basic financia	al statem	ents.												



CITY OF MIDDLETOWN, OHIO BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2017

		General	-	cial Assessment bebt Service
Assets:				
Cash and equity in pooled cash,				
deposits and investments	\$	6,547,234	\$	464,401
Receivables (net of allowance				
for uncollectibles):				
Income taxes		4,900,000		-
Property taxes		2,816,432		-
Accounts		526,916		-
Loans		-		-
Interest		-		-
Payments in lieu of taxes		-		- 1 400 277
Special assessments Due from other funds		4,615,460		1,609,377
Due from other governments		4,015,400		-
Inventory of supplies		38,038		
Total assets	\$	19,967,909	\$	2,073,778
		<u> </u>		<u> </u>
Liabilities:				
Accounts payable	\$	277,178	\$	-
Accrued wages and benefits		1,152,661		-
Other accrued liabilities		163,545		-
Due to other funds		63,940		-
Due to other governments		-		-
Total liabilities		1,657,324		-
Deferred inflows of resources:				
Revenues levied for the next		4 070 042		1 (00 077
year and unavailable revenue Total deferred inflows of resources		4,978,943		1,609,377
Total deferred innows of resources		4,978,943		1,609,377
Fund balances:				
Nonspendable		4,653,498		-
Restricted		-,033,470		464,401
Committed		-		
Assigned		1,948,356		-
Unassigned		6,729,788		-
Total fund balances		13,331,642		464,401
Total liabilities, deferred inflows of resources and fund balances	\$	19,967,909	\$	2,073,778
	Ψ		٣	_,0,0,,70

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

		Non Major	Tota	l Governmental
Capital	Improvements	Governmental Funds		Funds
\$	1,218,746	\$ 9,252,897	\$	17,483,278
	-	-		4,900,000
	604,230	1,158,409		4,579,071
	-	354,729		881,645
	-	1,059,373		1,059,373
	-	150,512		150,512
	-	564,058		564,058
	-	240,000		1,849,377
	-	-		4,615,460
	1,422,118	1,183,031		3,128,978
	-	570,797		608,835
\$	3,245,094	\$ 14,533,806	\$	39,820,587
\$	21,824	\$ 147,162		446,164
	-	120,360		1,273,021
	138,074	37,082		338,701
	1,383,500	617,048		2,064,488
	-	123,349		123,349
	1,543,398	1,045,001		4,245,723
	1,247,945	2,961,328		10,797,593
	1,247,945	2,961,328		10,797,593
	1,247,545	2,501,520		10,7 57,555
	-	492,210		5,145,708
	453,751	7,953,838		8,871,990
	-	2,743,057		2,743,057
	-	-		1,948,356
	-	(661,628)	6,068,160
	453,751	10,527,477		24,777,271
\$	3,245,094	\$ 14,533,806	\$	39,820,587

CITY OF MIDDLETOWN, OHIO RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2017

Total governmental fund balances	\$ 24,777,271
Amounts reported for governmental activities in the statement of net position are different due to the following:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	78,279,258
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows in the funds:	
Income taxes receivable Intergovernmental and other receivables	1,700,000 4,412,967
Internal service funds are used to charge the costs of certain activities to individual funds. The assets and liabilities (excluding capital assets and the net pension liability) of the internal service funds are included in governmental activities	
in the statement of net position.	2,224,836
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	(19,080,919)
Special assessment bonds Compensated absences	(1,277,000) (5,018,032)
Pension obligation payable	(1,577,155)
Accrued interest on long-term debt	(77,971)
Premium on bonds Deferred charge on refunding	(727,057) 461,611
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:	
Deferred outflows - pension	11,251,705
Deferred inflows - pension	(2,946,895)
Net pension liability	 (44,770,552)
Net position of governmental activities	\$ 47,632,067



CITY OF MIDDLETOWN, OHIO STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR YEAR ENDED DECEMBER 31, 2017

	General	Special Assessment Debt Service
Revenues:		
Property taxes	\$ 2,450,336	\$ -
Municipal income taxes Payment in lieu of taxes	20,049,288	-
Intergovernmental revenues	2,020,240	-
Charges for services	4,395,374	_
Fees, licenses, and permits	388,064	-
Fines and forfeits	7,728	-
Special assessments	-	245,266
Investment income	(56,762)	-
Miscellaneous	1,593,576	-
Total revenues	 30,847,844	245,266
Expenditures:		
Current		
Public safety	19,337,168	-
Public health and welfare Leisure time activities	- 904 E01	-
Community environment	894,501 1,410,587	-
Highways and streets	1,410,567	-
General government	4,627,996	_
Miscellaneous	1,261,481	-
Debt service		
Principal retirement	-	217,000
Interest and fiscal charges	-	80,333
Total expenditures	 27,531,733	297,333
Excess of revenues over		
(under) expenditures	3,316,111	(52,067)
Other financing sources (uses):		
Transfers-in	-	-
Transfers-out	(438,668)	-
Proceeds of bonds	-	380,000
Premium on bonds	-	39,244
Payment to refunded bond escrow agent	-	(409,658)
Total other financing	 (420,660)	0.500
sources (uses)	 (438,668)	9,586
Net change in fund balances	2,877,443	(42,481)
Fund balance, beginning of year	10,454,199	506,882
Fund balance, end of year	\$ 13,331,642	\$ 464,401
· · · · · · · · · · · · · · · · · · ·	 -,,	

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

	Non Major	Total Governmental
Capital Improvements	Governmental Funds	Funds
¢ 540.400	¢ 1.01/ 174	¢
\$ 542,123	\$ 1,016,174	\$ 4,008,633
-	4,543,612	24,592,900
-	1,474,694	1,474,694
4,389,518	3,864,963	10,274,721
5,083	262,960	4,663,417
-	-	388,064
-	1,652,184	1,659,912
-	296,130	541,396
18,233	49,365	10,836
-	849,219	2,442,795
4,954,957	14,009,301	50,057,368
23,611	4,815,650	24,176,429
	439,921	439,921
22,159		916,660
,	2,062,838	3,473,425
4,062,921	2,147,565	6,210,486
15,553	237,698	4,881,247
7,017	1,372,840	2,641,338
.,	.,	_/- · · /
-	2,301,152	2,518,152
-	975,391	1,055,724
4,131,261	14,353,055	46,313,382
823,696	(343,754)	3,743,986
-	437,315	437,315
-		(438,668)
-	5,450,000	5,830,000
-	544,386	583,630
-	(5,890,176)	
	E44 535	110.440
-	541,525	112,443
823,696	197,771	3,856,429
(369,945)	10,329,706	20,920,842
\$ 453,751	\$ 10,527,477	\$ 24,777,271

CITY OF MIDDLETOWN, OHIO RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2017

Net change in fund balances - total governmental funds	\$ 3,856,429
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 were less than depreciation in the current period:	
Capital outlay, net Depreciation expense	6,120,983 (7,220,351)
Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows in the funds:	(020,000)
Income taxes Intergovernmental and other revenues	(930,000) 252,056
Governmental Funds report premiums as other financing sources, whereas these amounts are deferred and amortized in the statement of activities:	
Amortization of bond premiums Premiums on bonds issued	38,955 (583,630)
Deferred charges on refunding are recorded as deferred outflows of resources and amortized in the statement of activities: Amortization of deferred charge on refunding	(58,499)
Deferred charges on refunding 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: Bond principal retirement	313,673 8,498,152
Bond proceeds	(5,830,000)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(3,951)
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 Unfunded pension liability	(263,075) 97,741
Internal service funds are used to charge the costs of certain activities to individual funds. The net revenue (expenses) of the internal service funds is reported with governmental activities.	703,027
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	3,460,032
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.	 (6,523,818)
Change in net position of governmental activities	\$ 1,927,724



CITY OF MIDDLETOWN, OHIO STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2017

	Business Type Activities - Enterprise Funds			
	Water	Sewer	Storm Water	
Assets	Water	bene	Huter	
Current assets:				
Equity in pooled cash and				
investments	\$ 6,183,558	\$ 10,901,071	\$ 1,460,650	
Receivables		4 005 005	005 745	
Accounts Loans	982,436	1,285,327	205,715	
Due from other funds	148,510	-	-	
Intergovernmental				
Special Assessments	-	49,143		
Inventory of supplies	243,799	257,259	-	
Total current assets	7,558,303	12,492,800	1,666,365	
Noncurrent assets:				
Capital assets:	0.047.407	00/ 7/0	0// 400	
Construction in progress Land	2,347,487	296,748	966,100	
Land Land improvements	1,315,164 5,875	165,000 26,581	386,062 36,046	
Infrastructure assets	32,926,401	48,958,213	8,771,964	
Buildings	16,505,176	13,193,232	69,270	
Equipment	6,603,942	13,586,632	685,860	
Less: Accumulated depreciation	(32,456,143)	(43,061,235)	(1,604,613)	
Total capital assets (net of accumulated depreciation)	27,247,902	33,165,171	9,310,689	
Total noncurrent assets	27,247,902	33,165,171	9,310,689	
Total assets	34,806,205	45,657,971	10,977,054	
Deferred outflows of resources:				
Deferred charge on refunding	21,830	58,047	-	
Pension related Total deferred outflows of resources	557,742 579,572	637,304 695,351	120,278 120,278	
Total deferred outflows of resources	5/9,5/2	095,551	120,278	
Liabilities				
Current liabilities:	00.440	070.000	7 (00	
Accounts payable	80,118	272,890	7,632	
Accrued wages and benefits Other accrued liabilities	83,122	99,196	17,639	
Accrued interest payable	9,076	16,617		
Due to other funds	14,623	5,720	5,852	
Due to other governments	1,813		-	
Due to individuals	868,860	-	-	
General obligation bonds payable	380,652	435,000	-	
Unearned revenue	148,510	-	-	
Compensated absences (short term portion)	103,858	114,245	19,533	
Total current liabilities	1,690,632	943,668	50,656	
Long-term liabilities: General obligation bonds payable	2,960,821	E 070 104		
Compensated absences	142,566	5,272,134 110,692	30,050	
Net pension liability	1,383,145	1,580,451	298,278	
Total long-term liabilities	4,486,532	6,963,277	328,328	
Total liabilities	6,177,164	7,906,945	378,984	
Deferred inflows of resources:				
Pension related	10,467	11,960	2,258	
Total deferred inflows of resources:	10,467	11,960	2,258	
Net position				
Net investment in capital assets	24,018,318	27,571,562	9,310,689	
Unrestricted	5,179,828	10,862,855	1,405,401	
Total net position				
Total net position	\$ 29,198,146	\$ 38,434,417	\$ 10,716,090	

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

	Business Type	Activities - Enterprise	Funds	Governmental Activities -
		Non Major		Internal
Soli	d Waste	Enterprise		Service
Di	sposal	Funds	Totals	Funds
	339,607 \$	259,482 \$	19,144,368 \$	7,462,0
	110,299	-	2,583,777	321,5
	-	-	148,510	
	-	- 112,754	- 112,754	129,7
	-	-	49,143	
	-	-	501,058	268,0
	449,906	372,236	22,539,610	8,181,33
	-	68,450	3,678,785	
	382,600	1,524,356	3,773,182	195,7
	8,500 12,300	666,367 1,603,996	743,369 92,272,874	
	74,652	3,196,299	33,038,629	521,8
	-	4,119,186	24,995,620	12,535,5
	(62,404)	(4,538,743)	(81,723,138)	(10,260,1
	415,648	6,639,911	76,779,321	2,992,9
	415,648	6,639,911	76,779,321	2,992,99
	865,554	7,012,147	99,318,931	11,174,33
	-	12,100	91,977	10E E
	12,283 12,283	126,933 139,033	1,454,540 1,546,517	105,5 105,56
			_//	
	264,131	91,965	716,736	1,334,0
		15,330	215,287	13,6
	-	5,430	5,430	
	-	3,100	28,793	
	-	654,502	680,697	2,000,0
	-	-	1,813 868,860	
	-	80,000	895,652	
	-	-	148,510	
	-	8,017	245,653	21,5
	264,131	858,344	3,807,431	3,369,22
	-	971,650 9,489	9,204,605 292,797	43,6
	30,462	9,489 314,781	3,607,117	43,0 261,7
	30,462	1,295,920	13,104,519	305,46
	294,593	2,154,264	16,911,950	3,674,74
				/-
	231	2,382	27,298	1,9
	231	2,382	27,298	1,98
	A1E 440	E 400 0/1	44 014 570	0.000.0
	415,648 167,365	5,600,361 (605,827)	66,916,578 17,009,622	2,992,9 4,610,1
;	583,013 \$	4,994,534 \$	83,926,200 \$	7,603,10
		.,		.,,
	reflect consolidation of intern ion from above	al service fund activities	2,543,532 83,926,200	

CITY OF MIDDLETOWN, OHIO STATEMENT OF REVENUES, EXPENSES, AND CHANGES OF NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	Water	Sewer	Storm Water
Operating revenues:			
Charges for services	\$ 9,008,266 \$	11,545,416 \$	1,958,152
Other operating revenue	130,719	7,063	1,334
Total operating revenues	 9,138,985	11,552,479	1,959,486
Operating expenses:			
Personal services	2,557,133	2,877,309	607,671
Contractual services	2,667,228	2,551,082	200,514
Commodities	886,893	418,735	52,443
Depreciation	1,040,904	1,395,966	215,743
Other operating expenses	223,214	221,568	222,582
Total operating expenses	 7,375,372	7,464,660	1,298,953
Operating income (loss)	1,763,613	4,087,819	660,533
Non-operating revenues (expenses):			
Interest revenue	74,438	120,865	30,831
Interest expense and fiscal charges	(115,326)	(246,744)	-
Operating grants	-	-	-
Intergovernmental	-	-	-
Income taxes	-	-	-
Total non-operating			
revenues (expenses)	 (40,888)	(125,879)	30,831
Income (loss) before contributions and			
transfers	1,722,725	3,961,940	691,364
Capital contributions	73,764	448,642	228,285
Transfers-in	-	-	-
Transfers-out	 (36,823)	(36,824)	-
Change in net position	 1,759,666	4,373,758	919,649
Total net position,			
beginning of year	27,438,480	34,060,659	9,796,441
Total net position, end of year	\$ 29,198,146 \$	38,434,417 \$	10,716,090

Business Type Activities - Enterprise Funds

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

siness Type Activities -	Enterprise Funds		Governmental Activities -		
^/	Non Major		Internal		
Solid Waste	Enterprise		Service		
Disposal	Funds	Totals	Funds		
3,183,112	\$ 396,831 \$	26,091,777 \$	8,297,19		
- 5	25,360	164,476	229,75		
3,183,112	422,191	26,256,253	8,526,953		
4,255	466,006	6,512,374	503,31		
3,065,028	1,233,554	9,717,406	5,480,72		
-	12,734	1,370,805	762,67		
2,357	644,033	3,299,003	677,98		
3,498	13,682	684,544	24,86		
3,075,138	2,370,009	21,584,132	7,449,55		
107,974	(1,947,818)	4,672,121	1,077,40		
-	_	226,134	92,13		
-	(51,516)	(413,586)			
-	1,051,839	1,051,839			
-	111,506	111,506			
-	175,000	175,000			
	1 296 920	1 150 902	02.12		
-	1,286,829	1,150,893	92,13		
107,974	(660,989)	5,823,014	1,169,53		
		750,691			
-	75,000				
-	75,000	75,000 (73,647)			
107,974	(585,989)	6,575,058	1,169,53		
475,039	5,580,523	77,351,142	6,433,63		
583,013	\$ 4,994,534 \$	83,926,200 \$	7,603,16		
	ation of Internal Service				
justment to reflect consolid					
Justment to reflect consolid nd Activities		233.907			
	\$	233,907 6,575,058			

CITY OF MIDDLETOWN, OHIO STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR YEAR ENDED DECEMBER 31, 2017

	Business Type Activitie	s - Enternrise Funds					Governmental Activities -
	Business Type Activitie	s - Enterprise i unus	Storm	Solid Waste	Non Major Enterprise		Internal Service
	Water	Sewer	Water	Disposal	Funds	Totals	Funds
Cash flows from operating activities:				0.000.010.t	107 010 t	05 044 070	
Cash received from customers	\$ 8,963,086 \$		1,962,981 \$		407,219 \$	25,911,078	
Cash payments to suppliers for goods and services	(3,705,432)	(3,076,647)	(345,028)	(3,073,539)	(1,066,065)	(11,266,711)	(6,122,641
Cash payments to employees for services	(1,889,016)	(2,172,340)	(551,693)	-	(422,146)	(5,035,195)	(480,02
Miscellaneous revenues	130,718	14,083	-	-	14,972	159,773	0 212 204
Cash received from interfund services provided Cash payments for interfund services used	(539,936)	- (E4E 042)	-	-	- (104 E47)	-	8,313,204
		(545,942)	(144,565)		(196,547)	(1,426,990)	(66,291
Net cash provided (used) by operating activities	2,959,420	5,563,034	921,695	160,373	(1,262,567)	8,341,955	1,644,251
Cash flows from non-capital							
financing activities:							
Operating grants	-	-	-	-	1,226,313	1,226,313	
Interfund loan receipts/(payments)			-		641,448	641,448	
Transfers-in from other funds	-	-	-	-	75,000	75,000	-
Transfers-out to other funds	(36,823)	(36,824)	-	-	-	(73,647)	-
Income taxes received	-	-	-	-	175,000	175,000	-
Net cash provided (used) by non-capital							
financing activities	(36,823)	(36,824)	-	-	2,117,761	2,044,114	-
Cash flows from capital and related							
financing activities:							
Proceeds from issuance of bonds	-	4,045,000	-	-	870,000	4,915,000	-
Premium from issuance of bonds	-	479,087	-	-	101,650	580,737	
Sale of capital assets	1,453	1,453	-	-	-	2,906	71,265
Purchase of capital assets	(2,972,946)	(2,291,290)	(1,868,094)	-	(1,078,694)	(8,211,024)	(1,018,407
Interest expense and fiscal charges	(121,262)	(409,960)	-	-	(85,647)	(616,869)	-
Repayment of debt principal	(373,848)	(4,730,000)	-	-	(1,000,000)	(6,103,848)	-
Repayment of capital lease obligation	(39,766)	(39,766)	-	-	-	(79,532)	-
Net cash used by capital and related							
financing activities	(3,506,369)	(2,945,476)	(1,868,094)	-	(1,192,691)	(9,512,630)	(947,142
Cash flows from investing activities:							
Interest income	74,438	120,865	30,831	-	-	226,134	92,132
Net cash provided by investing							
activities	74,438	120,865	30,831	-	-	226,134	92,132
Net change in cash and cash equivalents	(509,334)	2,701,599	(915,568)	160,373	(337,497)	1,099,573	789,241
Cash and pooled investments, beginning of year	6,692,892	8,199,472	2,376,218	179,234	596,979	18,044,795	6,672,812
Cash and pooled investments, end of year	\$ 6,183,558 \$	10,901,071 \$	1,460,650 \$	339,607 \$	259,482 \$	19,144,368	\$ 7,462,053
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CITY OF MIDDLETOWN, OHIO STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR YEAR ENDED DECEMBER 31, 2017

	Busin	ess Type Activities -	Enterprise Fund	s					overnmental Activities -
							Non Major		 Internal
		M/- 1 -	6	Storm		Solid Waste	Enterprise	T	Service
		Water	Sewer	Water		Disposal	Funds	Totals	 Funds
Reconciliation of operating income (loss) to net cash provided	(used) by	operating activities:							
Operating income (loss)	\$	1,763,613 \$	4,087,819	\$ 660,53	3 \$	107,974 \$	(1,947,818) \$	4,672,121	\$ 1,077,401
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:									
Depreciation		1,040,904	1,395,966	215,74	3	2,357	644,033	3,299,003	677,984
Changes in assets and liabilities:									
Decrease (increase) in accounts receivable (net)		(92,032)	(200,083)	3,49	5	50,801	-	(237,819)	(71,550)
Decrease (increase) in special assessment receivable (net)		-	7,020		-	-	-	7,020	-
Decrease (increase) in inventory of supplies		52,577	(49,180)		-	-	-	3,397	(27,213)
Decrease (increase) in due from other funds		-	-		-	-	-	-	(70,934)
Decrease (increase) in deferred outflows of									
resources - pension related		(154,212)	(176,210)	(33,25		(3,396)	(35,096)	(402,170)	(29,187)
Increase (decrease) in accounts payable		(84,683)	77,639	(17,56	·	(5,014)	(4,148)	(33,774)	35,272
Increase (decrease) in accrued wages and benefits		8,635	9,179	1,57		-	(1,296)	18,097	1,268
Increase (decrease) in due to other funds		11,634	218	3,51		-	3,862	19,228	-
Increase (decrease) in compensated absences payable		17,208	13,727	12,74	1	-	(1,163)	42,513	(14,536)
Increase (decrease) in due to other governments		86	-		-	-	-	86	-
Increase (decrease) in due to individuals		48,305	-		-	-		48,305	-
Increase (decrease) in net pension liability		360,821	412,292	77,81	2	7,947	82,117	940,989	68,289
Increase (decrease) in deferred inflows of		<i></i>	((- 1	()	()	((· -)
resources - pension related		(13,436)	(15,353)	(2,89	8)	(296)	(3,058)	(35,041)	(2,543)
Total adjustments		1,195,807	1,475,215	261,16	2	52,399	685,251	3,669,834	 566,850
Net cash provided (used) by operating activities	\$	2,959,420 \$	5,563,034	\$ 921,69	5\$	160,373 \$	(1,262,567) \$	8,341,955	\$ 1,644,251
Noncash investing, capital and financing activities:									
Capital contribution of assets from developers	\$	73,764 \$	448,642	\$ 228,28	5 \$	- ¢	- \$	750,691	\$ -

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

CITY OF MIDDLETOWN, OHIO STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES FIDUCIARY FUNDS DECEMBER 31, 2017

	Total Agency Funds
Assets:	
Cash and equity in pooled cash, deposits and investments Cash with fiscal and escrow agent	\$ 211,712 380,782
Total assets	\$ 592,494
Liabilities:	
Due to other governments Due to individuals Unapportioned monies	\$ 331,098 207,432 53,964
Total liabilities	\$ 592,494

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

Blended Component Unit

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

Discretely Presented Component Units

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

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

Related Organization

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

Included within the reporting entity:

Among activities and services provided by the City are a police force, a fire-fighting force, a municipal court system, a sewage treatment plant, a water treatment plant, an airport, a street maintenance force, a park system, and a staff to provide the necessary support to these service providers. Each of these activities and services is under the direct control of the City Council,

which appropriates for and finances its operation and is not legally separable. Each is, therefore, included as part of the reporting entity.

B. BASIS OF PRESENTATION

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. The statements distinguish between those activities that are governmental in nature, which are normally supported by taxes and intergovernmental revenues; and business-type activities, which rely to a significant extent upon fees and charges for support. Interfund and internal service fund activities are generally eliminated to avoid the "doubling-up" effect on revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation.

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

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

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

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

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. All other funds are aggregated and reported as non-major governmental or non-major enterprise funds. Internal Service funds are combined into one column. The effect of inter-fund activity has been eliminated from the government-wide financial statements.

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

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

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

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

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

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

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

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

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

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

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

Fiduciary Funds. The City's only fiduciary funds are agency funds which are custodial and account for assets held on behalf of others. The government-wide statements exclude the fiduciary funds of the City.

C. BASIS OF ACCOUNTING

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

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

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

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

Proprietary Funds. All proprietary funds - enterprise funds and internal service funds - are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflow and inflows 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 consist of Payroll Clearing, Municipal Court and Joint Economic Development District I (JEDD), are custodial in

nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds are accounted for using the accrual basis of accounting.

D. CASH, DEPOSITS, AND INVESTMENTS

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

STAROhio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, Certain External Investment Pools and Pool Participants. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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

E. CASH WITH FISCAL AND ESCROW AGENT

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

F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

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

G. INVENTORY OF SUPPLIES

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

H. CAPITAL ASSETS

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type columns in the government-wide financial statements. Also 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 acquisition value on the date received. Interest on constructed capital assets is capitalized for business-type activities.

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

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

Equipment	3 to 20 Years
Land Improvements	20 Years
Infrastructure Assets	15 to 45 Years
Buildings	45 Years
Streets and Highways	20 Years

I. CAPITALIZATION OF INTEREST

The City's policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the construction project and the interest earned from the temporary investment of the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2017, interest costs incurred on construction projects were not material.

J. FUND BALANCES

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

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

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

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes

stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

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

Assigned. The assigned fund balance classification is intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by Council or a City Official delegated that authority by resolution or by State Statute. State statute authorizes the fiscal officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

The City applies restricted resources first when expenditures are incurred for the purpose for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balances, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used.

K. INTERFUND TRANSACTIONS

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

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

General Fund, the Auto & Gas Tax Fund, the Municipal Court Fund, the Health Fund, the Police Pension Fund, the Fire Pension Fund, the General Obligation Debt Service Fund, the Transit Fund, the Municipal Airport Fund, the Conservancy Fund, and the Computer Replacement Fund.

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

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

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

	Transfers In	Transfers Out
Governmental Funds:		
General Fund	\$0	\$438,668
Non Major Governmental Funds	\$437,315	\$0
Enterprise Funds:		
Water Fund	\$0	\$36,823
Sewer Fund	\$0	\$36,824
Non Major Enterprise Funds	\$75,000	
TOTAL	\$512,315	\$512,315

INTERFUND TRANSFERS

A brief description of all transfers include:

- \$273,647 in 2017 for anticipated computer replacements, and
- \$155,668 to the Economic Development Bond Fund for debt payments.
- \$55,000 to the Airport Fund for airport operations and maintenance
- \$20,000 to the Transit Fund for Transit operations
- \$8,000 to the Conservancy Fund for property tax payments

L. INTERGOVERNMENTAL REVENUES

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

M. COMPENSATED ABSENCES

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

Accumulated Unpaid Vacation

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

Accumulated Unpaid Sick Leave

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

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

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

At December 31, 2017, the total liability of the City for compensated absences was \$5,621,713.

N. PENSIONS

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

O. ESTIMATES

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

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

<u>Budget</u>

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

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized tax rates and reviews revenue estimates. The Budget Commission certifies its action to the City by September 1. As part of this certification, the City receives the Official Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the Certificate of Estimated Resources. On or about January 1, the certificate is amended to include any unencumbered balances from the preceding year. The revised budget then serves as the basis for the appropriation measure. The Certificate of Estimated Resources may be further amended during the year if a new source of revenue is identified or actual revenue exceeds current estimates. The amounts reported on the budgetary statement reflect the amounts in the final Amended Certificate of Estimated Resources issued for 2017.

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 2017 increased the original 2017 Appropriation Resolution by \$3,530,049 for all budgeted funds. The majority of these supplemental appropriations are due to the following factors:

- \$574,786 for concrete repair, reconstruction and resurfacing of streets;
- \$379,105 for storm sewer improvements;
- \$222,300 for TIF payment reimbursements to the school district;
- \$137,466 for the creation of an Airport Master Plan and Airport Layout Plan;
- \$80,000 for overtime wages in Police & Fire Dispatch;
- \$57,730 payment for EZ agreements to schools.
- \$50,000 for various maintenance issues and repairs at Middletown Regional Airport;
- \$45,784 for the repair and coating of the city building roof; and
- \$47,450 for the purchase and installation of a pole barn at Lefferson Park;

Budgeted Level of Expenditures

In Ohio, the legal level of control is the level at which the local government's legislative authority passes the appropriation measure with the minimum of appropriation measures classified separately for each office, department, division, and within each, the amount appropriated for personal services. City Council, Middletown's legislative authority, approved the 2017 budget which is classified by fund, department, division and/or program, and by major category of personnel and other. City Council may alter amounts allocated to various funds during the year as the need arises by adopting modifications to the appropriated for 2017, including all supplemental appropriations and modifications.

Encumbrances

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

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be re-appropriated. However, the budgetary schedules for funds that had outstanding encumbrances at December 31, 2016, reflect an "Appropriation for prior year encumbrances."

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

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

Cash deposits and investments of the City as of December 31, 2017, are comprised of the following:

Deposits	
Petty Cash	\$5,625
Certificate of Deposit	\$7,004,080
Demand deposit accounts	3,931,011
Subtotal deposits	\$10,940,716
Investments	
Money Market Funds	\$8,183,652
U.S. Government and Agency	\$19,928,544
STAR Ohio	<u>\$5,629,281</u>
Subtotal investments	<u>\$33,741,477</u>
Total	<u>\$44.682.193</u>

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

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. Although all statutory requirements for the deposit of money have been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the Federal Deposit Insurance Corporation.

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

- 1. Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured; or
- 2. Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposite being secured or a rate set by the Treasurer of State.

At year-end, 58.3% (\$8,128,641) of the City's bank balance of \$13,943,491 was covered by Federal Deposit Insurance Corporation (FDIC) and the remaining was covered by pooled collateral.

The City's investments at December 31, 2017 are summarized as follows:

	Fair Value	<u>Average Maturity</u> <u>Years</u>
U.S. Government and Agency	\$19,928,544	2.52
Star Ohio	\$5,629,281	n/a
US Money Market Funds	\$8,183,652	n/a
	\$33,741,477	_

Fair Value Measurement

The City's recurring fair value measurement of its investment in U.S. Government and Agency Notes was valued using pricing sources as provided by investment managers (Level 2 inputs). The City's investment in money market mutual and STAR Ohio funds are excluded from fair value measurement requirements under GASB Statement No. 72, and instead are reported at amortized cost.

Credit Risk

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

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City is required to disclose the amount of investments with any one

issuer that represent five percent or more of total investments. Investments issued by the U.S. government, and investments in external investment pools are excluded from this requirement.

Custodial Credit Risk

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

Interest Rate Risk

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

NOTE 4 – COMPLIANCE AND ACCOUNTABILITY

The City is responsible for compliance with various sections of the Ohio Revised Code. Contrary to the requirements of Section 5705.39, the City's appropriations were greater than estimated resources resulting in deficit budgetary fund balances in the Capital Improvement Fund (\$2,200,444).

The General Fund provides advances and transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. At December 31, 2017 (using the current financial resource measurement focus), the following funds had a deficit fund balance: Nuisance Abatement (\$343,471), Conservancy (\$117,211), Central Ave Sidewalk & Curb (\$90,509), Community Development (\$74,793), and HOME Program (\$35,644).

NOTE 5 - PROPERTY TAXES

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

The assessed value upon which the 2017 taxes were collected was \$662,132,320. The full tax rate for all City operations for the fiscal year ended December 31, 2017, was \$6.90 per \$1,000 of assessed valuation.

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

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

Property taxes receivable represents real and public utility taxes and outstanding delinquencies that are measurable as of December 31, 2017. 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 2017 operations. The receivable is therefore offset by a credit to deferred inflow of resources.

NOTE 6 - INCOME TAX

The City levies an income tax of 1.75 percent on substantially all earned income arising from employment, residency, or business activities inside the City. This income tax rate includes the Public Safety income tax levy of .25% passed by the voters in November 2007 which became effective January 1, 2008 and was effective for a period of five years. This levy was renewed permanently in August 2012 by the voters. Employers within the City are required to withhold income tax on employee compensation 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, 2017 was as follows:

GOVERNMENTAL ACTIVITIES					
<u>Capital Asset</u>	<u>Beginning</u> <u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	Ending Balance	
Capital assets, not being depreciated:					
Land	\$14,066,974	\$497,186	\$0	\$14,564,160	
Construction in progress	\$3,732,160	\$1,238,895	(\$3,004,514)	\$1,966,541	
Total capital assets, not being depreciated	\$17,799,134	\$1,736,081	(\$3,004,514)	\$16,530,701	
Capital assets, being depreciated:					
Land improvements	\$786,331	\$0	\$0	\$786,331	
Buildings	\$29,411,929	\$176,731	\$0	\$29,588,660	
Equipment	\$24,684,539	\$1,649,002	(\$613,371)	\$25,720,170	
General infrastructure	\$195,736,141	\$5,634,948	\$0	\$201,371,089	
Total capital assets, being depreciated	<u>\$250,618,940</u>	<u>\$7,460,681</u>	(\$613,371)	\$257,466,250	
Totals at Historical Cost	\$268,418,074	\$9,196,762	(\$3,617,885)	\$273,996,951	
Less accumulated depreciation:					
Land improvements	\$485,089	\$31,571	\$0	\$516,660	
Buildings	\$18,571,258	\$856,592	\$0	\$19,427,850	
Equipment	\$19,265,627	\$1,225,541	(\$542,106)	\$19,949,062	
General infrastructure	\$150,717,474	\$5,106,647	<u>\$0</u>	\$155,824,121	
Total depreciation	\$189,039,448	\$7,220,351	(\$542,106)	\$195,717,693	
Capital Assets, Net	\$79,378,626	\$1,976,411	(\$3,075,779)	\$78,279,258	

Depreciation was charged to governmental functions as follows:

\$363,556
\$1,162,571
\$200,851
\$16,215
\$546,280
\$4,930,878
\$7,220,351

BUSINESS-TYPE ACTIVITIES				
<u>Capital Asset</u>	<u>Beginning</u> <u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending</u> <u>Balance</u>
Capital assets, not being depreciated:				
Land	\$3,773,182	\$0	\$0	\$3,773,182
Construction in progress	\$6,196,904	\$3,084,464	(\$5,602,583)	\$3,678,785
Total capital assets, not being depreciated	\$9,970,086	\$3,084,464	(\$5,602,583)	\$7,451,967
Capital assets, being depreciated:				
Land improvements	\$707,323	\$36,046	\$0	\$743,369
Buildings	\$28,725,200	\$4,313,429	\$0	\$33,038,629
Equipment	\$25,243,177	\$1,104,500	(\$1,352,057)	\$24,995,620
General infrastructure	\$86,247,015	\$6,025,859	\$0	\$92,272,874
Total capital assets, being depreciated	<u>\$140,922,715</u>	<u>\$11,479,834</u>	(\$1,352,057)	<u>\$151,050,492</u>
Totals at Historical Cost	\$150,892,801	\$14,564,298	(\$6,954,640)	\$158,502,459
Less accumulated depreciation:				
Land improvements	\$368,532	\$37,592	\$0	\$406,124
Buildings	\$17,128,029	\$802,182	\$0	\$17,930,211
Equipment	\$18,578,791	\$775,426	(\$1,349,151)	\$18,005,065
General infrastructure	<u>\$43,697,934</u>	\$1,683,803	<u>\$0</u>	<u>\$45,381,737</u>
Total depreciation	\$79,773,286	\$3,299,003	(\$1,349,151)	\$81,723,138
Total capital assets, being depreciated, net	\$61,149,429	\$8,180,831	(\$2,906)	\$69,327,354
Capital Assets, Net	\$71,119,515	\$11,265,295	(\$5,605,489)	\$76,779,321

Depreciation was charged to Enterprise Funds as follows:

Water	\$1,040,904
Sewer	\$1,395,966
Storm	\$215,743
Solid Waste	\$2,357
Airport	\$200,923
Transit	\$443,110
Total	\$3,299,003

NOTE 8 - PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

Group A	Group B	Group C
Eligible to retire prior to	20 years of service credit prior to	Members not in other Groups
January 7, 2013 or five years	January 7, 2013 or eligible to retire	and members hired on or after
after January 7, 2013	ten years after January 7, 2013	January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 60 with 60 months of service credit	Age 60 with 60 months of service credit	Age 57 with 25 years of service credit
or Age 55 with 25 years of service credit	or Age 55 with 25 years of service credit	or Age 62 with 5 years of service credit
Formula:	Formula:	Formula:
2.2% of FAS multiplied by years of	2.2% of FAS multiplied by years of	2.2% of FAS multiplied by years of
service for the first 30 years and 2.5%	service for the first 30 years and 2.5%	service for the first 35 years and 2.5%
for service years in excess of 30	for service years in excess of 30	for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 48 with 25 years of service credit	Age 48 with 25 years of service credit	Age 52 with 25 years of service credit
or Age 52 with 15 years of service credit	or Age 52 with 15 years of service credit	or Age 56 with 15 years of service credit
Law Enforce ment	Law Enforcement	Law Enforce ment
Law Enforcement Age and Service Requirements: Age 52 with 15 years of service credit	Law Enforcement Age and Service Requirements: Age 48 with 25 years of service credit	Law Enforcement Age and Service Requirements: Age 48 with 25 years of service credit
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age and Service Requirements:	Age and Service Requirements: Age 48 with 25 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Age and Service Requirements: Age 52 with 15 years of service credit Formula:	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit Formula:	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit Formula:

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

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

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

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

	State and Local	Public Safety	Law Enforcement
2017 Statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee	10.0%	*	**
2017 Actual Contribution Rates			
Employer:			
Pension	13.0%	17.1%	17.1%
Post-employment Health Care Benefits	1.0%	1.0%	1.0%
Total Employer	14.0%	18.1%	18.1%
Employee	10.0%	12.0%	13.0%

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$1,569,931 for 2017.

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

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

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

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

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

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

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

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

	Police	Firefighters
2017 Statutory Maximum Contribution Rates		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
2017 Actual Contribution Rates		
Employer:		
Pension	19.00%	23.50%
Post-employment Health Care Benefits	0.50%	0.50%
Total Employer	19.50%	24.00%
Employee	12.25%	12.25%

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$2,188,619 for 2017.

In addition to current contributions, the City pays installments on a specific liability of the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2017, the specific liability of the City was \$1,577,155 payable in semi-annual payments through the year 2035.

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

The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS		OP&F	Total
Proportionate Share of the Net				
Pension Liability	\$	18,970,130	\$ 29,407,539	\$ 48,377,669
Proportion of the Net Pension Liability:				
Current Measurement Date		0.0835383%	0.4642880%	
Prior Measurement Date		0.0809491%	0.4672814%	
Change in Proportionate Share		0.0025892%	-0.0029934%	
Pension Expense	\$	4,219,333	\$ 3,106,781	\$ 7,326,114

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Net difference between projected and			
actual earnings on pension plan investments	\$ 2,825,090	\$ 2,859,752	\$ 5,684,842
Changes in employer proportion and differences			
between contributions and proportionate			
share of contributions	219,926	-	219,926
Differences between expected and			
actual experience	25,713	8,319	34,032
Change in Assumptions	3,008,895	-	3,008,895
City contributions subsequent to the			
measurement date	1,569,931	 2,188,619	3,758,550
Total Deferred Outflows of Resources	\$ 7,649,555	\$ 5,056,690	\$ 12,706,245
	OPERS	 OP&F	Total
Deferred Inflows of Resources			
Differences between expected and			
actual experience	\$ 112,901	\$ -	\$ 112,901
Changes in employer proportion and differences			
between contributions and proportionate			
share of contributions	30,655	 2,830,637	\$ 2,861,292
	\$ 143,556	\$ 2,830,637	\$ 2,974,193

\$3,758,550 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2018	2,448,518	7,340	2,455,858
2019	2,535,753	7,340	2,543,093
2020	1,037,335	7,340	1,044,675
2021	(85,538)	7,340	(78,198)
2022	-	7,340	7,340
2023	-	734	734
Total	\$ 5,936,068	\$ 37,434	\$ 5,973,502

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

In 2016, the Board's actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0% down to 7.5%, for the defined benefit investments.

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

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

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically

included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.75%
Domestic Equities	20.70%	6.34%
Real Estate	10.00%	4.75%
Private Equity	10.00%	8.97%
International Equities	18.30%	7.95%
Other investments	18.00%	4.92%
Total	100.00%	5.66%

Discount Rate The discount rate used to measure the total pension liability was 7.5%, post-experience study results, for the Traditional Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount *Rate* The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

				Current		
	19	% Decrease	Discount Rate		1	% Increase
		(6.50%)	(7.50%)		(8.50%)	
Entity's proportionate share						
of the net pension liability	\$	28,981,107	\$	18,970,130	\$	10,627,743

Actuarial Assumptions – OPF

OPF's total pension liability as of December 31, 2016 is based on the results of an actuarial valuation date of January 1, 2016, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2016, are presented below:

Valuation Date	January 1, 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent

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

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

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2016 are summarized below:

	Target	Long-Term Expected
Asset Class	Allocation	Real Rate of Return
Cash and Cash Equivalents	0.00%	0.00%
Domestic Equity	16.00%	5.21%
Non-US Equity	16.00%	5.40%
Core Fixed Income *	20.00%	2.37%
Global Inflation Protected *	20.00%	2.33%
High Yield	15.00%	4.48%
Real Estate	12.00%	5.65%
Private Markets	8.00%	7.99%
Real Assets	5.00%	6.87%
Master Limited Partnerships	8.00%	7.36%
Total	120.00%	

^{*} levered 2X

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

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

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

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

	Current						
	1	1% Decrease		Discount Rate		% Increase	
	(7.25%)		(8.25%)		(9.25%)		
Entity's proportionate share							
of the net pension liability	\$	39,167,353	\$	29,407,539	\$	21,135,958	

Changes Between Measurement Date and Report Date. In 2017, the OP&F Board of Trustees adopted certain assumption changes which will impact their annual actuarial valuation prepared as of January 1, 2017. The most significant change is a reduction in the discount rate from 8.25% to 8.00%. Although the exact amount of these changes is not known, the impact to the City's net pension liability is expected to be significant.

Further post-employment benefits are located in Note 14.

NOTE 9 - INCURRED BUT NOT REPORTED CLAIMS - HEALTH PLAN

The City of Middletown has a self-insured health plan that is accounted for in the Employee Benefits Fund. All full-time employees of the City are eligible to enroll in this plan which is administered by an independent Third Party Plan Administration Company. Claims incurred but not reported as of December 31, 2017, were calculated by the Plan Administrator based upon the City's claims experience over the past twelve months. The accounts payable liability recorded in the Employee Benefits Fund at year-end for claims incurred but not reported was \$1,024,803.

	Beginning of Fiscal Year	Current Year Claims & Changes	Claims	Balance At Fiscal
Year	Liability	In Estimate	Payments	Year End
2016	\$880,925	\$7,266,007	\$6,906,750	\$1,240,182
2017	\$1,240,182	\$5,031,916	\$5,247,295	\$1,024,803

NOTE 10 - LONG TERM OBLIGATIONS

Long-term obligation of the City as of December 31, 2017 are as follows:

A. GOVERNMENTAL ACTIVITIES

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Principal Due Within One Year	Interest Paid in 2017
1997 Sophie Street Improvements	\$20,000	\$0	\$20,000	\$0	\$0	\$1,100
1997 Dix Road Improvements	\$15,000	\$0	\$15,000	\$0	\$0	\$840
1998 Lewis Street Improvements	\$10,000	\$0	\$5,000	\$5,000	\$5,000	\$538
1999 Marshall Road Improvements	\$100,000	\$0	\$30,000	\$70,000	\$35,000	\$5,425
2000 Burbank Street Improvements	\$60,000	\$0	\$15,000	\$45,000	\$15,000	\$4,020
2001 Illinois/Longfellow Improve.	\$75,969	\$0	\$13,566	\$62,403	\$13,566	\$4,406
2001 Dick's Creek	\$39,396	\$0	\$7,035	\$32,361	\$7,035	\$2,285
2001 Oxford State Rd Water Line	\$24,635	\$0	\$4,399	\$20,236	\$4,399	\$1,429
2001 Oxford State Rd Intersection	\$20,000	\$0	\$4,000	\$16,000	\$4,000	\$1,170
2004 Roosevelt Ave. Improvements	\$305,000	\$0	\$30,000	\$275,000	\$35,000	\$16,775
2006 Towne Blvd. Improvements	\$405,000	\$0	\$405,000	\$0	\$0	\$8,644
2017 Towne Blvd. Improvements	\$0	\$380,000	\$15,000	\$365,000	\$15,000	\$4,694
2007 Cincinnati Dayton Rd Sewer	\$94,000	\$0	\$8,000	\$86,000	\$8,000	\$4,465
2014 Lefferson Road	\$110,000	\$0	\$5,000	\$105,000	\$5,000	\$5,450
2014 S Main St Lighting	\$160,000	\$0	\$20,000	\$140,000	\$20,000	\$7,100
2014 S Main St Sidewalk, Curb & Gutter	\$80,000	\$0	\$25,000	\$55,000	\$25,000	\$2,575
Total Special Assessment Bonds	\$1,519,000	\$380,000	\$622,000	\$1,277,000	\$192,000	\$70,916

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Principal Due Within One Year	Interest Paid in 2017
General Obligation Bonds:						
2008 Downtown Improvements	\$2,312,071	\$0	\$741,152	\$1,570,919	\$769,348	\$108,845
2006 Towne Blvd/SR 122/I-75	\$440,000	\$0	\$440,000	\$0	\$0	\$9,298
2017 Towne Blvd/SR 122/I-75	\$0	\$425,000	\$40,000	\$385,000	\$45,000	\$5,041
2006 Towne Blvd. Extension	\$1,270,000	\$0	\$1,270,000	\$0	\$0	\$26,559
2017 Towne Blvd. Extension	\$0	\$1,255,000	\$205,000	\$1,050,000	\$190,000	\$24,313
SR 122/I-75 Interchange	\$4,750,000	\$0	\$4,150,000	\$600,000	\$295,000	\$100,611
2017 Refunding Bonds	\$0	\$3,770,000	\$0	\$3,770,000	\$0	\$60,422
2010 Downtown Parking Flat Lot	\$480,000	\$0	\$90,000	\$390,000	\$95,000	\$13,963
2010 Greentree Health Science Academy	\$4,225,000	\$0	\$230,000	\$3,995,000	\$235,000	\$240,418
2013 Court of Appeals	\$1,691,300	\$0	\$219,350	\$1,471,950	\$227,700	\$49,415
2013 MRH Land	\$2,363,700	\$0	\$315,650	\$2,048,050	\$322,300	\$71,110
2015 AK Steel Holding Corp Project	\$1,975,000	\$0	\$70,000	\$1,905,000	\$75,000	\$85,668
2015 Bender Tract	\$2,000,000	\$0	\$105,000	\$1,895,000	\$120,000	\$74,413
Premiums	\$182,382	\$583,630	\$38,955	\$727,057	\$0	\$0
Total General Obligation Bonds	\$21,689,453	\$6,033,630	\$7,915,107	\$19,807,976	\$2,374,348	\$870,074
Compensated Absences	\$4,834,724	\$2,067,975	\$1,819,436	\$5,083,263	\$1,915,570	
Police & Fire Pension						
Unfunded Accrued Liability	\$1,674,896	\$0	\$97,741	\$1,577,155	\$97,741	
Net Pension Liability:						
OPERS	\$11,355,269	\$4,007,744	\$0	\$15,363,013	\$0	
OP&F	\$30,060,543	\$0	\$653,004	\$29,407,539	\$0	
Total Net Pension Liability	\$41,415,812	\$4,007,744	\$653,004	\$44,770,552	\$0	-
Total Governmental Activities	\$71,133,885	\$12,489,349	\$11,107,288	\$72,515,946	\$4,579,659	\$940,989

The governmental funds typically used to liquidate the liability for compensated absences and pension liabilities are the General Fund, Income Tax Fund, Auto & Gas Tax Fund, Community Development Fund, Municipal Court Fund, Probation Fund and Health Fund. Disclosure on page 67 in Note 11

B. BUSINESS TYPE ACTIVITIES

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Principal Due Within One Year	Interest Paid in 2017
General Obligation Bonds:						
2008 Water	\$557,927	\$0	\$178,848	\$379,079	\$185,652	\$21,868
2008 Airport	\$1,080,000	\$0	\$1,000,000	\$80,000	\$80,000	\$23,981
2017 Airport	\$0	\$870,000	\$0	\$870,000	\$0	\$11,107
2008 Sewer	\$5,055,000	\$0	\$4,675,000	\$380,000	\$380,000	\$112,175
2017 Sewer	\$0	\$4,045,000	\$0	\$4,045,000	\$0	\$51,864
2014 Wastewater Energy Improvements	\$815,000	\$0	\$55,000	\$760,000	\$55,000	\$27,050
2014 Water Energy Improvements	\$2,995,000	\$0	\$195,000	\$2,800,000	\$195,000	\$99,150
Premium	\$343,726	\$580,737	\$138,285	\$786,178	\$0	\$0
Total General Obligation Bonds Payable	\$10,846,653	\$5,495,737	\$6,242,133	\$10,100,257	\$895,652	\$347,195
Lease Obligation	\$79,532	\$0	\$79,532	\$0	\$0	\$488
Compensated Absences	\$495,937	\$279,294	\$236,781	\$538,450	\$245,653	\$0
Net Pension Liability - OPERS	\$2,666,128	\$940,989	\$0	\$3,607,117	\$0	\$0
Total Business Type Activities	\$14,088,250	\$6,716,020	\$6,558,446	\$14,245,824	\$1,141,305	\$347,683

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.

The City's legal debt margin was \$53,583,223 at December 31, 2017. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2017 are as follows:

GOVERNMENTAL ACTIVITIES								
Police an	Police and Fire Pension Debt Schedule 12/31/17							
	Principal	Interest	<u>Total</u>					
2018	\$52,217	\$45,524	\$97,741					
2019	\$52,217	\$45,524	\$97,741					
2020	\$52,217	\$45,524	\$97,741					
2021	\$52,217	\$45,524	\$97,741					
2022	\$52,217	\$45,524	\$97,741					
2023-2027	\$261,085	\$227,620	\$488,705					
2028-2032	\$261,085	\$227,620	\$488,705					
2033-2035	\$59,366	\$51,674	\$111,040					
Total	\$842,621	\$734,534	\$1,577,155					

GOVERNMENTAL ACTIVITIES General Obligation and Assessment Bonds Schedule 12/31/17							
	General O	General Obligation Bonds			Special Assessment Bonds		
	Principal	Interest	<u>Total</u>	Principal	Interest	Total	
2018	\$2,374,348	\$771,865	\$3,146,213	\$192,000	\$64,725	\$256,725	
2019	\$2,441,571	\$743,652	\$3,185,223	\$197,000	\$55,900	\$252,901	
2020	\$1,700,000	\$633,804	\$2,333,804	\$133,000	\$45,164	\$183,164	
2021	\$1,770,000	\$568,075	\$2,338,075	\$128,000	\$37,672	\$165,672	
2022	\$1,705,000	\$507,762	\$2,212,762	\$90,000	\$30,958	\$120,958	
2023-2027	\$5,330,000	\$1,694,759	\$7,024,759	\$482,000	\$59,833	\$541,833	
2028-2032	\$3,330,000	\$512,328	\$3,842,328	\$35,000	\$11,550	\$46,550	
2033-2035	\$430,000	\$43,750	\$473,750	\$20,000	\$1,575	\$21,575	
Total	\$19,080,919	\$5,475,995	\$24,556,914	\$1,277,000	\$307,377	\$1,589,378	

-	BUSINESS TYPE ACTIVITIES								
	General Obligation Bonds Schedule - 12/31/17								
		Principal	Interest	<u>Total</u>					
	2018	\$895,652	\$345,508	\$1,241,160					
	2019	\$913,427	\$311,454	\$1,224,881					
	2020	\$760,000	\$280,400	\$1,040,400					
	2021	\$800,000	\$250,350	\$1,050,350					
	2022	\$810,000	\$231,600	\$1,041,600					
	2023-2027	\$4,430,000	\$743,300	\$5,173,300					
	2028-2029	\$705,000	\$42,600	\$747,600					
	Total	\$9,314,079	\$2,205,211	\$11,519,290					

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

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

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

NOTE 11 – DEFEASED DEBT

In 2008, the City defeased various bond issues by creating separate irrevocable trust funds. New debt had been issued and the proceeds were used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's financial statements. As of December 31, 2017, the amount of defeased debt outstanding amounted to \$2,015,000.

<u>Refunded Debt</u> - On August 2, 2017, the City issued general obligation bonds of \$10,745,000 (par value) with varying coupon rates of 2.00% - 5.00% to advance refund previously issued bonds outstanding with a par value of \$11,205,000. The refunded bonds had varying coupon rates of 4.00% - 5.00%. The advance refunded bonds were scheduled to mature on various dates through December 1, 2029, and are callable on December 1, 2019.

The general obligation bonds were issued at a premium of \$1,164,367, and after paying issuance costs of \$204,078, the net proceeds of \$11,702,403 were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are called on December 1, 2019. The refunding met the requirements of an in-substance debt defeasance and the bonds were removed from the City's government-wide financial statements. As a result of the refunding, the City reduced its total debt service requirements by \$1,003,644 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$902,872.

NOTE 12 - INTERFUND RECEIVABLES AND PAYABLES

The City's inter-fund receivables and payables at the end of 2017 were comprised of operating advances from the General Fund to other operating funds (\$4,615,460) and payments to the Municipal Garage Fund by the City operating funds for December 2017 services (\$129,725). Inter-fund balances as of December 31, 2017 are as follows:

Fund	Receivables	Payables
Governmental Funds:		
General Fund	\$4,615,460	\$63,940
Capital Improvements Fund	\$0	\$1,383,500
Non major government funds	\$0	\$617,048
Total governmental funds	\$4,615,460	\$2,064,488
Enterprise Funds:		
Water	\$0	\$14,623
Sewer	\$0	\$5,720
Storm Water	\$0	\$5,852
Non major business type activities	\$0	\$654,502
Total enterprise funds	\$0	\$680,697
Internal Service Funds		
Internal service funds	\$129,725	\$2,000,000
Total internal service funds	\$129,725	\$2,000,000
Total all funds	\$4,745,185	\$4,745,185

NOTE 13 - CONTINGENT LIABILITY

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

For the period January 1, 2017, to December 31, 2017, the City received federal and State grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial to the financial statements as a whole.

NOTE 14 - POST EMPLOYMENT BENEFITS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

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 health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2016 CAFR for details.

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

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

B. Funding Policy

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, State and Local employers contributed at a rate of 14.0% of earnable salary and Public Safety and Law Enforcement employers contributed at 18.1%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0% during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0% for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2017 was 4.0%.

C. City Contributions

The City's actual contributions that were used to fund postemployment benefits were \$106,137, \$231,052 and \$220,647 for 2017, 2016 and 2015, respectively. The full amount has been contributed for 2017, 2016 and 2015.

OHIO POLICE AND FIRE PENSION FUND

A. Plan Description

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

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

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan.

That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F's website at www.op-f.org.

B. Funding Policy

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to healthcare was 0.5% of covered payroll from January 1, 2017 thru December 31, 2017. 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 \$52,222, \$48,194 and \$59,155 for 2017, 2016 and 2015, respectively. The full amount has been contributed for 2017, 2016 and 2015.

NOTE 15 - RISK MANAGEMENT

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

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

PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other accountants) conform to generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016 and 2015:

<u>Casualty & Property</u> <u>Coverage</u>	<u>2015</u>	<u>2016</u>
Assets	\$38,307,677	\$42,182,281
Liabilities	(\$12,759,127)	(\$13,396,700)
Net position - Unrestricted	<u>\$25,548,550</u>	<u>\$28,785,581</u>

At December 31, 2016 and 2015, the liabilities above included incurred claims payable. The assets above also include unpaid claims to be billed to approximately 520 member governments in the future, as of December 31, 2016 and 2015, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. At December 31, 2016, the city's share of these unpaid claims collectible in future years is approximately \$646,150.

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									
2013	\$603,544								
2014	\$594,402								
2015	\$596,896								
2016	\$619,043								
2017	\$618,127								

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

NOTE 16 - SIGNIFICANT CONTRACTUAL & ENCUMBRANCE COMMITMENTS

A. Contractual Commitments

As of December 31, 2017, the City has entered into the following major contracts and agreements for the purpose of infrastructure improvements or services related to the operations of the city:

Vendor	Purpose		Amount Remaining
Kelchner Inc.	Yankee Rd Phase 3 (Oxford St Lafayette)		\$2,052,948
Milcon Concrete Inc.	Oxford St. Rd. improvements		\$1,318,236
Rack & Ballauer Excavating	Central Avenue improvements		\$1,176,584
Woolpert Inc.	Airport Master Plan/ALP Update		\$379,387
CMI	Purchase of Public Safety Software		\$376,490
Lebanon Ford Inc.	Purchase of 9 Police cruisers		\$252,195
Ford Development Corporation	University Blvd Storm Sewer Improvements Phase II		\$230,484
Building Crafts Inc.	Purchase and install influent valves at WWTP		\$189,845
Municipal & Contractor's Sealing Product, Inc.	Sewer manhole lining		\$150,000
City of Dayton	Calcium Quicklime for WTP		\$140,390
Rumpke Container Service Inc.	Refuse Collection Services		\$112,221
Butler County T.I.D.	Yankee Road/Salzman Road Extension Project	_	\$100,159
		Total	\$6,478,938

B. Encumbrance Commitments

At December 31, 2017, the City had encumbrance commitments of \$884,534 in the General Fund, \$3,419,190 in the Capital Improvements Fund and \$1,712,935 for all other Governmental Funds.

NOTE 17 - RELATED ORGANIZATION

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

NOTE 18 – LOAN RECEIVABLE

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

NOTE 19 – CONDUIT DEBT

The City of Middletown authorized the issuance of \$85,000,000 in hospital facilities revenue bonds in late November 2006. These bonds were used to finance the construction and the equipping of the new Atrium Medical Center. Atrium issued another debt series in 2007 for \$110,000,000. Atrium replaced the 2007 issue with a 2008 Bond series which totals \$111,000,000. In 2010, Atrium called \$1,850,000 of the 2008 debt and replaced the 2006 debt series with an \$85,000,000 issue. In 2011, Atrium called \$2,425,000 of the 2008 debt issue. In 2012, Atrium called \$2,475,000 of the 2008 debt issue. In 2016, Atrium replaced the 2010 debt series with a \$90,000,000 issue. Atrium Medical Center will repay the remainder of the debt; the City of Middletown is not obligated for this debt.

City of Middletown conduit debt issues outstanding at December 31, 2017 is \$168,240,000 hospital facilities revenue bonds issued on behalf of Atrium Medical Center.

NOTE 20 - JOINT ECONOMIC DEVELOPMENT DISTRICTS

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

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

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

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

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

NOTE 21 – FUND BALANCE

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

Fund Balances	G	eneral Fund	eral Fund Special Assessment Capital Debt Service Fund Improvements Fund			G	Non-major overnmental Funds	Total Governmental Funds		
Nonspendable										
Inventory of supplies	\$	38,038.00	\$	-	\$	-	\$	492,210.00	\$	530,248.00
Interfund loans		4,615,460								4,615,460
Total Nonspendable		4,653,498		-		-		492,210		5,145,708
Restricted for										
Capital improvements						453,751		122,062		575,813
Debt service				464,401				30,452		494,853
Purposes allowed by								-		-
TIF agreement								1,093,752		1,093,752
Housing assistance								400,512		400,512
Community Development								2,335,119		2,335,119
Public health								149,159		149,159
Public safety								2,321,542		2,321,542
Roads								1,501,240		1,501,240
Total Restricted		-		464,401		453,751		7,953,838		8,871,990
Committed										
Capital improvements								880,623		880,623
Debt service								25,116		25,116
Recreation								151,947		151,947
Purchase of capital assets								1,685,371		1,685,371
Total Committed		-		-		-		2,743,057		2,743,057
Assigned										
Purchase commitments		608,000						-		608,000
Next Year's Budget		1,340,356								1,340,356
Total Assigned		1,948,356		-		-		-		1,948,356
Unassigned (deficit)		6,729,788				-		(661,628))	6,068,160
Total Fund Balances	\$	13,331,642	\$	464,401	\$	453,751	\$	10,527,477	\$	24,777,271

NOTE 22 – TAX ABATEMENTS

As of December 31, 2017, the City provides tax abatements through two programs – Enterprise Zone Agreements and Community Reinvestment Area (CRA) Agreements.

Enterprise Zones, as defined in the Ohio Revised Code Section 5709.61-.69, are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investments. The amount and term of the tax exemption are negotiated between local officials and the company, and the agreement is then approved by City Council in the form of legislation. The Enterprise Zone law permits municipalities to offer incentives of exemption of real and/or personal property assessed values of up to 75% for up to ten years, or an average of 60% over the term of the agreement on new investment in buildings, machinery/equipment, and inventory and improvements to existing land and buildings for a specific project. Maximum exemption levels may be exceeded and may be up to 100% exemption for up to fifteen years with approval by the affect Board of Education. Tax incentive review councils shall annually submit a copy of the written recommendations required by division (C) (1) of section 5709.85 of the Revised Code to the director of the development services agency. No other commitments were made by the City as part of those agreements.

Ohio's Community Reinvestment Area Program was created in 1977 and revised in 1994 in sections 3735.65-70 of the Ohio Revised Code, to promote revitalization in depressed areas by offering property tax exemptions for any increased property valuation that would result from renovation of existing structures or new construction activities within the area. The program can be used to encourage historic preservation, residential rehabilitation, or new residential construction and/or as an economic development tool to encourage commercial and industrial renovation or expansion and new construction. The local government determines the need for a CRA based on the number and extent of properties in disrepair. Once they make the decision to establish as CRA, they will then decide the size, number of areas, and the term and extend of the real property exemptions. Below are four steps that must be followed per the Ohio Department of Development (ODOD) for approval of a CRA area:

- 1. Conduct a Housing Survey of the structures within the proposed area. The results must support the finding that the area is in need of renovation. The survey is conducted by driving around the targeted CRA area, taking pictures of the affected properties, and documenting the addresses of the affected properties in disrepair. The results of the survey should show that a significant number, or at least 20%, of the properties in the targeted area are in need of rehabilitation.
- 2. Adopted local legislation must contain the statement that the area is one in which "housing facilities or structures of historical significance are located, and new housing construction and repair of existing facilities or structures are discouraged. "The legislation also defines the proposed area and includes the incentive rate and term for both residential and business projects.
- 3. The entire legislation must then be published in a local publication once a week for two consecutive weeks for public comment.
- 4. Prepare the Ohio CRA Petition for Area Certification and submit the petition to the ODOD with a copy of the legislation, the survey, and a map of the proposed area.

There were no Community Reinvestment Area (CRA) abatement agreements in 2017. The City abated property taxes totaling \$603,294 under the Enterprise Zone Agreement program during 2017, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

- A 75% property tax abatement to a large manufacturing and distribution company for construction of a new 350,000 square foot facility. The abatement amount to \$396,682.
- A 75% property tax abatement to a developer to construct a 50,000 square foot LEED certified office building. The abatement amounted to \$78,466.
- A 75% property tax abatement to a packaging company for an expansion of their facility and increasing employment. The abatement amounted to \$66,090.

	Original Budget		Final Budget	Actual	Variance From Final Budget		
Revenues:							
Property taxes	\$	2,579,431	\$ 2,579,431	\$ 2,450,335	\$	(129,096)	
Municipal income taxes		16,400,694	18,682,694	17,950,694		(732,000)	
Intergovernmental revenue		2,007,963	2,007,963	1,849,784		(158,179)	
Charges for services		4,569,722	4,569,722	4,453,777		(115,945)	
Fees, licenses, and permits		505,000	505,000	387,095		(117,905)	
Fines and forfeits		9,701	9,701	7,478		(2,223)	
Interest earnings		56,669	56,669	72,145		15,476	
2017 SC&G		-	-	6,647		6,647	
Auction Proceeds		55,000	55,000	51,695		(3,305)	
Contributions (Misc)		-	-	28,942		28,942	
Rentals & Leases (Misc)		59,415	59,415	76,226		16,811	
Misc Rev (Misc)		643,467	643,467	449,013		(194,454)	
Reimbursements (Misc)		315,120	315,120	515,295		200,175	
Miscellaneous		1,073,002	1,073,002	1,121,171		48,169	
Total revenues		27,202,182	29,484,182	28,299,126		(1,191,703)	
Current Community Environment							
Community revitalization administration							
Personal services		107,473	107,473	105,952		1,521	
Other		12,000	12,000	11,795		205	
Community development							
Personal services		501,348	475,138	430,880		44,258	
Street lighting							
Other		745,641	689,820	673,085		16,735	
Total community environment		1,366,462	1,284,431	1,221,712		62,719	
Leisure Time Activities							
Community center							
Other		145,000	125,000	122,354		2,646	
Recreation		,	.20,000	.22,001		270.10	
Other		25,000	36,721	35,869		852	
Parks maintenance							
Personal services		488,937	478,937	459,630		19,307	
Other		335,221	369,451	313,514		55,937	
Total leisure time activities		994,158	1,010,109	931,367		78,742	

	Original Budget	Final Budget	Actual	Variance From Final Budget		
olic Safety						
Public safety administration						
Personal services	149,421	11,636	10,827	80		
Other	5,360	500	228	27		
Fire administration						
Personal services	341,994	336,994	327,054	9,94		
Other	9,896	9,896	8,302	1,59		
Fire operations						
Personal services	6,370,795	6,210,795	6,046,826	163,96		
Other	1,178,684	1,180,717	1,141,179	39,53		
Fire prevention/training						
Personal services	223,971	228,971	227,902	1,06		
Other	7,866	7,928	7,312	61		
Police administration						
Personal services	429,056	406,056	386,815	19,24		
Other	96,750	100,250	73,327	26,92		
Criminal investigation						
Personal services	1,931,614	1,940,614	1,834,324	106,29		
Other	20,000	20,250	20,019	23		
Uniform patrol	- ,	-,	- , -			
Personal services	4,493,668	4,475,628	4,441,010	34,61		
Other	1,075,918	889,835	877,529	12,30		
Police services						
Personal services	290,407	299,407	294,571	4,83		
Other	8,450	8,450	8,261	18		
Police and fire dispatch						
Personal services	1,158,429	1,238,429	1,189,641	48,78		
Other	70,500	70,500	69,415	1,08		
Jail management						
Personal services	850,879	883,879	869,486	14,39		
Other	307,238	332,130	314,101	18,02		
Building inspection and services						
Personal services	421,020	365,005	331,755	33,25		
Other	95,607	70,127	69,885	24		
Building maintenance						
Personal services	229,277	225,277	213,909	11,36		
Other	283,465	362,004	361,546	45		
Total public safety	20,050,265	19,675,278	19,125,224	550,05		

continued

City council Personal services Other City manager Personal services Other Finance administration Personal services Other Treasury Personal services Other Information systems Personal services Other Personal services Other Law	112,494 34,050	112,494		
Personal services Other City manager Personal services Other Finance administration Personal services Other Treasury Personal services Other Information systems Personal services Other Personnel Personal services Other Law				
Personal services Other City manager Personal services Other Finance administration Personal services Other Treasury Personal services Other Information systems Personal services Other Personnel Personal services Other Law				
City manager Personal services Other Finance administration Personal services Other Treasury Personal services Other Information systems Personal services Other Personnel Personal services Other Law	34,050		110,076	2,418
Personal services Other Finance administration Personal services Other Treasury Personal services Other Information systems Personal services Other Personnel Personal services Other Law		52,435	51,651	784
Other Finance administration Personal services Other Treasury Personal services Other Information systems Personal services Other Personnel Personal services Other Law				
Finance administration Personal services Other Treasury Personal services Other Information systems Personal services Other Personnel Personal services Other Law	290,262	290,262	276,247	14,015
Personal services Other Treasury Personal services Other Information systems Personal services Other Personnel Personal services Other Law	103,047	83,047	80,358	2,689
Other Treasury Personal services Other Information systems Personal services Other Personnel Personal services Other Law				
Treasury Personal services Other Information systems Personal services Other Personnel Personal services Other Law	203,253	203,253	197,587	5,666
Personal services Other Information systems Personal services Other Personnel Personal services Other Law	36,512	37,512	34,758	2,754
Other Information systems Personal services Other Personnel Personal services Other Law				
Information systems Personal services Other Personnel Personal services Other Law	199,053	190,253	182,878	7,375
Personal services Other Personnel Personal services Other Law	8,080	8,080	7,622	458
Other Personnel Personal services Other Law				
Personnel Personal services Other Law	591,134	591,134	582,255	8,879
Personal services Other Law	95,900	101,954	68,018	33,93
Other Law				
Law	171,888	152,121	135,281	16,840
	146,200	171,290	139,790	31,500
Development and the set				
Personal services	507,291	488,390	466,151	22,239
Other	58,200	111,936	111,849	8
Purchasing				
Personal services	50,849	50,849	45,803	5,040
Other	2,775	3,413	2,825	588
Planning				
Personal services	153,217	153,217	147,216	6,00
Other	140,900	219,045	218,997	48
Economic development				
Personal services	418,557	413,557	403,174	10,383
Other	109,390	125,027	122,971	2,050
Communications				
Personal services	55,099	55,099	47,432	7,66
Other	6,210	6,210	6,029	18
Engineering	-, -			
Personal services	342,888	342,888	334,777	8,11
Other	93,266	669,672	636,235	33,437
Total general government	3,930,515	4,633,138	4,409,980	223,158

continued

	Original Budget	Final Budget	Actual	Variance From Final Budget	
Miscellaneous					
Non-departmental					
Personal services	32,500	32,500	30,780	1,720	
Other	1,583,744	1,881,395	1,876,942	4,453	
Total miscellaneous	1,616,244	1,913,895	1,907,722	6,173	
Total expenditures	27,957,644	28,516,851	27,596,005	920,846	
Excess of revenues over (under)					
expenditures	(755,462)	967,331	703,121	(270,857)	
Other financing sources (uses)					
Transfers-In	120,000	145,000	593,000	448,000	
Advances Out	350,000	(641,448)	(480,289)	161,159	
Transfers-out	(355,668)	(886,668)	(886,668)	-	
Total other financing sources (uses)	114,332	(1,383,116)	(773,957)	609,159	
Net change in fund balance	(641,130)	(415,785)	(70,836)	338,302	
Fund balance, beginning of year	4,309,955	4,309,955	4,309,955		
Appropriation for prior year encumbrances	806,689	806,689	806,689		
Fund balance, end of the year	\$ 4,475,514 \$	4,700,859	\$ 5,045,808	\$ 338,302	

See notes to the required supplementary informaton.

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

Last Four Years *

	2017	2016	2015	2014
Entity's Proportion of the Net Pension Liability	0.08353830%	0.0809491%	0.08166428%	0.08166428%
Entity's Proportionate Share of the Net Pension Liability	\$ 18,970,130	\$14,021,397	\$ 9,849,625	\$ 9,627,155
Entity's Covered Payroll	\$ 11,644,126	\$11,036,783	\$ 10,884,143	\$ 11,843,740
Entity's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	162.92%	127.04%	90.50%	81.28%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	77.25%	81.08%	86.45%	86.36%

* Information prior to 2014 is not available.

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

Note- In 2016, OPERS' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0% down to 7.5%, for the defined benefit investments.

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

	2017	2016	2015	2014
Entity's Proportion of the Net Pension Liability	0.46428800%	0.46728149%	0.54326535%	0.54326535%
Entity's Proportionate Share of the Net Pension Liability	\$ 29,407,539	\$ 30,060,543	\$ 28,143,411	\$ 26,458,727
Entity's Covered Payroll	\$ 9,631,388	\$ 9,724,488	\$ 10,647,153	\$ 11,049,711
Entity's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	305.33%	309.12%	264.33%	239.45%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	68.36%	66.77%	72.20%	73.00%

* Information prior to 2014 is not available.

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

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

	 2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 1,569,931	\$ 1,413,090	\$ 1,545,150	\$ 1,205,425	\$ 1,658,124
Contributions in Relation to the Contractually Required Contribution	 (1,569,931)	 (1,413,090)	 (1,545,150)	 (1,205,425)	(1,658,124)
Contribution Deficiency (Excess)	\$ _	\$ _	\$ -	\$ _	\$ _
Entity Covered Payroll	\$ 12,122,858	\$ 11,644,126	\$ 11,036,783	\$ 10,884,143	\$ 11,843,740
Contributions as a Percentage of Covered Payroll	12.95%	12.14%	14.00%	11.08%	14.00%

* Information prior to 2013 is not available.

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

	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 2,188,619	\$ 2,019,817	\$ 2,108,003	\$ 2,273,530	\$ 2,750,824
Contributions in Relation to the Contractually Required Contribution	(2,188,619)	(2,019,817)	(2,108,003)	(2,273,530)	(2,750,824)
Contribution Deficiency (Excess)	<u>\$ -</u>	\$ -	\$-	\$-	\$-
Entity Covered Payroll	\$ 10,409,924	\$ 9,631,388	\$ 9,724,488	\$10,647,153	\$11,049,711
Contributions as a Percentage of Covered Payroll	21.02%	20.97%	21.68%	21.35%	24.89%
	2012	2011	2010	2009	2008
Contractually Required Contribution	\$ 2,446,776	\$ 2,403,989	\$ 2,332,959	\$ 2,298,244	\$ 2,246,576
Contributions in Relation to the Contractually Required Contribution	(2,446,776)	(2,403,989)	(2,332,959)	(2,298,244)	(2,246,576)
Contribution Deficiency (Excess)	<u>\$ -</u>	\$ -	\$ -	\$-	\$-
Entity Covered Payroll	\$ 10,869,951	\$11,108,040	\$10,858,318	\$ 10,590,805	\$10,211,400
Contributions as a Percentage of Covered Payroll	22.51%	21.64%	21.49%	21.70%	22.00%

CITY OF MIDDLETOWN NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2017

NOTE 1 - BUDGETARY ACCOUNTING

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

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

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

	General Fund
GAAP basis (as reported)	\$2,877,443
Adjustments: revenue and other sources	(2,403,718)
Expenditures and other uses	878,336
Advances Out	(\$480,289)
Encumbrances	(\$942,608)
Budget basis	(\$70,836)

EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES

SPECIAL REVENUE FUNDS:

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

Non Major Special Revenue Funds:

AUTO AND GAS TAX FUND

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

ACQUISITION FOR PARKS FUND *No adopted budget for 2017

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

HEALTH FUND

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

EMERGENCY MEDICAL SERVICES FUND (EMS)

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

URBAN DEVELOPMENT ACTION GRANT (UDAG) FUND

To account for the Urban Development Action Grant loans.

COURT COMPUTERIZATION FUND

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

LAW ENFORCEMENT TRUST FUND

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

MANDATORY DRUG FINE FUND

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

PROBATION SERVICES FUND

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

INDIGENT DRIVER ALCOHOL TREATMENT FUND

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

Non Major Special Revenue Funds continued:

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.

MUNICIPAL COURT FUND

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

POLICE GRANT FUND

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

COURT INDIGENT DRIVERS INTERLOCK AND ALCOHOL MONITORING FUND

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

COURT SPECIAL PROJECTS FUND

To accumulate funds for projects designated by the Municipal Court.

HOME PROGRAM FUND

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

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.

Non Major Special Revenue Funds continued:

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.

CONSERVANCY DISTRICT FUND

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

NUISANCE ABATEMENT FUND

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

SENIOR SERVICES FUND

To account for levy receipts of the Senior Services Levy.

HUD SECTION 108 FUND *No adopted budget for 2017

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

HOUSING ASSISTANCE FUND *No adopted budget for 2017

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

INCOME TAX FUND

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

TERMINATION PAY FUND

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

DEBT SERVICE FUNDS:

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

Non Major Debt Service Funds:

GENERAL OBLIGATION DEBT SERVICE FUND

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

Non Major Debt Service Funds continued:

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 *No adopted budget for 2017

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

GREENTREE FINANCING DISTRICT FUND

To account for the tax increment payments that will be used to retire debt associated with the redevelopment of the Manchester Road area. No budget was adopted for this fund in 2014.

Non Major Debt Service Funds continued:

MADE INDUSTRIAL PARK TAX INCREMENT FINANCING DISTRICT FUND

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

SOUTH YANKEE ROAD TAX INCREMENT FINANCING DISTRICT FUND

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

CAPITAL PROJECT FUNDS:

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

Non Major Capital Project Funds:

EAST END DEVELOPMENT FUND *No adopted budget for 2017

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

DOWNTOWN IMPROVEMENTS FUND

To account for improvement projects in the downtown area.

COMPUTER REPLACEMENT FUND

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

PROPERTY DEVELOPMENT FUND

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

2010 LEFFERSON ROAD SEWER SPECIAL ASSESSMENT FUND *No adopted budget for 2017

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

2011 SIDEWALK, CURB AND GUTTER FUND *No adopted budget for 2017

To accumulate costs for the 2011 sidewalk project for repairs and/or replacement of curb and sidewalk in designated areas. Property owners will be assessed for this project. No budget was appropriated in 2014 for this fund.

MAIN STREET SPECIAL ASSESSMENT FUND

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

Non Major Capital Project Funds continued:

CENTRAL AVE SIDEWALK, CURB AND GUTTER FUND

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

ECONOMIC DEVELOPMENT BOND SERVICE FUND

To accumulate costs and revenue sources for economic development projects.

		Non Major ecial Revenue Funds	Major Debt		Non Major pital Project Funds		al Non Major overnmental Funds
Assets:							
Cash and equity in pooled cash,							
deposits and investments	\$	5,418,993	\$ 1,118,868	\$	2,715,036	\$	9,252,897
Receivables (net of allowance							
for uncollectibles):							
Property taxes		1,158,409	-		-		1,158,409
Accounts		343,370	-		11,359		354,729
Loans		1,059,373	-		-		1,059,373
Interest		150,512	-		-		150,512
Special assessments		240,000	-		-		240,000
Payment in lieu of taxes		-	564,058		-		564,058
Due from other governments		1,174,928	8,103		-		1,183,031
Inventory of supplies		570,797	-		-		570,797
Total assets	\$	10,116,382	\$ 1,691,029	\$	2,726,395	\$	14,533,806
1.1.1.1111							
Liabilities:	<u>_</u>	100.070		<u>_</u>	7.004	<u>_</u>	4 47 4 40
Accounts payable	\$	139,278	\$ -	\$	7,884	\$	147,162
Accrued wages and benefits		120,360	-		-		120,360
Other accrued liabilities		37,082	-		-		37,082
Due to other funds		526,536	-		90,512		617,048
Due to other governments		123,349	-		-		123,349
Total liabilities		946,605	-		98,396		1,045,001
Deferred inflows: Revenues levied for the next							
year and unavailable revenue		2,389,167	572,161		-		2,961,328
Total deferred inflows		2,389,167	572,161		-		2,961,328
Fund balances:							
Nonspendable		492,210	-		-		492,210
Restricted		6,707,572	1,093,752		152,514		7,953,838
Committed		151,947	25,116		2,565,994		2,743,057
Unassigned		(571,119)	-		(90,509)		(661,628)
Total fund balances		6,780,610	1,118,868		2,627,999		10,527,477
Total liabilities, deferred							
inflows and fund balances	\$	10,116,382	\$ 1,691,029	\$	2,726,395	\$	14,533,806

CITY OF MIDDLETOWN, OHIO COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NON MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	lon Major cial Revenue Funds		lon Major ebt Service Funds	Non Major pital Project Funds	al Non Major overnmental Funds
Revenues:	\$ 1 01/ 17/	¢		\$ _	\$ 1 01/ 17/
Property taxes Municipal income taxes	\$ 1,016,174	\$	-	\$ - 8,000	\$ 1,016,174
Payment in lieu of taxes	3,179,612		1,356,000 1,474,694	8,000	4,543,612 1,474,694
Intergovernmental revenues	3,231,286		470,418	- 163,259	3,864,963
Charges for services	262,960		470,410	105,257	262,960
Fines and forfeits	1,652,184		_	-	1,652,184
Special assessments	213,175		-	82,955	296,130
Investment income	22,186		-	27,179	49,365
Miscellaneous	504,184		269,553	75,482	849,219
Total revenues	 10,081,761		3,570,665	356,875	14,009,301
Expenditures:					
Current					
Public safety	4,815,650		-	-	4,815,650
Public health and welfare	439,921		-	-	439,921
Community environment	1,771,359		-	291,479	2,062,838
Highways and streets	2,147,565		-	-	2,147,565
General government	-		-	237,698	237,698
Miscellaneous	519,893		852,947	-	1,372,840
Debt service					
Principal retirement	-		2,121,152	180,000	2,301,152
Interest and fiscal charges	-		815,311	160,080	975,391
Total expenditures	 9,694,388		3,789,410	869,257	14,353,055
Excess of revenues over					
(under) expenditures	387,373		(218,745)	(512,382)	(343,754)
Other financing sources (uses):					
Transfers-in	8,000		-	429,315	437,315
Proceeds of bonds	-		5,450,000	-	5,450,000
Premium on bonds	-		544,386	-	544,386
Payment to refunded bond escrow agent	-		(5,890,176)	-	(5,890,176)
Total other financing					
sources (uses)	 8,000		104,210	429,315	541,525
Net change in fund balances	395,373		(114,535)	(83,067)	197,771
Fund balance, beginning of year	6,385,237		1,233,403	2,711,066	10,329,706
Fund balance, end of the year	\$ 6,780,610	\$	1,118,868	\$ 2,627,999	\$ 10,527,477

	Aut	:o & Gas Tax	quisition or Parks	He	alth Fund	I	nergency Medical Services		Urban velopment tion Grant	Court omputer- ization
Assets:								-		
Cash and equity in pooled cash,										
deposits and investments	\$	1,283,802	\$ 151,947	\$	206,208	\$	30,975	\$	111,093	\$ 109,93
Receivables (net of allowance										
for uncollectibles):										
Property taxes		-	-		-		-		-	-
Accounts		169,671	-		-		-		-	4,20
Interest		-	-		-		-		-	-
Loans		-	-		-		-		1,333	-
Special assessments		-	-		-		-		-	-
Due from other governments		1,086,827	-		-		-		-	-
Inventory of supplies		492,210	-		-		-		-	-
Total assets	\$	3,032,510	\$ 151,947	\$	206,208	\$	30,975	\$	112,426	\$ 114,14
Liabilities: Accounts payable Accrued wages and benefits Other accrued liabilities Due to other funds Due to other governments Total liabilities Deferred inflows: Revenues levied for the next year and unavailable revenue	\$	46,630 41,490 - 25,100 - 113,220 925,840	\$ 	\$	3,353 16,430 37,082 184 - 57,049	\$	-	\$	- - - -	\$ 31,76 - - - - 31,76
Total deferred inflows		925,840	-		-		-		-	-
Fund balances:										
Nonspendable		492,210	-		-		-		-	-
Restricted		1,501,240	-		149,159		30,975		112,426	82,38
Committed		-	151,947		-		-		-	-
Unassigned		-	-		-		-		-	-
Total fund balances		1,993,450	151,947		149,159		30,975		112,426	82,38
Total liabilities, deferred										
rotar habilities, ucielled	_	3,032,510	\$							114,14

Law prcement Trust	andatory Drug Fine	robation Services	ndigent Driver Alcohol eatment	nforce- ment lucation	Civ	ic Develop- ment	M	1unicipal Court	Po	lice Grant	Со	urt IDIAM
\$ 16,467	\$ 227,460	\$ 220,512	\$ 35,669	\$ 45,933	\$	386,174	\$	138,437	\$	140,701	\$	47,850
-	- 1,013	- 6,869	- 588	- 58		- 69,446		- 82,262		-		- 406
-	- -	-	-	-		-		- -		- -		-
-	-	-	-	-		-		-		-		-
\$ 16,467	\$ 228,473	\$ 227,381	\$ 36,257	\$ 45,991	\$	455,620	\$	220,699	\$	140,701	\$	48,256
\$ -	\$ 8,532	\$ 1,534 3,330	\$ 1,376 -	\$ 8	\$	-	\$	5,722 59,110	\$	-	\$	436
- -	- 736 -	-	- -	- -		- -		- 516 -		-		-
 -	9,268	4,864	1,376	8		-		65,348		-		436
-	-	-	-	-		-		-		-		
 -	-	-	-	-		-		-		-		-
- 16,467	- 219,205	- 222,517	- 34,881	- 45,983		- 455,620		- 155,351		- 140,701		- 47,820
-	-	-	-	-		-		-		-		-
 16,467	219,205	222,517	34,881	45,983		455,620		155,351		140,701		47,820
\$ 16,467	\$ 228,473	\$ 227,381	\$ 36,257	\$ 45,991	\$	455,620	\$	220,699	\$	140,701	\$	48,256

(continued)

	Court Special Projects	Hom	e Program		ommunity Develop- ment		Community evelopment Escrow	Poli	ce Pensior
Assets:									
Cash and equity in pooled cash,									
deposits and investments	\$ 433,481	\$	19,618	\$	34,831	\$	652,422	\$	441,87
Receivables (net of allowance									
for uncollectibles):									
Property taxes	-		-		-		-		203,67
Accounts	8,496		-		-		352		-
Interest	-		-		-		-		-
Loans	-		-		-		808,040		-
Special assessments	-		-		-		-		-
Due from other governments	-		5,738		17,445		-		11,37
Inventory of supplies	-		-		-		-		-
Total assets	\$ 441,977	\$	25,356	\$	52,276	\$	1,460,814	\$	656,92
Liabilities: Accounts payable Accrued wages and benefits Other accrued liabilities Due to other funds Due to other governments Total liabilities Deferred inflows: Revenues levied for the next year and unavailable revenue Total deferred inflows	\$ 462 - - - 462 -	\$	11,000 - 50,000 - 61,000 - -	\$	27,069 - 100,000 - 127,069	\$	- - - - - -	\$	- - - - - - - - - - - - - - - - - - -
Fund balances:									
Nonspendable			-				-		_
Restricted	441,515		_		-		- 1,460,814		441,87
Committed			_		-		1,700,014		1,07
Unassigned	-		(35,644)		- (74,793)				-
Total fund balances	 441,515		(35,644)		(74,793)		1,460,814		441,87
Total liabilities, deferred inflows and fund balances	\$ 441,977	\$	25,356	\$	52,276	\$	1,460,814	\$	656,92
initions and fund baidfices	 	Ψ	23,330	ę	52,270	P	1,700,014	ې	030,92

_	Fire	Sta	ghborhood abilization	Co	onservancy		Nuisance	Senior		Section	Housing		
Р	ension	•	Program		District	A	batement	 Services	10	8 Loan	Assistance		Totals
\$	441,873	\$	226,345	\$	6,138	\$	7,484	\$ -	\$	1,765	\$-	\$	5,418,99
	203,675		-		88,657		-	662,402		-	-		1,158,40
	-		_		-		-				_		343,37
			_		-		-	-			150,512	,	150,51
			-		-		-	-			250,000		1,059,37
			_		-		240,000	-			- 200,000	, 	240,00
	11,375		-		5,315			36,853		-	_		1,174,92
	-		78,587		-		-	-		-	-		570,79
\$	656,923	\$	304,932	\$	100,110	\$	247,484	\$ 699,255	\$	1,765	\$ 400,512	\$	10,116,38
5	-	\$	438	\$	-	\$	955	\$ -	\$	-	\$-	\$	139,27
	-		-		-		-	-		-	-		120,36
	-		-		-		-	-		-	-		37,08
	-		-		-		350,000	-		-	-		526,53
	-		-		123,349		-	-		-	-		123,34
	-		438		123,349		350,955	 -		-	-		946,60
	215,050		-		93,972		240,000	699,255		-	-		2,389,16
	215,050		-		93,972		240,000	 699,255		-	-		2,389,16
	-		-		-		-	-			-		492,21
	441,873		304,494		-		-	-		1,765	400,512	2	6,707,57
	-		-		-		-	-		-	-		151,94
	-		-		(117,211)		(343,471)	-		-	-		(571,11
	441,873		304,494		(117,211)		(343,471)	-		1,765	400,512		6,780,61
	656,923	\$	304,932	\$	100,110	\$	247,484	\$ 699,255	\$	1,765	\$ 400,512	\$	10,116,38

	Auto & Gas Tax	Acquisition for Parks	Health Fund	Emergency Medical Services	Urban Development Action Grant	Court Computer- ization
Revenues:						
Property taxes	\$-	\$-	\$ -	\$ -	\$ -	\$ -
Municipal income taxes	330,000	· -	150,000	· -	-	· -
Intergovernmental revenues	2,446,861	-	38,404	-	-	-
Charges for services	-	-	262,960	-	-	-
Fines and forfeits	-	-	-	-	-	64,273
Special assessments	-	-	-	-	-	-
Interest earnings	17,006	-	-	-	1,211	-
Miscellaneous	76,394	-	57,756	4,675	, -	-
Total revenues	2,870,261	-	509,120	4,675	1,211	64,273
Expenditures:						
Current						
Public safety	471,004	-	-	-	-	83,066
Public health and welfare	-	-	431,077	8,844	-	-
Community environment	-	-	-	-	16,083	-
Highways and streets	2,147,565	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total expenditures	2,618,569	-	431,077	8,844	16,083	83,066
Excess of revenues over						
(under) expenditures	251,692	-	78,043	(4,169)	(14,872)	(18,793)
Other financing sources (uses): Transfers-in	_	-	_	_	-	_
Total other financing						
sources (uses)	-	-	-	-	-	-
Net change in fund balances	251,692	-	78,043	(4,169)	(14,872)	(18,793)
Fund balance, beginning of year	1,741,758	151,947	71,116	35,144	127,298	101,174
Fund balance, end of the year	\$ 1,993,450	\$ 151,947	\$ 149,159	\$ 30,975	\$ 112,426	\$ 82,381

Enfo	rust Drug Fine				Enforce- ment Education	Civic Develop- ment	Municipal Court	Police Grant	Court IDIAM
\$	-	\$-	\$ -	\$-	\$-	\$ -	\$ -	\$-	\$-
	-	-	-	-	-	-	325,000	- 45,571	-
	-	-	-	-	-	-	-	-	-
	700	111,225	100,812	19,874	3,220	-	1,214,669	-	6,116
	-	-	-	-	-	-	-	-	-
	-	- 11,839	-	-	-	- 351,621	- 1,896	2,128	-
	700	123,064	100,812	19,874	3,220	351,621	1,541,565	47,699	6,116
	16,223 - - -	50,806 - - -	111,177 - - -	17,886 - - -	6,638 - - - -	- - - - 492,538	1,629,126 - - -	65,131 - - -	219 - - 2,014
	-	-	-	-		•		-	•
	16,223	50,806	111,177	17,886	6,638	492,538	1,629,126	65,131	2,233
	(15,523)	72,258	(10,365)	1,988	(3,418)	(140,917)	(87,561)	(17,432)	3,883
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	(15,523)	72,258	(10,365)	1,988	(3,418)	(140,917)	(87,561)	(17,432)	3,883
	31,990	146,947	232,882	32,893	49,401	596,537	242,912	158,133	43,937
\$	16,467	\$ 219,205	\$ 222,517	\$ 34,881	\$ 45,983	\$ 455,620	\$ 155,351	\$ 140,701	\$ 47,820

(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, 2017

	t Special ojects	Home	e Program	D	mmunity evelop- ment	Dev	mmunity velopment Escrow	Pol	lice Pension
Revenues:									
Property taxes	\$ -	\$	-	\$	-	\$	-	\$	176,313
Municipal income taxes	-		-		-		-		1,081,000
Intergovernmental revenues	-		193,333		284,229		-		22,432
Charges for services	-		-		-		-		-
Fines and forfeits	130,626		-		-		-		-
Special assessments	-		-		-				-
Interest earnings	-		-		191		1,650		-
Miscellaneous	-		-		-		-		-
Total revenues	 130,626		193,333		284,420		1,650		1,279,745
Expenditures: Current									
Public safety	23,762		-		-		-		1,081,000
Public health and welfare	-		-		-		-		-
Community environment	-		203,709		334,540		-		-
Highways and streets	-		-		-		-		-
Miscellaneous	-		-		-		20,613		2,364
Total expenditures	 23,762		203,709		334,540		20,613		1,083,364
Excess of revenues over (under) expenditures	106,864		(10,376)		(50,120)		(18,963)		196,381
Other financing sources (uses): Transfers-in Total other financing	-		-		-		-		-
sources (uses)	 -		-		-		-		-
Net change in fund balances	106,864		(10,376)		(50,120)		(18,963)		196,381
Fund balance, beginning of year	334,651		(25,268)		(24,673)		1,479,777		245,492
Fund balance, end of the year	\$ 441,515	\$	(35,644)	\$	(74,793)	\$	1,460,814	\$	441,873

	Neighborhood Fire Stabilization Conservancy Pension Program District			Abatement Services			D Section 08 Loan	lousing ssistance	Totals		
\$	176,313	\$. \$		\$	-	\$	587,709	\$ -	\$ -	\$ 1,016,174
1	1,259,612			34,000		-		-	-	-	3,179,612
	22,432	92,3	322	10,472		-		75,230	-	-	3,231,286
	-			-		-		-	-	-	262,960
	-		•	-		669		-	-	-	1,652,184
	-		•	-	2	13,175		-	-	-	213,175
	-			-		-		-		-	22,186
	-		-	-		-		-	3	-	504,184
1,	458,357	92,3	22	120,311	21	3,844		662,939	3	-	10,081,761
1	1,259,612		-	-		-		-	-	-	4,815,650
	-		•			-		-	-	-	439,921
	-	9,0)35	124,378	4	20,387		663,227	-	-	1,771,359
	-		•	-		-		-	-	-	2,147,565
	2,364		•	-		-		-	-	-	519,893
1,	261,976	9,0	35	124,378	42	0,387		663,227	-	-	9,694,388
	196,381	83,2	287	(4,067)	(2	06,543)		(288)	3	-	387,373
	-			8,000		-		-	-	-	8,000
	-	-		8,000		-			-	-	8,000
	196,381	83,2	287	3,933	(2	06,543)		(288)	3	-	395,373
	245,492	221,2	207	(121,144)	(1	36,928)		288	1,762	400,512	6,385,237
\$ 4	441,873	\$ 304,4	94 9	\$ (117,211)	\$ (34	3,471)	\$	-	\$ 1,765	\$ 400,512	\$ 6,780,610

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, 2017

		Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:					
Municipal income tax	\$	330,000	\$ 330,000	\$ 330,000	\$ -
Intergovernmental revenue		2,429,594	2,429,594	2,425,711	(3,883)
Interest earnings		19,689	19,689	17,007	(2,682)
Miscellaneous		88,695	88,695	88,374	(321)
Total revenues	_	2,867,978	2,867,978	2,861,092	(6,886)
Expenditures: Current Public safety: Electronic Maintenance Personal Services Other		247,733 381,517	247,733 455,177	241,248 433,725	6,485 21,452
Total public safety		629,250	702,910	674,973	27,937
Highways and streets: Street Maintenance			·		
Personal Services Other		802,431 1,322,319	802,431 1,477,760	741,446 1,384,966	60,985 92,794
Grounds Maintenance		1,322,319	1,477,700	1,304,900	92,194
Personal Services		199,698	199,698	186,340	13,358
Other		379,063	379,976	333,318	46,659
Total highways and streets		2,703,511	2,859,865	2,646,070	213,796
Total expenditures		3,332,761	3,562,776	3,321,043	241,733
Net change in fund balance		(464,783)	(694,798)	(459,951)	234,847
Fund balance, beginning of the year		875,925	875,925	875,925	-
Appropriation for prior year encumbrances		413,600	413,600	413,600	-
Fund balance, end of the year	\$	824,742	\$ 594,727	\$ 829,574	\$ 234,847

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, 2017

		Original Budget		Final Budget		Actual		Variance From Final Budget	
Revenues:	•		.		^		.		
Charges for services	\$	-	\$	-	\$	-	\$	-	
Total revenues		-		-		-		-	
Expenditures: Current Leisure activities Other		-		-		-		_	
Total expenditures		-		-		-		-	
Excess of revenues over expenditures		-		-		-		-	
Excess of revenues and other financing sources over (under) expenditures and other Net change in fund balance				-		-		-	
Fund balance, beginning of the year		151,947		151,947		151,947		-	
Fund balance, end of the year	\$	151,947	\$	151,947	\$	151,947	\$	-	

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, 2017

_

		Original Budget	Final Budget	Actual		Variance From Final Budget		
Revenues:								
Municipal income taxes	\$	150,000	150,000	\$	150,000	\$	_	
Intergovernmental revenue	Ψ	20,098	20,098	Ψ	38,404	Ψ	18,306	
Charges for services		254,388	254,388		264,262		9,874	
Miscellaneous		30,000	30,000		75,356		45,356	
Total revenues		454,486	454,486		528,022		73,536	
Expenditures: Current Public health and welfare:								
Personal services		440,334	408,334		387,467		20,867	
Other		54,182	86,182		77,727		8,455	
Total expenditures		494,516	494,516		465,194		29,322	
Excess of revenues over/under expenditures		(40,030)	(40,030)		62,828		102,858	
Other financing uses: Other uses Total other financing		-	-		(1,717)		(1,717)	
uses		-	-		(1,717)		(1,717)	
Net change in fund balance		(40,030)	(40,030)		61,111		101,141	
Fund balance, beginning of the year		145,097	145,097		145,097		-	
Fund balance, end of the year	\$	105,067	\$ 105,067	\$	206,208	\$	101,141	

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, 2017

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Miscellaneous	\$ - \$	- \$	4,675	\$ 4,675
Total revenues	 -	-	4,675	4,675
Expenditures: Current Public health Other	31,347	31,347	8,844	22,503
Total expenditures	 31,347	31,347	8,844	22,503
Net change in fund balance	(31,347)	(31,347)	(4,169)	27,178
Fund balance, beginning of the year	35,144	35,144	35,144	-
Fund balance, end of the year	\$ 3,797 \$	3,797 \$	30,975	\$ 27,178

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, 2017

	Original Budget			Final Budget	Actual	Variance From Final Budget		
Revenues:								
Interest earnings	\$	1,352	\$	1,352	\$ 1,461	\$	109	
Miscellaneous		1,000		1,000	1,000		-	
Total revenues		2,352		2,352	2,461		109	
Expenditures: Current Community environment Other		50,000		98,420	48,420		50,000	
Total expenditures		50,000		98,420	48,420		50,000	
Net change in fund balance		(47,648)		(96,068)	(45,959)		50,109	
Fund balance, beginning of the year		79,222		79,222	79,222		-	
Appropriation for prior year encumbrances		65,493		65,493	65,493		-	
Fund balance, end of the year	\$	97,067	\$	48,647	\$ 98,756	\$	50,109	

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, 2017

	Original Budget			Final Budget	Actual			Variance From Final Budget		
Revenues: Fines and forfeitures	\$	75,000	\$	75,000	\$	64,697	\$	(10,303)		
Total revenues		75,000		75,000		64,697		(10,303)		
Expenditures: Current Public safety Other		125,000		155,554		51,617		103,937		
Total expenditures		125,000		155,554		51,617		103,937		
Net change in fund balance Fund balance, beginning of the year		(50,000) 66,301		(80,554) 66,301		13,080 66,301		93,634		
Appropriation for prior year encumbrances		30,554		30,554		30,554		-		
Fund balance, end of the year	\$	46,855	\$	16,301	\$	109,935	\$	93,634		

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, 2017

	Original Budget	Final Budget	Actual	Variance From Final Budget		
Revenues:						
Fines and forfeits	\$ 20,000	\$ 20,000	\$ 700	\$	(19,300)	
Total revenues	 20,000	20,000	700		(19,300)	
Expenditures: Current Public safety Other	20,000	20,000	16,223		3,777	
Total expenditures	 20,000	20,000	16,223		3,777	
Net change in fund balance	-	-	(15,523)		(15,523)	
Fund balance, beginning of the year	31,990	31,990	31,990		-	
Fund balance, end of the year	\$ 31,990	\$ 31,990	\$ 16,467	\$	(15,523)	

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, 2017

	Original Budget	Final Budget	Actual	Variance From Final Budget	
Revenues:					
Fines and forfeits	\$ 68,000	\$ 68,000	\$ 113,420	\$	45,420
Miscellaneous	12,000	12,000	11,839		(161)
Total revenues	 80,000	80,000	125,259		45,259
Expenditures: Current Public safety					
Other	80,000	80,000	60,105		19,895
Total expenditures	 80,000	80,000	60,105		19,895
Net change in fund balance	-	-	65,154		65,154
Fund balance, beginning of the year	140,078	140,078	140,078		-
Appropriation for prior year encumbrances	4,000	4,000	4,000		-
Fund balance, end of the year	\$ 144,078	\$ 144,078	\$ 209,232	\$	65,154

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, 2017

	Original Budget			Final Budget	Actual	Variance From Final Budget		
Revenues:								
Fines and forfeits	\$	125,000	\$	125,000	\$ 98,907	\$	(26,093)	
Total revenues		125,000		125,000	98,907		(26,093)	
Expenditures: Current Public safety Personal Services Other		92,331 57,000		92,331 57,000	90,650 18,599		1,681 38,401	
Total expenditures		149,331		149,331	109,249		40,082	
Net change in fund balance		(24,331)		(24,331)	(10,342)		13,989	
Fund balance, beginning of the year		230,854		230,854	230,854		-	
Fund balance, end of the year	\$	206,523	\$	206,523	\$ 220,512	\$	13,989	

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, 2017

	Original Budget	Final Budget	Actual	F	Variance From Final Budget
Revenues:					
Fines and forfeits	\$ 20,000	\$ 20,000	\$ 20,000	\$	-
Total revenues	 20,000	20,000	20,000		-
Expenditures: Current Public safety Other	25,000	25,000	18,438		6,562
Total expenditures	 25,000	25,000	18,438		6,562
Net change in fund balance	 (5,000)	(5,000)	1,563		6,562
Fund balance, beginning of the year	34,106	34,106	34,106		-
Fund balance, end of the year	\$ 29,106	\$ 29,106	\$ 35,669	\$	6,562

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, 2017

		Driginal Budget		Final Budget		Actual		Variance From Final Budget
Revenues:	<i>•</i>	4 000	<u>•</u>	4 000	•	0.070	•	(1, 200)
Fines and forfeits Miscellaneous	\$	4,200	\$	4,200	\$	2,872 604	\$	(1,328) 604
Total revenues		4,200		4,200		3,476		(724)
Expenditures: Current Public safety								
Other		37,150		37,150		6,630		30,520
Total expenditures		37,150		37,150		6,630		30,520
Net change in fund balance		(32,950)		(32,950)		(3,155)		29,796
Fund balance, beginning of year		49,088		49,088		49,088		-
Fund balance, end of the year	\$	16,138	\$	16,138	\$	45,933	\$	29,796

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, 2017

	Original Budget	Final Budget	Actual	Variance From Final Budget		
Revenues:						
Miscellaneous	\$ 324,667	\$ 324,667	\$ 365,026	\$	40,359	
Total revenues	 324,667	324,667	365,026		40,359	
Expenditures: Current						
Miscellaneous	307,500	519,000	482,868		36,132	
Other						
Total expenditures	 307,500	519,000	482,868		36,132	
Excess of revenues over/under expenditures	17,167	(194,333)	(117,842)		76,491	
Other financing sources (uses): Reimbursement Total other financing	(120,000)	(145,000)	(145,000)		-	
sources (uses)	 (120,000)	(145,000)	(145,000)		-	
Net change in fund balance	(102,833)	(339,333)	(262,842)		76,491	
Fund balance, beginning of the year	347,564	347,564	347,564		-	
Appropriation for prior year encumbrances	211,500	211,500	211,500		-	
Fund balance, end of the year	\$ 456,231	\$ 219,731	\$ 296,222	\$	76,491	

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, 2017

	Original Final Budget Budget Actual				Variance From Final Budget	
Revenues:						
Municipal income tax	\$	325,000	\$	325,000	\$ 325,000	\$ -
Fines and forfeits		1,355,902		1,355,902	1,224,194	(131,708)
Miscellaneous		5,000		5,000	1,896	(3,104)
Total revenues		1,685,902		1,685,902	1,551,090	(134,812)
Expenditures: Current Public safety						
Personal Services		1,561,893		1,561,893	1,507,634	54,259
Other		179,024		179,024	116,191	62,833
Total expenditures		1,740,917		1,740,917	1,623,825	117,092
Net change in fund balance		(55,015)		(55,015)	(72,735)	(17,720)
Fund balance, beginning of the year		211,172		211,172	211,172	-
Fund balance, end of the year	\$	156,157	\$	156,157	\$ 138,437	\$ (17,720)

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, 2017

		Original Budget		Final Budget		Actual	Fr	'ariance om Final Budget
Revenues:								
Intergovernmental revenue	\$	82,020	\$	82,020	\$	45,571	\$	(36,449)
Interest earnings	Ψ	1,120	Ψ	1,120	Ψ	2,128	Ψ	1,008
Miscellaneous		16,280		16,280		-		(16,280)
Total revenues		99,420		99,420		47,699		(51,721)
Expenditures:								
Current								
Public safety:								
Other								
Step Grant								
Personal Services		21,599		21,599		9,923		11,676
Step Grant II		21,077		21,077		7,720		11,070
Personal Services		29,632		29,632		11,491		18,141
OVI Task Force Grant		27,002		27,002				,
Personal Services		15,000		15,000		-		15,000
2013 JAG Local Solicitation Grant		33,279		33,279		9,947		23,332
2017 JAG BYRNE Memorial Grant		32,270		32,270		22,058		10,212
2017 State Training Reimbursement		16,280		16,280		12,037		4,243
Total expenditures		148,060		148,060		65,456		82,604
Net change in fund balance		(48,640)		(48,640)		(17,757)		30,883
Fund balance, beginning of the year		158,458		158,458		158,458		-
Fund balance, end of the year	\$	109,818	\$	109,818		140,701	\$	30,883

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, 2017

	Original Budget	Final Budget	Actual	Variance From Final Budget		
Revenues:						
Fines & forfeits	\$ 10,000	\$ 10,000	\$ 6,135	\$ (3,865)		
Total revenues	 10,000	10,000	6,135	(3,865)		
Expenditures: Current Public safety Other	40,000	40,000	2,014	37,986		
Total expenditures	 40,000	40,000	2,014	37,986		
	 40,000	40,000	2,014			
Net change in fund balance	(30,000)	(30,000)	4,121	34,121		
Fund balance, beginning of the year	43,729	43,729	43,729	-		
Fund balance, end of the year	\$ 13,729	\$ 13,729	\$ 47,850	\$ 34,121		

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, 2017

	Original Budget	Final Budget	Actual	Variance rom Final Budget
Revenues:				
Fines & forfeits	\$ 150,000	\$ 150,000	\$ 131,470	\$ (18,530)
Total revenues	 150,000	150,000	131,470	(18,530)
Expenditures: Current Public safety Other	150,000	150,000	24.575	125,425
Total expenditures	 150,000	150,000	24,575	125,425
Net change in fund balance Fund balance, beginning of the year	- 326,586	- 326,586	106,895 326,586	106,895 -
Fund balance, end of the year	\$ 326,586	\$ 326,586	\$ 433,481	\$ 106,895

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, 2017

		Original Budget	Final Budget	Actual	F	Variance From Final Budget
Revenues:						
Intergovernmental revenue	\$	290,000	\$ 290,000	\$ 187,832	\$	(102,168)
Total revenues	_	290,000	290,000	187,832		(102,168)
Expenditures: Current Community environment		000.000	000.000	100.0//		07.404
Other		290,000	290,000	192,866		97,134
Total expenditures		290,000	290,000	192,866		97,134
Net change in fund balance		-	-	(5,034)		(5,034)
Fund balance, beginning of the year		24,652	24,652	24,652		-
Fund balance, end of the year	\$	24,652	\$ 24,652	\$ 19,618	\$	(5,034)

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, 2017

	Original Budget					Final Budget		Actual		Variance From Final Budget	
Revenues: Intergovernmental revenue Interest earnings	\$	807,500 -	\$	807,500 -	\$	293,834 191	\$	(513,666) 191			
Total revenues		807,500		807,500		294,025		(513,475)			
Expenditures: Current Community environment Other		807,500		807,500		366,237		441,263			
Total expenditures		807,500		807,500		366,237		441,263			
Net change in fund balance		-		-		(72,212)		(72,212)			
Fund balance, beginning of the year		79,481		79,481		79,481		-			
Appropriation for prior year encumbrances		27,562		27,562		27,562		-			
Fund balance, end of the year	\$	107,043	\$	107,043	\$	34,831	\$	(72,212)			

CITY OF MIDDLETOWN, OHIO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) COMMUNITY DEVELOPMENT ESCROW FUND FOR YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Interest earnings	\$ 750	\$ 750	\$ 1,651	\$ 901
Miscellaneous	65,000	65,000	45,209	(19,791)
Total revenues	 65,750	65,750	46,860	(18,890)
Expenditures: Current				
Miscellaneous	2,500	2,500	571	1,929
Total expenditures	 2,500	2,500	571	1,929
Net change in fund balance	63,250	63,250	46,289	(16,961)
Fund balance, beginning of the year	606,133	606,133	606,133	-
Fund balance, end of the year	\$ 669,383	\$ 669,383	\$ 652,422	\$ (16,961)

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, 2017

	Original Budget	Final Budget	Actual	I	Variance From Final Budget
Revenues:					
Property taxes	\$ 186,465	\$ 186,465	\$ 176,313	\$	(10,152)
Intergovernmental revenue	26,400	26,400	22,432		(3,968)
Municipal income taxes	935,000	1,081,000	1,081,000		-
Total revenues	 1,147,865	1,293,865	1,279,745		(14,120)
Expenditures: Current					
Miscellaneous	4,411	4,411	2,364		2,047
Public Safety Personal Services	1,083,406	1,083,406	1,081,000		2,406
Total expenditures	 1,087,817	1,087,817	1,083,364		4,453
Net change in fund balance	60,048	206,048	196,381		(9,667)
Fund balance, beginning of the year	245,492	245,492	245,492		-
Fund balance, end of the year	\$ 305,540	\$ 451,540	\$ 441,873	\$	(9,667)

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, 2017

		Original Budget		Final Budget		Actual	Fr	/ariance rom Final Budget
Revenues:	\$	10/ 4/5	\$	10/ 4/5	\$	174 010	\$	(10, 15.2)
Property taxes Intergovernmental revenue	Э	186,465 26,400	Þ	186,465 26,400	Э	176,313 22,432	Э	(10,152) (3,968)
Municipal income taxes		1,156,000		1,264,000		1,259,612		(4,388)
Total revenues		1,368,865		1,476,865		1,458,357		(18,508)
Expenditures: Current				4 411		2 2/4		2.047
Miscellaneous Public Safety Personal Services		4,411 1,303,277		4,411 1,303,277		2,364 1,259,612		2,047 43,665
5								
Total expenditures		1,307,688		1,307,688		1,261,976		45,712
Net change in fund balance		61,177		169,177		196,381		27,204
Fund balance, beginning of the year		245,492		245,492		245,492		-
Fund balance, end of the year	\$	306,669	\$	414,669	\$	441,873	\$	27,204

CITY OF MIDDLETOWN, OHIO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) NEIGHBORHOOD STABILIZATION PROGRAM FUND FOR YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget		Actual		/ariance rom Final Budget
Revenues:						
Intergovernmental revenue	\$ 420,000	\$ 420,000	\$	92,322	\$	(327,678)
Total revenues	 420,000	 420,000		92,322		(327,678)
Expenditures: Current Community environment Other	420,000	420,000		9,173		410,827
Other						
Total expenditures	 420,000	420,000		9,173		410,827
Excess of revenues over expenditures	-	-		83,149		83,149
Other financing sources (uses): Transfers Total other financing	-	-		(100,000)		(100,000)
sources (uses)	 -	-		(100,000)		(100,000)
Net change in fund balance	-	 -	_	(16,851)	_	(16,851)
Fund balance, beginning of the year	243,196	243,196		243,196		-
Fund balance, end of the year	\$ 243,196	\$ 243,196	\$	226,345	\$	(16,851)

CITY OF MIDDLETOWN, OHIO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) CONSERVANCY DISTRICT FUND FOR YEAR ENDED DECEMBER 31, 2017

	Original	Final			Variance From Final
	Budget	Budget	Actual	From Fina Budget 000 \$ 339 (4,0) 172 (1) 11 (5,3) 378 8,1 067) 2,7 000 00 033 2,7	
Revenues:					
Municipal income tax	\$ 34,000	\$ 34,000	\$ 34,000	\$	-
Property taxes	80,500	80,500	75,839		(4,661)
Intergovernmental revenue	11,200	11,200	10,472		(728)
Total revenues	 125,700	125,700	120,311		(5,389)
Expenditures: Current Community environment					
Other	132,500	200,500	192,378		8,122
Total expenditures	 132,500	200,500	192,378		8,122
Excess of revenues over (under) expenditures	(6,800)	(74,800)	(72,067)		2,733
Other financing sources (uses): Transfers-in Total other financing	-	76,000	76,000		-
sources (uses)	 -	76,000	76,000		-
Net change in fund balance	(6,800)	1,200	3,933		2,733
Fund balance, beginning of the year	2,205	2,205	2,205		-
Fund balance, end of the year	\$ (4,595)	\$ 3,405	\$ 6,138	\$	2,733

CITY OF MIDDLETOWN, OHIO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) NUISANCE ABATEMENT FUND FOR YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance rom Final Budget
Revenues:				
Special assessments	\$ 200,000	\$ 200,000	\$ 213,175	\$ 13,175
Intergovernmental	500,000	500,000	-	(500,000)
Miscellaneous	-	-	1,062	1,062
Total revenues	 700.000	700.000	214 227	(405 762)
Total revenues	 700,000	700,000	214,237	(485,763)
Expenditures: Current Community environment Other	1,137,000	527,000	422,494	104,506
Total expenditures	 1,137,000	527,000	422,494	104,506
Net change in fund balance	 (437,000)	173,000	(208,257)	(381,257)
Fund balance, beginning of the year	169,041	169,041	169,041	-
Appropriation for prior year encumbrances	46,700	46,700	46,700	-
Fund balance, end of the year	\$ (221,259)	\$ 388,741	\$ 7,484	\$ (381,257)

CITY OF MIDDLETOWN, OHIO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) SENIOR SERVICES FUND FOR YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	1	Variance From Final Budget
Revenues: Property taxes	\$ 627,450	\$ 627,450	\$ 587,709	\$	(39,741)
Intergovernmental revenue	87,550	87,550	75,230		(12,320)
Total revenues	 715,000	715,000	662,939		(52,061)
Expenditures: Current Community environment Other	715,000	715,000	663,227		51,773
			-		
Total expenditures	 715,000	715,000	663,227		51,773
Net change in fund balance	-	-	(288)		(288)
Fund balance, beginning of the year	288	288	288		-
Fund balance, end of the year	\$ 288	\$ 288	\$ -	\$	(288)

CITY OF MIDDLETOWN, OHIO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) HUD SECTION 108 LOAN FOR YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance rom Final Budget
Revenues: Miscellaneous revenue	\$ -	\$ -	\$ 3	\$ 3
Total revenues	 -	-	3	3
Expenditures: Current Community environment Other			-	<u>-</u>
Total expenditures	 -	-	-	-
Net change in fund balance	-	-	3	3
Fund balance, beginning of the year	1,762	1,762	1,762	-
Fund balance, end of the year	\$ 1,762	\$ 1,762	\$ 1,765	\$ 3

CITY OF MIDDLETOWN, OHIO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) INCOME TAX FUND FOR YEAR ENDED DECEMBER 31, 2017

		Original Budget		Final Budget		Actual		Variance From Final Budget
Revenues:								
CITY INCOME TAX	¢	22,096,698	\$	24,071,698	\$	24 047 405	¢	(24,002)
CASH OVER AND SHORT less transfers out	\$ \$	- 22,090,098	⊅ \$	24,071,096	⊅ \$	24,047,695 3	\$ \$	(24,003) 3
TO GENERAL FUND	\$	(13,244,000)	\$	(15,002,000)	\$	(15,002,000)	\$	_
TO AUTO & GAS TAX FUN	\$	(330,000)		(330,000)		(330,000)	\$	-
TO FIRE PENSION FUND	\$	(1,156,000)		(1,264,000)		(1,259,612)	\$	(4,388)
TO POLICE PENSION FUND	\$	(935,000)		(1,081,000)		(1,081,000)	\$	-
TO GENERAL BOND RETIREM	\$	(1,356,000)		(1,356,000)		(1,356,000)	\$	-
TO TRANSIT FUND	\$	(50,000)	\$	(50,000)		(50,000)		-
TO COMPUTER REPLACE FUN	\$	(8,000)	\$	(8,000)	\$	(8,000)	\$	-
TO TERMINATION PAY	\$	(500,000)		(500,000)	\$	(500,000)	\$	-
TO PUBLIC SAFETY FUND	\$	(3,156,694)		(3,396,694)	\$	(3,396,694)		-
TO AIRPORT FUND	\$	(125,000)		(125,000)		(125,000)	\$	-
TO HEALTH FUND	\$	(150,000)		(150,000)	\$	(150,000)	\$	-
TO MUNICIPAL COURT	\$	(325,000)		(325,000)	\$	(325,000)	\$	-
TO CONSERVANCY FUND	\$	(34,000)		(34,000)		(34,000)		-
Municipal income tax	\$	727,004	\$	450,004	\$	430,393	\$	(28,388)
Total revenues		727,004		450,004		430,393		(28,388)
Expenditures: Current General government Personal services Other		565,177 153,120		545,177 161,512		504,462 122,301		40,715 39,211
Total expenditures		718,297		706,689		626,763		79,926
Excess of revenues over (under) expenditures		8,707		(256,685)		(196,370)		51,538
Other financing sources (uses): Transfers-in Total other financing		-		448,000		448,000		-
sources (uses)		-		448,000		448,000		-
Net change in fund balance		8,707		191,315		251,630		51,538
Fund balance, beginning of the year		24,900		24,900		24,900		-
Appropriation for prior year encumbrances		92,392		92,392		92,392		-
Fund balance, end of the year	\$	125,999	\$	308,607	\$	368,921	\$	51,538

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, 2017

	Original Budget			Final Budget	Actual			Variance From Final Budget		
Revenues:										
Municipal income tax	\$	500,000	\$	500,000	\$	500,000	\$	-		
Total revenues		500,000		500,000		500,000		-		
Expenditures:										
Current										
Personal services:										
Public safety		550,355		550,355		406,740		143,615		
Public health & welfare		9,182		9,182		-		9,182		
Leisure time activities		18,365		18,365		-		18,365		
Community environment		45,911		45,911		1,643		44,268		
General government		90,153		90,153		2,711		87,442		
Highways & streets		10,017		10,017		-		10,017		
Miscellaneous		10,017		10,017		-		10,017		
Total expenditures		734,000		734,000		411,094		322,906		
Net change in fund balance		(234,000)		(234,000)		88,906		322,906		
Fund balance, beginning of the year		402,344		402,344		402,344		-		
Fund balance, end of the year	\$	168,344	\$	168,344	\$	491,250	\$	322,906		

CITY OF MIDDLETOWN, OHIO COMBINING BALANCE SHEET NON MAJOR DEBT SERVICE FUNDS DECEMBER 31, 2017

	General		To II F	East End - Towne Blvd Tax Increment Financing District		Downtown Tax Increment Financing District		Aeronca Tax Increment Financing District		Airport - iverfront Tax crement inancing District	Miller Road North Tax Increment Financing District	
Assets												
Cash and equity in pooled cash, deposits and investments Receivables (net of allowance for	\$	25,116	\$	233,519	\$	9,688	\$	4,458	\$	8,803	\$	90,908
uncollectibles): Payments in lieu of taxes Due from other governments		- 8,103		234,281		8,355		-		960		8,782
Total assets	\$	33,219	\$	467,800	\$	18,043	\$	4,458	\$	9,763	\$	99,690
Deferred inflows Revenues levied for the next year and unavailable revenue	\$	8,103	\$	234,281	\$	8,355	\$	-	\$	960	\$	8,782
Total deferred inflows		8,103		234,281		8,355		-		960		8,782
Fund balances: Restricted Committed		- 25,116		233,519 -		9,688		4,458		8,803		90,908 -
Total fund balance		25,116		233,519		9,688		4,458		8,803		90,908
Total deferred inflows and fund balance	\$	33,219	\$	467,800	\$	18,043	\$	4,458	\$	9,763	\$	99,690

Ho Ir F	owne Mall spital Tax ncrement inancing District	N Ir F	naissance Iorth Tax ncrement inancing District	S Iı F	enaissance outh Tax ncrement Tinancing District	F Ir F	anchester Road Tax ncrement inancing District	Iı F	ireentree Tax ncrement inancing District	Made Industrial Park Tax Increment Financing		South Yankee Road Tax Increment Financing		Totals
\$	108,237	\$	103,855	\$	207,725	\$	378	\$	301,341	\$	1,269	\$	23,571	\$ 1,118,868
	130,838 -		72,542		65,085 -		-		42,893 -		69 -		253 -	564,058 8,103
\$	239,075	\$	176,397	\$	272,810	\$	378	\$	344,234	\$	1,338	\$	23,824	\$ 1,691,029
\$	130,838	\$	72,542	\$	65,085	\$	-	\$	42,893	\$	69	\$	253	\$ 572,161
	130,838		72,542		65,085		-		42,893		69		253	572,161
	108,237 - 108,237		103,855 - 103,855		207,725 - 207,725		378 - 378		301,341 - 301,341		1,269 - 1,269		23,571 - 23,571	1,093,752 25,116 1,118,868
\$	239,075	\$	176,397	\$	272,810	\$	378	\$	344,234	\$	1,338	\$	23,824	\$ 1,691,029

CITY OF MIDDLETOWN, OHIO COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NON MAJOR DEBT SERVICE FUNDS FOR YEAR ENDED DECEMBER 31, 2017

	Obl	General igation Debt Service	East End - Towne Blvd Tax Increment Financing District	Inc Fin	vntown Tax rement ancing istrict	Incr Fina	nca Tax ement ancing strict	Rive T Incre Fina	Tax M Increment I		er Road rth Tax crement nancing istrict
Revenues Municipal income taxes	\$	1.356.000	\$ -	\$		\$		\$		\$	
Payment in lieu of taxes	Φ	1,330,000	ء - 338,112	Φ	- 8,041	Φ	- 35	Φ	- 964	Ф	- 8,865
Intergovernmental		470,418	-		-		-		-		-
Miscellaneous revenues		269,553	-		-		-		-		-
Total revenues		2,095,971	338,112		8,041		35		964		8,865
Expenditures Debt service Principal retirement Interest and fiscal charges		1,586,152 705,558	235,000 97,956		10,000		-		-		-
Miscellaneous		-	89,440		-		-		-		-
Total expenditures		2,291,710	422,396		10,000		-		-		-
Excess of revenues over (under) expenditures		(195,739)	(84,284)		(1,959)		35		964		8,865
Other financing sources (uses):		0 770 000	1 (00 000								
Proceeds of bonds Premium on bonds		3,770,000 461,717	1,680,000 82,669		-		-		-		-
Payment to refunded bond escrow agent		(4,160,852)	(1,729,324)		-		-		-		-
Total other financing											
sources (uses)		70,865	33,345		-		-		-		-
Net change in fund balance		(124,874)	(50,939)		(1,959)		35		964		8,865
Fund balance, beginning of the year		149,990	284,458		11,647		4,423		7,839		82,043
Fund balance, end of the year	\$	25,116	\$ 233,519	\$	9,688	\$	4,458	\$	8,803	\$	90,908

Ho Ir F	owne Mall spital Tax ncrement inancing District	Renaissance North Tax Increment Financing District	Renaissance South Tax Increment Financing District	Manchester Road Tax Increment Financing District	Greentree Tax Increment Financing District	Made Industrial Park Tax Increment Financing	South Yankee Road Tax Increment Financing	Totals
\$	- 595,708 - -	\$- 250,423 - -	\$ 224,108 	\$ - - -	\$- 48,146 - -	\$- 35 - -	\$- 257 - -	\$ 1,356,000 1,474,694 470,418 269,553
	595,708	250,423	224,108	-	48,146	35	257	3,570,665
	220,000	70,000	- 11,797	-	-	-	-	2,121,152 815,311
	432,208	174,934	156,365	-	-	-	-	852,947
	652,208	244,934	168,162	-	-	-	-	3,789,410
	(56,500)	5,489	55,946	-	48,146	35	257	(218,745)
	-	-	-	-	-	-	-	5,450,000 544,386
	-	-	-	-	-	-	-	(5,890,176)
	-	-	-	-	-	-	-	104,210
	(56,500)	5,489	55,946	-	48,146	35	257	(114,535)
	164,737	98,366	151,779	378	253,195	1,234	23,314	1,233,403
\$	108,237	\$ 103,855	\$ 207,725	\$ 378	\$ 301,341	\$ 1,269	\$ 23,571	\$ 1,118,868

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, 2017

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special assessments	\$ 292,000	\$ 292,000	\$ 245,266	\$ (46,734)
Total revenues	 292,000	292,000	245,266	(46,734)
Expenditures: Debt service	301,866	301,866	287,915	13,951
Total expenditures	 301,866	301,866	287,915	13,951
Net change in fund balance	(9,866)	(9,866)	(42,649)	(32,783)
Fund balance, beginning of the year	506,882	506,882	506,882	-
Fund balance, end of the year	\$ 497,016	\$ 497,016	\$ 464,233	\$ (32,783)

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, 2017

	Original Budget		Final Budget	Actual	Variance From Final Budget
Devenues					
Revenues:	1 05 (000	<u>_</u>	4 05 (000	1 05 (000	
Municipal income taxes	\$ 1,356,000	\$	1,356,000	\$ 1,356,000	\$ -
Intergovernmental	950		950	100,723	99,773
Miscellaneous	739,971		739,971	409,816	(330,155)
Total revenues	 2,096,921		2,096,921	1,866,539	(230,382)
Expenditures: Current Miscellaneous					
Other	10,000		10,000	2,275	7,725
Debt service	2,170,477		2,170,477	1,989,138	181,339
Total expenditures	 2,180,477		2,180,477	1,991,413	189,064
Net change in fund balance	(83,556)		(83,556)	(124,874)	(41,318)
Fund balance, beginning of the year	149,990		149,990	149,990	-
Fund balance, end of the year	\$ 66,434	\$	66,434	\$ 25,116	\$ (41,318)

CITY OF MIDDLETOWN, OHIO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) EAST END/TOWNE BLVD TAX INCREMENT FINANCING DISTRICT FUND FOR YEAR ENDED DECEMBER 31, 2017

	Original Budget			Final Budget	Actual	Variance From Final Budget		
Revenues:								
Payments in lieu of taxes	\$	320,370	\$	320,370	\$ 338,112	\$	17,742	
Total revenues		320,370		320,370	338,112		17,742	
Expenditures: Current Miscellaneous								
Other		116,050		116,050	89,440		26,610	
Debt service		306,714		306,714	300,211		6,503	
Total expenditures		422,764		422,764	389,651		33,113	
Net change in fund balance		(102,394)		(102,394)	(51,539)		50,855	
Fund balance, beginning of the year		284,458		284,458	284,458		-	
Fund balance, end of the year	\$	182,064	\$	182,064	\$ 232,919	\$	50,855	

CITY OF MIDDLETOWN, OHIO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) DOWNTOWN TAX INCREMENT FINANCING DISTRICT FUND FOR YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	I	Variance From Final Budget
Revenues:					
Payments in lieu of taxes	\$ 10,500	\$ 10,500	\$ 8,041	\$	(2,459)
Total revenues	 10,500	10,500	8,041		(2,459)
Expenditures: Current Miscellaneous					
Other	100	100	-		100
Debt service	10,000	10,000	10,000		-
Total expenditures	 10,100	10,100	10,000		100
Net change in fund balance	400	400	(1,959)		(2,359)
Fund balance, beginning of the year	11,647	11,647	11,647		-
Fund balance, end of the year	\$ 12,047	\$ 12,047	\$ 9,688	\$	(2,359)

CITY OF MIDDLETOWN, OHIO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) AERONCA TAX INCREMENT FINANCING DISTRICT FUND FOR YEAR ENDED DECEMBER 31, 2017

		Original Budget	E	Final Budget	Actual	Variance From Final Budget
Revenues:						
Payments in lieu of taxes	\$	-	\$	-	\$ 35	\$ 35
Total revenues		-		-	35	35
Expenditures: Current Miscellaneous						
Other		36		36	-	36
Total expenditures	_	36		36	-	36
Net change in fund balance		(36)		(36)	35	71
Fund balance, beginning of the year		4,423		4,423	4,423	-
Fund balance, end of the year	\$	4,387	\$	4,387	\$ 4,458	\$ 71

CITY OF MIDDLETOWN, OHIO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) AIRPORT/RIVERFRONT TAX INCREMENT FINANCING DISTRICT FUND FOR YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	F	Variance From Final Budget
Revenues:					
Payments in lieu of taxes	\$ 1,000	\$ 1,000	\$ 964	\$	(36)
Total revenues	 1,000	1,000	964		(36)
Expenditures: Current Miscellaneous					
Other	35	35	-		35
Total expenditures	 35	35	-		35
Net change in fund balance	965	965	964		(1)
Fund balance, beginning of the year	7,839	7,839	7,839		-
Fund balance, end of the year	\$ 8,804	\$ 8,804	\$ 8,803	\$	(1)

CITY OF MIDDLETOWN, OHIO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) MILLER ROAD NORTH TAX INCREMENT FINANCING DISTRICT FUND FOR YEAR ENDED DECEMBER 31, 2017

	Original Budget			Final Budget	Actual	Variance From Final Budget	
Revenues:							
Payments in lieu of taxes	\$	8,825	\$	8,825	\$ 8,865	\$	40
Total revenues		8,825		8,825	8,865		40
Expenditures: Current Miscellaneous							
Other		240		240	-		240
Total expenditures		240		240	-		240
Net change in fund balance		8,585		8,585	8,865		280
Fund balance, beginning of the year		82,043		82,043	82,043		-
Fund balance, end of the year	\$	90,628	\$	90,628	\$ 90,908	\$	280

CITY OF MIDDLETOWN, OHIO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) TOWNE MALL/HOSPITAL TAX INCREMENT FINANCING DISTRICT FUND FOR YEAR ENDED DECEMBER 31, 2017

	Original Budget			Final Budget	Actual		Variance From Final Budget
Devenues							
Revenues: Payments in lieu of taxes	\$	500,000	\$	500,000	\$ 595,708	\$	95,708
Total revenues		500,000		500,000	595,708		95,708
Expenditures: Current Miscellaneous							
Other Debt service		328,220 220,000		433,920 220,000	432,208 220,000		1,712
Total expenditures		548,220		653,920	652,208		1,712
Net change in fund balance		(48,220)		(153,920)	(56,500)		97,420
Fund balance, beginning of the year		164,737		164,737	164,737		-
Fund balance, end of the year	\$	116,517	\$	10,817	\$ 108,237	\$	97,420

CITY OF MIDDLETOWN, OHIO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) RENAISSANCE NORTH TAX INCREMENT FINANCING DISTRICT FUND FOR YEAR ENDED DECEMBER 31, 2017

	Original Budget			Final Budget	Actual	F	Variance From Final Budget
December							
Revenues: Payments in lieu of taxes	\$	141,488	\$	148,838	\$ 250,423	\$	101,585
Total revenues		141,488		148,838	250,423		101,585
Expenditures: Current Miscellaneous							
Other Debt service		111,500 70,000		177,200 70,000	174,934 70,000		2,266
Total expenditures		181,500		247,200	244,934		2,266
Net change in fund balance		(40,012)		(98,362)	5,489		103,851
Fund balance, beginning of the year		98,366		98,366	98,366		-
Fund balance, end of the year	\$	58,354	\$	4	\$ 103,855	\$	103,851

CITY OF MIDDLETOWN, OHIO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) RENAISSANCE SOUTH TAX INCREMENT FINANCING DISTRICT FUND FOR YEAR ENDED DECEMBER 31, 2017

	Original Budget		Final Budget			Actual		Variance rom Final Budget
Revenues:								
Payments in lieu of taxes	\$	103,767	\$	103,767	\$	224,108	\$	120,341
Total revenues	_	103,767		103,767		224,108		120,341
Expenditures: Current Miscellaneous								
Other		105,600		156,500		156,365		135
Debt service		80,000		80,000		11,797		68,203
Total expenditures		185,600		236,500		168,162		68,338
Net change in fund balance		(81,833)		(132,733)		55,946		188,679
Fund balance, beginning of the year		151,779		151,779		151,779		-
Fund balance, end of the year	\$	69,946	\$	19,046	\$	207,725	\$	188,679

CITY OF MIDDLETOWN, OHIO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) MANCHESTER ROAD TAX INCREMENT FINANCING DISTRICT FUND FOR YEAR ENDED DECEMBER 31, 2017

		Original Budget	Final Budget		Actual		Variance From Final Budget
Revenues:							
Payments in lieu of taxes	\$	-	\$	-	\$	-	\$-
Total revenues	_	-		-		-	-
Expenditures: Current Miscellaneous							
Other		-		-		-	-
Total expenditures	_	-		-		-	-
Net change in fund balance		-		-		-	-
Fund balance, beginning of the year		378	3	78	3	78	-
Fund balance, end of the year	\$	378	\$ 37	78	\$ 37	8	\$-

CITY OF MIDDLETOWN, OHIO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) GREENTREE INDUSTRIAL PARK TAX INCREMENT FINANCING FUND FOR YEAR ENDED DECEMBER 31, 2017

	Original Final Budget Budget			Actual	Variance From Final Budget		
Revenues: Payments in lieu of taxes	\$	77,724	\$	77,724	\$ 48,146	\$	(29,578)
Total revenues		77,724		77,724	48,146		(29,578)
Expenditures: Current Miscellaneous							
Other		20		20	-		20
Total expenditures		20		20	-		20
Net change in fund balance		77,704		77,704	48,146		(29,558)
Fund balance, beginning of the year		253,195		253,195	253,195		-
Fund balance, end of the year	\$	330,899	\$	330,899	\$ 301,341	\$	(29,558)

CITY OF MIDDLETOWN, OHIO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) MADE INDUSTRIAL PARK TAX INCREMENT FINANCING FUND FOR YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ -	\$ -	\$ 35	\$ 35
Total revenues	 -	-	35	35
Expenditures: Current Miscellaneous				
Other	20	20	-	20
Total expenditures	 20	20	-	20
Net change in fund balance	(20)	(20)	35	55
Fund balance, beginning of the year	1,234	1,234	1,234	-
Fund balance, end of the year	\$ 1,214	\$ 1,214	\$ 1,269	\$ 55

CITY OF MIDDLETOWN, OHIO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) SOUTH YANKEE ROAD TAX INCREMENT FINANCING FUND FOR YEAR ENDED DECEMBER 31, 2017

	Original Budget		Final Budget	Actual	Variance From Final Budget	
Revenues:						
Payments in lieu of taxes	\$	202	\$ 202	\$ 257	\$	55
Total revenues		202	202	257		55
Expenditures: Current Miscellaneous						
Other		20	20	-		20
Total expenditures		20	20	-		20
Net change in fund balance		182	182	257		75
Fund balance, beginning of the year		23,314	23,314	23,314		-
Fund balance, end of the year	\$	23,496	\$ 23,496	\$ 23,571	\$	75

CITY OF MIDDLETOWN, OHIO COMBINING BALANCE SHEET NON MAJOR CAPITAL PROJECTS FUNDS DECEMBER 31, 2017

	-	East End velopment	Downtown Improvements			Computer Replacement	Property Development
Assets Cash and equity in pooled cash, deposits and investments Receivables (net of allowance for uncollectibles): Accounts	\$	122,062	\$	185,760 -	\$	1,693,255	\$ 218,240 11,359
Total assets	\$	122,062	\$	185,760	\$	1,693,255	\$ 229,599
Liabilities Accounts payable Due to other funds	\$	-	\$	-	\$	7,884	\$ -
Total liabilities		-		-		7,884	 -
Fund balances: Restricted Committed Unassigned		122,062 - -		- 185,760		- 1,685,371 -	- 229,599 -
Total fund balances		122,062		185,760		1,685,371	229,599
Total liabilities and fund balances	\$	122,062	\$	185,760	\$	1,693,255	\$ 229,599

Road S	• •				Central Avenue Sidewalk Curb and Gutter		Economic Development Bond Service			Totals	
\$	1,475	\$	7,184	\$	21,793	\$	3	\$	465,264	\$	2,715,036
	-		-		-		-		-		11,359
\$	1,475	\$	7,184	\$	21,793	\$	3	\$	465,264	\$	2,726,395
\$		\$		\$		\$		\$		\$	7,884
Ψ	-	Ψ	-	Ψ	-	Ψ	90,512	Ψ	-	Ψ	90,512
	-		-		-		90,512		-		98,396
	1,475		7,184		21,793		-		-		152,514
	-		-		-		- (90,509)		465,264		2,565,994 (90,509)
	-		-		-				-		
	1,475		7,184		21,793		(90,509)		465,264		2,627,999
\$	1,475	\$	7,184	\$	21,793	\$	3	\$	465,264	\$	2,726,395

CITY OF MIDDLETOWN, OHIO COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NON MAJOR CAPITAL PROJECT FUNDS FOR YEAR ENDED DECEMBER 31, 2017

	t End opment	Downtown Improvemen	omputer blacement	Property Development		
Revenues						
Municipal income taxes	\$ -	\$	-	\$ 8,000	\$	-
Intergovernmental revenues	-		-	-		163,259
Special Assessments	-		-	-		-
Investment income	1,558	3,	,948	21,673		-
Miscellaneous	-	75,	,482	-		-
Total revenues	 1,558	79, ⁴	430	29,673		163,259
Expenditures						
Current						
Community environment	-	40,	,454	-		251,025
General government	-		-	237,698		-
Debt service						
Principal retirement	-	110,		-		-
Interest and fiscal charges	-	74,	,413	-		-
Total expenditures	 -	224,8	867	237,698		251,025
Excess of revenues over (under)						
expenditures	1,558	(145,	,437)	(208,025)		(87,766)
Other financing sources (uses)						
Transfers-in	-		-	273,647		-
Total other financing						
sources (uses)	 -		-	273,647		-
Net change in fund balances	1,558	(145,	,437)	65,622		(87,766)
Fund balance, beginning of year	120,504	331,	,197	1,619,749		317,365
Fund balance, end of the year	\$ 122,062	\$ 185,2	760	\$ 1,685,371	\$	229,599

Roa		11 Sidewalk, rb and Gutter	Main Street Special Assessment	Central Avenue Sidewalk Curb and Gutter	Economic Development Bond Service	Totals
\$	- \$	-	\$-	\$-	\$ -	\$ 8,000
Ŷ	-	-	÷ -	÷ -	÷ -	163,259
	-	-	48,452	34,503	-	82,955
	-	-	-	-	-	27,179
	-	-	-	-	-	75,482
	-	-	48,452	34,503	-	356,875
		- - - -	- - - -	- - - -	- - 70,000 85,667 155,667	291,479 237,698 180,000 160,080 869,257
	-	-	48,452	34,503	(155,667)	(512,382)
	-	-	-	-	155,668	429,315
	-	-	-	-	155,668	429,315
	-	-	48,452	34,503	1	(83,067)
	1,475	7,184	(26,659)	(125,012)	465,263	2,711,066
\$	1,475 \$	7,184	\$ 21,793	\$ (90,509)	\$ 465,264	\$ 2,627,999

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, 2017

	Original Final Budget Budget		Actual	Variance From Final Budget		
Revenues:						
Property taxes	\$	633,474	\$ 633,474	\$ 542,123	\$ (91,351)	
Intergovernmental revenue		4,885,828	4,885,828	3,594,095	(1,291,733)	
Charges for services Interest earnings		5,000	5,000	5,083 18,233	83 18,233	
Total revenues		5,524,302	5,524,302	4,159,534	(1,364,768)	
				.,	(110011000)	
Expenditures:						
Current Public safety						
Other		145,000	145,000	144,739	261	
Leisure time activities		143,000	145,000	144,737	201	
Other		30,000	30,000	22,159	7,841	
Highways and streets		30,000	30,000	22,157	7,041	
Other		5,255,000	5,255,000	6,781,361	(1,526,361)	
Miscellaneous						
Other		30,000	30,000	36,660	(6,660)	
Debt Service						
Total expenditures		5,460,000	5,460,000	6,984,919	(1,524,919)	
Excess of revenues over (under)						
expenditures		64,302	64,302	(2,825,385)	(2,889,687)	
•						
Other financing sources (uses):						
Other sources		-	-	20,361	20,361	
Total other financing				20.261	20.261	
sources (uses)		-	-	20,361	20,361	
Net change in fund balance		64,302	64,302	(2,805,024)	(2,869,326)	
Fund balance, beginning of the year		(2,080,695)	(2,080,695)	(2,080,695)	-	
Appropriation for prior year						
encumbrances		2,685,275	2,685,275	2,685,275	-	
Fund balance, end of the year	\$	668,882	\$ 668,882	\$ (2,200,444)	\$ (2,869,326)	

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, 2017

	Original Budget		Final Budget		Actual	1	Variance From Final Budget
Revenues:	\$ _	\$	_	\$	1,558	¢	1,558
Interest earnings Total revenues	\$ -	φ	-	Þ	1,558 1,558	Φ	1,558 1,558
Expenditures: Current Community environment Other Total expenditures	 				<u> </u>		<u>-</u>
Net change in fund balance	 -		-		1,558		1,558
Fund balance, beginning of the year	120,504		120,504		120,504		-
Fund balance, end of the year	\$ 120,504	\$	120,504	\$	122,062	\$	1,558

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, 2017

	Original Budget			Final Budget			Variance From Final Budget	
Revenues: Interest earnings	\$	2,500	\$	2,500	\$	3,948	\$	1,448
Miscellaneous	Ф	2,500 85,100	Ф	85,100	Ф	3,948 80,483	Φ	(4,617)
Total revenues		87,600		87,600		84,431		(3,169)
		01,000		01,000		0.1,101		(0,107)
Expenditures:								
Current								
Community environment								
Other		220,000		72,884		53,289		19,595
Debt Service Principal retirement		120,000		184,116		189,413		(5,297)
Interest & fiscal charges		64,116		64,116		74,413		(10,297)
Total expenditures		404,116		321,116		317,115		4,001
Net change in fund balance		(316,516)		(233,516)		(232,684)		832
5								
Fund balance, beginning of the year		331,444		331,444		331,444		-
Appropriation for prior year encumbrances		7,000		7,000		7,000		-
Fund balance, end of the year	\$	21,928	\$	104,928	\$	105,760	\$	832

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, 2017

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income taxes	\$ 8,000	\$ 8,000	\$ 	\$-
Interest earnings	4,903	4,903	21,674	16,771
Miscellaneous	55,120	55,120	-	(55,120)
Total revenues	 68,023	68,023	29,674	(38,349)
Expenditures: Current General government Other	550,000	1,215,440	827,716	387,724
Total expenditures	 550,000	1,215,440	827,716	387,724
Total expenditures	 330,000	1,213,440	027,710	307,724
Excess of revenues under expenditures	(481,977)	(1,147,417)	(798,042)	349,375
Other financing sources: Transfers-in Total other financing	273,647	273,647	273,647	-
sources	 273,647	273,647	273,647	-
Net change in fund balance	 (208,330)	(873,770)	(524,395)	349,375
Fund balance, beginning of the year	1,089,930	1,089,930	1,089,930	-
Appropriation for prior year encumbrances	665,440	665,440	665,440	-
Fund balance, end of the year	\$ 1,547,040	\$ 881,600	\$ 1,230,975	\$ 349,375

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, 2017

	Original Final Budget Budget Actual		Actual	Variance From Final Budget			
Revenues:							
Intergovernmental	\$	123,195	\$ 123,195	\$	151,900	\$	28,705
Total revenues		123,195	123,195		151,900		28,705
Expenditures: Current Community environment Other		217,382	417,633		416,692		941
Total expenditures		217,382	417,633		416,692		941
Net change in fund balance		(94,187)	(294,438)		(264,792)		29,646
Fund balance, beginning of the year		169,248	169,248		169,248		-
Appropriation for prior year encumbrances		200,341	200,341		200,341		-
Fund balance, end of the year	\$	275,402	\$ 75,151	\$	104,797	\$	29,646

CITY OF MIDDLETOWN, OHIO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) 2010 LEFFERSON ROAD SEWER SPECIAL ASSESSMENT FOR YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget		Actual	Variance From Final Budget
Revenues: Special assessments	\$ - \$		- \$	-	\$-
Total revenues	 -			-	-
Expenditures: Current Community environment Other Community environment	-		-		-
Total expenditures	 -			-	-
Net change in fund balance	-			-	-
Fund balance, beginning of the year	1,475	1,475	5	1,475	-
Fund balance, end of the year	\$ 1,475 \$	1,475	\$	1,475	\$-

CITY OF MIDDLETOWN, OHIO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) 2011 SIDEWALK, CURB AND GUTTER FUND FOR YEAR ENDED DECEMBER 31, 2017

		Original Budget	Final Budget		Actual	Variance From Fina Budget	
Revenues:	.		•	•		¢	
Special assessments Total revenues	\$	-	\$	- \$ -	-	\$	-
Expenditures: Current Highways and streets Other		-		_	-		-
Total expenditures		-		-	-		-
Excess of revenues under expenditures		-		-	-		-
Net change in fund balance		-		-	-		-
Fund balance, beginning of the year		7,184	7,1	84	7,184		-
Fund balance, end of the year	\$	7,184	\$ 7,18	84 \$	7,184	\$	-

CITY OF MIDDLETOWN, OHIO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) MAIN STREET SPECIAL ASSESSMENT FOR YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special Assessments	\$ 26,659	\$ 26,659	\$ 48,452	\$ 21,793
Total revenues	 26,659	26,659	48,452	21,793
Expenditures: Current Highways and streets Other	174,000	_	_	_
Total expenditures	 174,000	-	-	-
Excess of revenues over/under expenditures	(147,341)	26,659	48,452	21,793
Other financing sources (uses): Other uses Total other financing	-	-	(26,659)	(26,659)
uses	 -	-	(26,659)	(26,659)
Net change in fund balance	(147,341)	26,659	21,793	(4,866)
Fund balance, beginning of the year	-	-	-	-
Fund balance, end of the year	\$ (147,341)	\$ 26,659	\$ 21,793	\$ (4,866)

CITY OF MIDDLETOWN, OHIO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) CENTRAL AVE. SIDEWALK, CURB AND GUTTER FUND FOR YEAR ENDED DECEMBER 31, 2017

	Original Budget		Final Budget		Actual	Fi	/ariance rom Final Budget
Devenues							
Revenues: Special Assessments	\$ -	\$	-	\$	34,503	\$	34,503
Total revenues	 -		-		34,503		34,503
Expenditures: Current Highways and streets Debt Service Principal retirement	201,608		-		-		-
Total expenditures	 201,608		-		-		-
Excess of revenues over/under expenditures	(201,608)		-		34,503		34,503
Other financing sources/uses: Advance Proceeds from bonds Total other financing	- 202,135		202,135		(34,500)		(34,500) (202,135)
sources/(uses)	 202,135		202,135		(34,500)		(236,635)
Net change in fund balance	527	_	202,135	_	3		(202,132)
Fund balance, beginning of the year	-		-		-		-
Fund balance, end of the year	\$ 527	\$	202,135	\$	3	\$	(202,132)

CITY OF MIDDLETOWN, OHIO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS) ECONOMIC DEVELOPMENT BOND SERVICE FUND FOR YEAR ENDED DECEMBER 31, 2017

			Final Budget	Actual	Variance From Final Budget
Revenues: Miscellaneous revenue	\$	- \$	- \$	-	\$ -
Total revenues		-	-	-	-
Expenditures: Current Community environment Other Debt Service Principal retirement Interest expense		120,000 64,116	120,000 64,116	70,000 85,667	
Total expenditures	1	84,116	184,116	155,667	-
Excess of revenues over/under expenditures	((184,116)	(184,116)	(155,667)	-
Other financing sources: Other sources Total other financing		155,668	155,668	155,668	-
sources	1	55,668	155,668	155,668	-
Net change in fund balance		(28,448)	(28,448)	1	-
Fund balance, beginning of the year		65,263	65,263	65,263	-
Appropriation for prior year encumbrances		400,000	400,000	400,000	-
Fund balance, end of the year	\$4	36,815 \$	436,815 \$	465,264	\$-



CITY OF MIDDLETOWN FUND DESCRIPTIONS DECEMBER 31, 2017

NON MAJOR ENTERPRISE FUNDS:

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

AIRPORT FUND

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

TRANSIT SYSTEM

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

GOLF FUND

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

CITY OF MIDDLETOWN, OHIO COMBINING STATEMENT OF NET POSITION NON MAJOR ENTERPRISE FUNDS DECEMBER 31, 2017

Business Type Activities - Enterprise Funds

	Airport	Transit	Golf	Totals
Assets:				
Current assets				
Equity in pooled cash, deposits				
and investments	\$ 199,051 \$	17,148 \$	43,283 \$	259,482
Receivables (net of allowance				
for uncollectibles):				
Intergovernmental	-	112,754	-	112,754
Total current assets	199,051	129,902	43,283	372,236
Noncurrent Assets:				
Capital assets:				
Construction in progress	68,450	-	-	68,450
Land	1,524,356	-	-	1,524,356
Land improvements	666,367	-	-	666,367
Infrastructure assets	1,603,996	-	-	1,603,996
Buildings	1,825,597	1,370,702	-	3,196,299
Equipment	719,048	3,400,138	-	4,119,186
Less: Accumulated depreciation	(2,211,105)	(2,327,638)	-	(4,538,743)
Total capital assets (net of accumulated depreciation	4,196,709	2,443,202	-	6,639,911
Total noncurrent assets	4,196,709	2,443,202	-	6,639,911
Total assets	4,395,760	2,573,104	43,283	7,012,147
	.,	_,0,0,201	.0,200	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Deferred outflows of resources:				
Deferred charge on refunding	12,100	-	-	12,100
Pension related	-	126,933	-	126,933
Total deferred outflows of resources:	12,100	126,933	-	139,033
Liabilities:				
Current liabilities	4 / 11	07.054		04.075
Accounts payable	4,611	87,354	-	91,965
Accrued wages and benefits	- E 420	15,330	-	15,330
Other accrued liabilities	5,430	-	-	5,430
Accrued interest payable Due to other funds	3,100		-	3,100
General obligation bonds payable	641,456 80,000	13,046	-	654,502
Compensated absences (short-term)	-	8,017	-	80,000 8,017
			-	
Total current liabilities	734,597	123,747	-	858,344
Long-term liabilities:				
General obligation bonds payable	971,650	-	-	971,650
Compensated absences payable	-	9,489	-	9,489
Net pension liability	-	314,781	-	314,781
Total long-term liabilities	971,650	324,270	-	1,295,920
Total liabilities	1,706,247	448,017	-	2,154,264
Deferred inflows of recourses				
Deferred inflows of resources: Pension related	-	2,382	-	2,382
Total deferred inflows of resources:		2,382		2,302
		2,302	_	2,502
Not position.				
Net position:				
Net investment in capital assets	3,157,159	2,443,202	-	5,600,361
	3,157,159 (455,546)	2,443,202 (193,564)	- 43,283	5,600,361 (605,827)

CITY OF MIDDLETOWN, OHIO COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION NON MAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

			e Activities - Ente	erprise Funds	
		Airport	Transit	Golf	Totals
Operating revenues:					
Charges for services	\$	285,520 \$	111,311 \$	- \$	396,831
Other operating revenue		10,388	14,972	-	25,360
Total operating revenues		295,908	126,283	-	422,191
Operating expenses:					
Personal services		-	466,006	-	466,006
Contractual services		174,369	1,059,185	-	1,233,554
Commodities		9,899	2,835	-	12,734
Depreciation		200,923	443,110	-	644,033
Other operating expenses		-	13,682	-	13,682
Total operating expenses		385,191	1,984,818	-	2,370,009
Operating income (loss)		(89,283)	(1,858,535)	-	(1,947,818)
Non-operating revenues (expenses):					
Interest expense and fiscal charges		(51,516)	-	-	(51,516)
Operating grants		-	1,051,839	-	1,051,839
Intergovernmental		-	111,506	-	111,506
Income taxes		125,000	50,000	-	175,000
Total non-operating					
revenues (expenses)		73,484	1,213,345	-	1,286,829
Income (loss) before transfers		(15,799)	(645,190)	-	(660,989)
Transfers in		55,000	20,000	-	75,000
Change in net position		39,201	(625,190)	-	(585,989)
Total net position, beginning of year		2,662,412	2,874,828	43,283	5,580,523
Total net position, end of year	¢	2,701,613 \$	2,249,638 \$	43,283 \$	4,994,534
rotar net position, end or year	⊅	2//01/013 3	2/249/030 J	43 ₁ 203 3	7/224/224

CITY OF MIDDLETOWN, OHIO COMBINING STATEMENT OF CASH FLOWS NON MAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

Business Type Activities - Enterprise Funds

	Airport	Transit	Golf	Totals
Cash flows from operating activities:	•			
Cash received from customers Cash payments to suppliers for goods and	\$ 295,908	\$ 111,311 \$	- \$	407,219
services	(205,533)	(860,532)	-	(1,066,065)
Cash payments to employees for services	-	(422,146)	-	(422,146)
Miscellaneous revenues	-	14,972	-	14,972
Cash payments for interfund services used	(96)	(196,451)	-	(196,547)
Net cash provided (used) by operating activities	90,279	(1,352,846)	-	(1,262,567)
Cash flows from non-capital financing activities:				
Operating grants	-	1,226,313	-	1,226,313
Interfund loan receipts/payments	641,448			641,448
Transfers in	55,000	20,000	-	75,000
Income taxes received	125,000	50,000	-	175,000
Net cash provided by non-capital				
financing activities	821,448	1,296,313	-	2,117,761
Cash flows from capital and related financing activities:				
Purchase of capital assets	(1,078,694)			(1,078,694)
Interest expense	(85,647)			(85,647)
Repayment of debt principal	(1,000,000)	-	-	(1,000,000)
Proceeds from issuance of bonds	870,000	-	-	870,000
Premium from issuance of bonds	101,650	-	-	101,650
Net cash provided (used) by capital and				
related financing activities	(1,192,691)	-	-	(1,192,691)
Net increase (decrease) in cash and cash equivalents	(280,964)	(56,533)	-	(337,497)
Cash and cash equivalents, beginning of year	480,015	73,681	43,283	596,979

(continued)	Airport	Transit	Golf	Totals
Reconciliation of operating income (loss) to net cash provided	(used) by operating	g activities:		
Operating income (loss)	\$ (89,283)	\$ (1,858,535) \$	- \$	(1,947,818)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources: Decrease (increase) in deferred outflows of	200,923	443,110	-	644,033
resources - pension related	-	(35,096)	-	(35,096)
Increase (decrease) in accounts payable	(19,005)	14,857	-	(4,148)
Increase (decrease) in accrued wages and benefits	(2,356)	1,060	-	(1,296)
Increase (decrease) in due to other funds	-	3,862	-	3,862
Increase (decrease) in compensated absences payable	-	(1,163)	-	(1,163)
Increase (decrease) in net pension liability Increase (decrease) in deferred inflows of	-	82,117	-	82,117
resources - pension related	-	(3,058)	-	(3,058)
Total adjustments	179,562	505,689	-	685,251
Net cash provided (used) by operating activities	\$ 90,279	\$ (1,352,846) \$	- \$	(1,262,567)

CITY OF MIDDLETOWN FUND DESCRIPTIONS DECEMBER 31, 2017

INTERNAL SERVICE FUNDS:

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

MUNICIPAL GARAGE

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

EMPLOYEE BENEFITS

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

CITY OF MIDDLETOWN, OHIO COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS DECEMBER 31, 2017

Receivables (net of allowance for uncollectibles): 257,708 63,819 321,5 Due from other funds 129,725 - 129,7 Inventory of supplies 268,030 - 268,030 Total current assets 7,727,217 454,118 8,181,33 Capital assets: 195,750 - 195,77 Buildings 521,872 - 521,87 Equipment 12,535,527 - 2,992,995 Less: Accumulated depreciation (10,260,154) - (10,260,154) Net capital assets 2,992,995 - 2,992,995 Total assets 10,720,212 454,118 11,174,33 Deferred outflows of resources: 105,561 - 105,55 Total deferred outflows of resources: 105,561 - 105,55 Liabilities: 309,246 1,024,803 1,334,0 Accourds agaable 309,246 1,024,803 1,366,227 Liabilities: 309,246 1,024,803 3,369,27 Compensated absences payable 3,688		Municipal Garage	Employee Benefits Fund	Totals
Equity in pooled cash, deposits and investments \$ 7,071,754 \$ 390,299 \$ 7,462,01 Receivables (net of allowance for uncollectibles): 257,708 63,819 321,5 Accounts 257,708 63,819 321,5 Due from other funds 129,725 129,72 Inventory of supplies 268,030 268,030 Capital assets: 28,030 268,030 Land 195,750 195,75 Buildings 521,872 12,535,527 Less: Accumulated depreciation (10,260,154) (10,260,154) Net capital assets 2,992,995 2,992,995 Total assets 109,561 105,561 Parsion related 105,561 105,561 Total deferred outflows of resources: 105,561 105,561 Parsion related 309,246 1,024,803 1,334,0 Accrued wages and benefits 13,687 2,000,000 2,000,00 Compensated absences payable 43,688 43,66 305,466 305,466 Net persion obligation 261,778 261,77	Assets:			
and investments \$ 7,071,754 \$ 390,299 \$ 7,462,00 Receivables (net of allowance for uncollectibles): 257,708 63,819 321,5; Accounts 257,708 63,819 321,5; Due from other funds 129,725 - 129,7; Inventory of supplies 268,030 - 268,03 Total current assets 7,727,217 454,118 8,181,33 Capital assets: 195,750 - 195,751 Land 12,535,527 - 12,535,527 Less: 2,992,995 - 2,992,995 Total assets 10,720,212 454,118 11,174,33 Deferred outflows of resources: 105,561 - 105,55 Total assets 10,720,212 454,118 11,34,00 Accounts payable 309,246 1,024,803 1,334,00 Accounts payable 309,246 1,024,803 3,369,27 Liabilities: Current liabilities 309,248 3,024,803 3,369,27 L	Current assets:			
Receivables (net of allowance for uncollectibles): 257,708 63,819 321,5: Due from other funds 129,725 - 129,7 Inventory of supplies 268,030 - 268,030 Total current assets 7,727,217 454,118 8,181,33 Capital assets: 195,750 - 195,77 Buildings 521,872 - 521,8 Equipment 12,535,527 - 2,992,995 Less: Accumulated depreciation (10,260,154) - (10,260,154) Net capital assets 2,992,995 - 2,992,995 Total assets 2,092,095 - 2,992,995 Total assets 10,720,212 454,118 11,174,33 Deferred outflows of resources: 105,561 - 105,56 Total deferred outflows of resources: 105,561 - 105,56 Liabilities: 2000,000 2,000,00 2,000,00 2,000,00 Corpersated absences payable 309,246 1,024,803 1,366,227 Total current liabilities: 309,246 - 2,000,000 2,000,00 <tr< td=""><td>Equity in pooled cash, deposits</td><td></td><td></td><td></td></tr<>	Equity in pooled cash, deposits			
for uncollectibles): 257,708 63,819 321,5 Accounts 129,725 - 129,7 Inventory of supplies 268,030 - 268,030 Total current assets 7,727,217 454,118 8,181,33 Capital assets: 195,750 - 195,75 Land 195,750 - 12,535,527 Less: Accumulated depreciation (10,260,154) - (10,260,11 Net capital assets 2,992,995 - 2,992,995 Total assets 10,720,212 454,118 11,174,33 Deferred outflows of resources: 105,561 - 105,565 Total deferred outflows of resources: 2,000,000 2,000,000 2,000,000 2,000,000 2,000,000 2,000,000 2,000,000 2,000,000 2,000,000 2,000,000		\$ 7,071,754	\$ 390,299	\$ 7,462,053
Accounts 257,708 63,819 321,5 Due from other funds 129,725 - 129,7 Inventory of supplies 268,030 - 268,030 Total current assets 7,727,217 454,118 8,181,33 Capital assets: 195,750 - 195,75 Buildings 521,872 - 521,8 Equipment 12,553,527 - 12,553,5 Less: Accumulated depreciation (10,260,154) - (10,260,154) Net capital assets 2,992,995 - 2,992,995 Total assets 107,720,212 454,118 11,174,33 Deferred outflows of resources: 105,561 - 105,56 Fotal deferred outflows of resources: 105,561 - 105,56 Current liabilities: Accounts payable 3,687 - 13,687 Accounts payable 3,688 - 43,68 - 43,68 Oue to other funds 2,600,000 2,000,000 2,000,000 2,000,000 2,000,000 <t< td=""><td>•</td><td></td><td></td><td></td></t<>	•			
Due from other funds Inventory of supplies 129,725 129,72 Inventory of supplies 268,030 268,030 268,030 Total current assets 7,727,217 454,118 8,181,33 Capital assets: Land 195,750 195,750 195,751 Buildings 521,872 521,8 521,8 Equipment 12,535,527 12,535,5 Less: Accumulated depreciation (10,260,154) (10,260,174) Net capital assets 2,992,995 2,992,995 Total deferred outflows of resources: 105,561 105,561 Pension related 105,561 105,561 Current liabilities: 309,246 1,024,803 1,334,0 Accounts payable 309,246 1,024,803 1,334,0 Accounts payable 309,246 1,024,803 3,369,273 Long-term liabilities: 309,246 1,024,803 3,369,273 Current liabilities: 300,246 1,024,803 3,369,273 Long-term liabilities 3,688 43,68 261,778 261,778		257 700	(2.010	201 503
Inventory of supplies 268,030 - 268,0 Total current assets 7,727,217 454,118 8,181,33 Capital assets: 1 195,750 - 195,75 Buildings 521,872 - 521,872 - 521,872 - 521,872 - 521,872 - 521,872 - 521,872 - 521,872 - 521,872 - 521,872 - 521,872 - 521,872 - 521,872 - 521,872 - 521,872 - 12,535,527 - 12,535,527 - 12,535,527 - 12,292,995 - 2,992,995 - 2,992,995 - 2,992,995 - 2,992,995 - 2,992,995 - 2,992,995 - 2,992,995 - 2,992,995 - 2,992,995 - 2,992,995 - 2,992,995 - 2,992,995 - 2,992,995 - 1,05,561 - 105,561 - 105,561 - 10,55			63,819	
Total current assets 7,727,217 454,118 8,181,33 Capital assets: 195,750 195,750 195,750 Buildings 521,872 521,8 521,8 Equipment 12,535,527 12,535,527 12,535,527 Less: Accumulated depreciation (10,260,154) (10,260,154) (10,260,154) Net capital assets 2,992,995 2,992,995 2,992,995 Total assets 10,720,212 454,118 11,174,33 Deferred outflows of resources: 105,561 105,561 105,561 Yension related 105,561 105,561 105,561 Current liabilities: 309,246 1,024,803 1,334,0 Accrued wages and benefits 13,687 13,687 13,687 Due to other funds 2,000,000 2,000,00 2,000,00 Compensated absences payable 3,084,476 3,024,803 3,369,27 Long-term liabilities: 305,466 305,466 305,466 Total long-term liabilities 305,466 305,466 305,466 T			-	
Capital assets: 195,750 195,75 Land 195,750 195,75 Buildings 521,872 521,8 Equipment 12,535,527 12,535,5 Less: Accumulated depreciation (10,260,154) (10,260,154) Net capital assets $2,992,995$ $2,992,995$ Total assets $10,720,212$ $454,118$ $11,174,33$ Deferred outflows of resources: Pension related $105,561$ 105,56 Total deferred outflows of resources: $105,561$ $105,561$ 105,56 Liabilities: $309,246$ $1,024,803$ $1,334,0$ Accrued wages and benefits $13,687$ $ 13,687$ Due to other funds $2,000,000$ $2,000,000$ $2,000,000$ Compensated absences payable $3,6874,724$ $3,024,803$ $3,369,272$ Long-term liabilities: $2,000,000$ $2,000,000$ $2,000,000$ $2,000,000$ Compensated absences payable $43,688$ $ 43,68$ $ 43,68$ $ 43,68$ Net position on illabilities $305,466$ $305,466$ $305,46$			-	
Land 195,750 - 195,75 Buildings 521,872 - 521,8 Equipment 12,535,527 - 12,535,527 Less: Accumulated depreciation (10,260,154) - (10,260,174) Net capital assets 2,992,995 - 2,992,995 Total assets 10,720,212 454,118 11,174,33 Deferred outflows of resources: 105,561 - 105,561 Pension related 105,561 - 105,561 Current liabilities: - 2,000,000 2,000,000 Compensated absences payable 309,246 1,024,803 1,334,0 Accounts payable 309,246 1,024,803 1,334,0 Accrued wages and benefits 3,687 - 13,687 Due to other funds - 2,000,000 2,000,000 Compensated absences payable 43,688 - 43,69,27 Total ourrent liabilities: - 261,778 - 261,77 Compensated absences payable 43,688 - 43,67 - 1,96 Net pension obligation	lotal current assets	 7,727,217	454,118	8,181,335
Buildings 521,872 - 521,8 Equipment 12,535,527 - 12,535,527 Less: Accumulated depreciation (10,260,154) - (10,260,174) Net capital assets 2,992,995 - 2,992,995 Total assets 10,720,212 454,118 11,174,333 Deferred outflows of resources: 105,561 - 105,56 Fotal deferred outflows of resources: 105,561 - 105,56 Total deferred outflows of resources: 105,561 - 105,56 Current liabilities: 309,246 1,024,803 1,334,0 Accrued wages and benefits 13,687 - 13,61 Due to other funds - 2,000,000 2,000,00 Compensated absences payable 344,476 3,024,803 3,369,27 Long-term liabilities: 305,466 - 305,466 Net pension obligation 261,778 - 261,77 Total long-term liabilities 305,466 - 305,466 Total long-term liabilities <td< td=""><td>Capital assets:</td><td></td><td></td><td></td></td<>	Capital assets:			
Equipment 12,535,527 - 12,535,527 Less: Accumulated depreciation (10,260,154) - (10,260,154) Net capital assets 2,992,995 - 2,992,995 Total assets 10,720,212 454,118 11,174,33 Deferred outflows of resources: 105,561 - 105,55 Pension related 105,561 - 105,56 Current liabilities: 309,246 1,024,803 1,334,0 Accounts payable 309,246 1,024,803 1,334,0 Accrued wages and benefits - 2,000,000 2,000,00 Compensated absences payable 21,543 - 21,553 Total current liabilities: 309,246 1,024,803 3,369,273 Long-term liabilities: 2,000,000 2,000,000 2,000,000 Compensated absences payable 3,688 - 43,66 Net pension obligation 261,778 - 261,77 Total long-term liabilities 649,942 3,024,803 3,674,74 Deferred inflows of resources:<	Land	195,750	-	195,750
Less: Accumulated depreciation (10,260,154) (10,260,114) Net capital assets 2,992,995 - 2,992,995 Total assets 10,720,212 454,118 11,174,33 Deferred outflows of resources: 105,561 - 105,56 Total deferred outflows of resources: 105,561 - 105,56 Liabilities: 105,561 - 105,56 Current liabilities: 309,246 1,024,803 1,334,0 Accrued wages and benefits 13,687 - 13,68 Due to other funds - 2,000,000 2,000,00 Compensated absences payable 21,543 - 21,57 Total current liabilities: 344,476 3,024,803 3,369,27 Long-term liabilities: 261,778 - 261,77 Cotal long-term liabilities 305,466 - 305,466 Total deferred inflows of resources: 1,981 - 1,981 Pension related 1,981 - 1,981 1,981 Total deferred inflows of resources: 1,981 - 1,981 1,982 Net p	Buildings		-	521,872
Net capital assets 2,992,995 2,992,995 Total assets 10,720,212 454,118 11,174,33 Deferred outflows of resources: 105,561 105,561 105,561 Total deferred outflows of resources: 105,561 105,561 105,561 Liabilities: Current liabilities: 309,246 1,024,803 1,334,0 Accounts payable 309,246 1,024,803 1,334,0 Due to other funds 2,000,000 2,000,000 2,000,000 Compensated absences payable 21,543 21,55 16,617 Total current liabilities: 305,466 305,466 305,466 Compensated absences payable 43,688 43,61,774 261,778 Total long-term liabilities 305,466 305,466 305,466			-	12,535,527
Total assets 10,720,212 454,118 11,174,33 Deferred outflows of resources: Pension related 105,561 105,561 Total deferred outflows of resources: 105,561 - 105,561 Liabilities: Current liabilities: 309,246 1,024,803 1,334,0 Accounts payable 3,687 - 13,66 Due to other funds - 2,000,000 2,000,00 Compensated absences payable 21,543 - 21,54 Total current liabilities: 305,466 305,466 305,466 Net pension obligation 261,778 261,77 261,77 Total long-term liabilities 305,466 305,466 305,466 Total deferred inflows of resources: 1,981 1,981 1,981	Less: Accumulated depreciation	(10,260,154)	-	(10,260,154
Deferred outflows of resources: 105,561 0.5561 Total deferred outflows of resources: 105,561 - 105,56 Liabilities: Current liabilities: - 105,561 - 105,56 Current liabilities: Accounts payable 309,246 1,024,803 1,334,0 Accourts payable 309,246 1,024,803 1,334,0 - 13,687 - 13,687 - 13,687 - 13,687 - 13,687 - 13,687 - 13,687 - 13,687 - 13,687 - 13,687 - 21,533 - 21,533 - 21,533 - 21,553 - 105,564 - 2000,000 2,000,000 <td< td=""><td>Net capital assets</td><td> 2,992,995</td><td>-</td><td>2,992,995</td></td<>	Net capital assets	 2,992,995	-	2,992,995
Pension related 105,561 - 105,56 Total deferred outflows of resources: 105,561 - 105,56 Liabilities: Current liabilities: 309,246 1,024,803 1,334,0 Accounts payable 309,246 1,024,803 1,334,0 Due to other funds 2,000,000 2,000,00 2,000,00 Compensated absences payable 21,543 - 21,55 Total current liabilities: 344,476 3,024,803 3,369,27 Long-term liabilities: 261,778 - 261,77 Total long-term liabilities 305,466 - 305,466 Total long-term liabilities 649,942 3,024,803 3,674,74 Deferred inflows of resources: 1,981 - 1,99 Pension	Total assets	 10,720,212	454,118	11,174,330
Pension related 105,561 - 105,56 Total deferred outflows of resources: 105,561 - 105,56 Liabilities: Current liabilities: 309,246 1,024,803 1,334,0 Accounts payable 309,246 1,024,803 1,334,0 Accounts payable 309,246 1,024,803 1,334,0 Accound wages and benefits 13,687 - 13,687 Due to other funds 2,000,000 2,000,000 2,000,00 Compensated absences payable 21,543 - 21,55 Total current liabilities: 344,476 3,024,803 3,369,27 Long-term liabilities: 344,476 3,024,803 3,369,27 Compensated absences payable 43,688 - 43,66 Net pension obligation 261,778 - 261,77 Total long-term liabilities 305,466 - 305,466 Total deferred inflows of resources: 1,981 - 1,991 Pension related 1,981 - 1,992 Net position: <td></td> <td></td> <td></td> <td></td>				
Total deferred outflows of resources: 105,561 - 105,56 Liabilities: Current liabilities: 309,246 1,024,803 1,334,0 Accounts payable 309,246 1,024,803 1,334,0 Accoude wages and benefits 13,687 - 13,66 Due to other funds - 2,000,000 2,000,00 Compensated absences payable 21,543 - 21,55 Total current liabilities: 344,476 3,024,803 3,369,27 Long-term liabilities: 344,476 3,024,803 3,369,27 Compensated absences payable 43,688 - 43,66 Net pension obligation 261,778 - 261,77 Total liabilities 305,466 - 305,466 Total long-term liabilities 649,942 3,024,803 3,674,74 Deferred inflows of resources: 1,981 - 1,99 Pension related 1,981 - 1,99 Net position: 1,981 - 1,99 Investment in capital assets				
Liabilities: 2000,000 1,024,803 1,334,00 Accounts payable 309,246 1,024,803 1,334,00 Accounts payable 13,687 - 13,687 Due to other funds - 2,000,000 2,000,00 Compensated absences payable 21,543 - 21,55 Total current liabilities 344,476 3,024,803 3,369,27 Long-term liabilities: 261,778 - 261,77 Total long-term liabilities 305,466 - 305,466 Total long-term liabilities 649,942 3,024,803 3,674,74 Deferred inflows of resources: 1,981 - 1,99 Pension related 1,981 - 1,99 Net position: 1,981 - 1,99 Investment in capital assets 2,992,995 - 2,992,99 Vinstricted 7,180,855 (2,			-	
Current liabilities: 309,246 1,024,803 1,334,0 Accounts payable 309,246 1,024,803 1,334,0 Accrued wages and benefits 13,687 - 13,66 Due to other funds - 2,000,000 2,000,00 Compensated absences payable 21,543 - 21,54 Total current liabilities 344,476 3,024,803 3,369,27 Long-term liabilities: 344,476 3,024,803 3,369,27 Compensated absences payable 43,688 - 43,66 Net pension obligation 261,778 - 261,77 Total liabilities 305,466 - 305,466 Total liabilities 649,942 3,024,803 3,674,74 Deferred inflows of resources: 1,981 - 1,98 Pension related 1,981 - 1,98 Net position: 1,981 - 1,98 Investment in capital assets 2,992,995 - 2,992,99 Unrestricted 7,180,855 (2,570,685) <t< td=""><td>Total deferred outflows of resources:</td><td> 105,501</td><td>-</td><td>105,501</td></t<>	Total deferred outflows of resources:	 105,501	-	105,501
Current liabilities: 309,246 1,024,803 1,334,0 Accounts payable 309,246 1,024,803 1,334,0 Accrued wages and benefits 13,687 - 13,66 Due to other funds - 2,000,000 2,000,00 Compensated absences payable 21,543 - 21,54 Total current liabilities 344,476 3,024,803 3,369,27 Long-term liabilities: 344,476 3,024,803 3,369,27 Compensated absences payable 43,688 - 43,66 Net pension obligation 261,778 - 261,77 Total liabilities 305,466 - 305,466 Total liabilities 649,942 3,024,803 3,674,74 Deferred inflows of resources: 1,981 - 1,98 Pension related 1,981 - 1,98 Net position: 1,981 - 1,98 Investment in capital assets 2,992,995 - 2,992,99 Unrestricted 7,180,855 (2,570,685) <t< td=""><td>Liabilities:</td><td></td><td></td><td></td></t<>	Liabilities:			
Accrued wages and benefits 13,687 - 13,687 Due to other funds - 2,000,000 2,000,000 Compensated absences payable 21,543 - 21,543 Total current liabilities 344,476 3,024,803 3,369,27 Long-term liabilities: 344,476 3,024,803 3,369,27 Long-term liabilities: 344,476 3,024,803 3,369,27 Long-term liabilities: - 43,688 - 43,68 Net pension obligation 261,778 - 261,77 Total long-term liabilities 305,466 - 305,466 Total liabilities 649,942 3,024,803 3,674,74 Deferred inflows of resources: 1,981 - 1,98 Pension related 1,981 - 1,98 Net position: 1,981 - 1,98 Investment in capital assets 2,992,995 - 2,992,99 Unrestricted 7,180,855 (2,570,685) 4,610,11				
Due to other funds - 2,000,000 2,000,00 Compensated absences payable 21,543 - 21,54 Total current liabilities 344,476 3,024,803 3,369,27 Long-term liabilities: 344,476 3,024,803 3,369,27 Compensated absences payable 43,688 - 43,66 Net pension obligation 261,778 - 261,7 Total long-term liabilities 305,466 - 305,466 Total liabilities 649,942 3,024,803 3,674,74 Deferred inflows of resources: 1,981 - 1,99 Pension related 1,981 - 1,99 Net position: 1,981 - 1,98 Investment in capital assets 2,992,995 - 2,992,99 Unrestricted 7,180,855 (2,570,685) 4,610,11	Accounts payable	309,246	1,024,803	1,334,049
Compensated absences payable 21,543 - 21,5 Total current liabilities 344,476 3,024,803 3,369,27 Long-term liabilities: 344,476 3,024,803 3,369,27 Compensated absences payable 43,688 - 43,66 Net pension obligation 261,778 - 261,7 Total long-term liabilities 305,466 - 305,466 Total liabilities 649,942 3,024,803 3,674,74 Deferred inflows of resources: 1,981 - 1,98 Pension related 1,981 - 1,98 Net position: Investment in capital assets 2,992,995 - 2,992,995 Unrestricted 2,992,995 - 2,992,995 4,610,11	Accrued wages and benefits	13,687	-	13,687
Total current liabilities 344,476 3,024,803 3,369,27 Long-term liabilities: Compensated absences payable 43,688 - 43,67 Net pension obligation 261,778 - 261,77 Total long-term liabilities 305,466 - 305,466 Total long-term liabilities 649,942 3,024,803 3,674,74 Deferred inflows of resources: - 1,981 - 1,97 Total deferred inflows of resources: 1,981 - 1,98 Net position: 1,981 - 1,98 Investment in capital assets 2,992,995 - 2,992,99 Unrestricted 2,992,995 - 2,992,99	Due to other funds	-	2,000,000	2,000,000
Long-term liabilities: Compensated absences payable43,688-43,68Net pension obligation261,778-261,77Total long-term liabilities305,466-305,466Total liabilities649,9423,024,8033,674,74Deferred inflows of resources: Pension related1,981-1,981Total deferred inflows of resources:1,981-1,981Net position: Investment in capital assets2,992,995-2,992,995Unrestricted2,992,995-2,992,9957,180,855(2,570,685)4,610,17	Compensated absences payable	21,543	-	21,543
Compensated absences payable 43,688 - 43,668 Net pension obligation 261,778 - 261,7 Total long-term liabilities 305,466 - 305,466 Total liabilities 649,942 3,024,803 3,674,74 Deferred inflows of resources: - 1,981 - 1,94 Total deferred inflows of resources: 1,981 - 1,98 Net position: 1,981 - 1,98 Investment in capital assets 2,992,995 - 2,992,995 Unrestricted 7,180,855 (2,570,685) 4,610,11	Total current liabilities	 344,476	3,024,803	3,369,279
Compensated absences payable 43,688 - 43,668 Net pension obligation 261,778 - 261,7 Total long-term liabilities 305,466 - 305,466 Total liabilities 649,942 3,024,803 3,674,74 Deferred inflows of resources: - 1,981 - 1,94 Total deferred inflows of resources: 1,981 - 1,98 Net position: 1,981 - 1,98 Investment in capital assets 2,992,995 - 2,992,995 Unrestricted 7,180,855 (2,570,685) 4,610,11	Long-term liabilities:			
Total long-term liabilities305,466-305,466Total liabilities649,9423,024,8033,674,74Deferred inflows of resources: Pension related1,981-1,94Total deferred inflows of resources:1,981-1,98Net position: Investment in capital assets2,992,995-2,992,995Unrestricted2,992,995-2,992,995Value2,992,995-2,992,995Joint Control1,180,8554,610,11		43,688	-	43,688
Total liabilities 649,942 3,024,803 3,674,74 Deferred inflows of resources: Pension related 1,981 - 1,99 Total deferred inflows of resources: 1,981 - 1,99 Net position: 1,922,995 - 2,992,995 Unrestricted 7,180,855 (2,570,685) 4,610,11	Net pension obligation	261,778	-	261,778
Deferred inflows of resources: Pension related 1,981 Total deferred inflows of resources: 1,981 - 2,992,995 - 2,992,995 - 1,80,855 (2,570,685) 4,610,12 </td <td>Total long-term liabilities</td> <td> 305,466</td> <td>-</td> <td>305,466</td>	Total long-term liabilities	 305,466	-	305,466
Pension related 1,981 - 1,99 Total deferred inflows of resources: 1,981 - 1,98 Net position: 2,992,995 - 2,992,99 Unrestricted 7,180,855 (2,570,685) 4,610,11	Total liabilities	 649,942	3,024,803	3,674,745
Pension related 1,981 - 1,99 Total deferred inflows of resources: 1,981 - 1,98 Net position: 2,992,995 - 2,992,99 Unrestricted 7,180,855 (2,570,685) 4,610,17				
Total deferred inflows of resources:1,981-1,98Net position: Investment in capital assets2,992,995-2,992,99Unrestricted7,180,855(2,570,685)4,610,11				
Net position: 2,992,995 - 2,992,99 Investment in capital assets 7,180,855 (2,570,685) 4,610,11			-	1,981
Investment in capital assets 2,992,995 - 2,992,99 Unrestricted 7,180,855 (2,570,685) 4,610,1	lotal deferred inflows of resources:	 1,981	-	1,981
Investment in capital assets 2,992,995 - 2,992,99 Unrestricted 7,180,855 (2,570,685) 4,610,1	Net position:			
Unrestricted 7,180,855 (2,570,685) 4,610,1	•	2,992,995	-	2,992,995
	Unrestricted		(2,570,685)	4,610,170
10tal net position \$ 10,173,850 \$ (2,570,685) \$ 7,603,16	Total net position	\$ 10,173,850	\$ (2,570,685)	\$ 7,603,165

CITY OF MIDDLETOWN, OHIO COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

		Municipal Garage	Employee Benefits Fund	Totals
Operating revenues: Charges for services Other operating revenues	\$	2,736,592 229,757	\$ 5,560,604	\$
Total operating revenues		2,966,349	5,560,604	8,526,953
Operating expenses: Personal services Contractual services Commodities Depreciation Other operating expenses Total operating expenses Operating income (loss)	_	503,312 448,805 762,672 677,984 24,863 2,417,636 548,713	- 5,031,916 - - 5,031,916 528,688	503,312 5,480,721 762,672 677,984 24,863 7,449,552 1,077,401
Non-operating revenues (expenses): Interest revenue		90,556	1,576	92,132
Total non-operating revenues (expenses)		90,556	1,576	92,132
Change in net position		639,269	530,264	1,169,533
Total net position, beginning of the year		9,534,581	(3,100,949)	6,433,632
Total net position, end of the year	\$	10,173,850	\$ (2,570,685)	\$ 7,603,165

CITY OF MIDDLETOWN, OHIO COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

		Municipal Garage		Employee nefits Fund	Totals	
Cash flows from operating activities:						
Cash payments to suppliers for goods and services Cash payments to employees	\$	(875,346)	\$	(5,247,295) \$	(6,122,641)	
for services		(480,021)		-	(480,021)	
Cash received from interfund services provided Cash payments for interfund		2,750,029		5,563,175	8,313,204	
services used		(66,291)		-	(66,291)	
Net cash provided (used) by operating activities		1,328,371		315,880	1,644,251	
Cash flows from capital and related financing activities: Sale of capital assets Purchase of capital assets		71,265 (1,018,407)		-	71,265 (1,018,407)	
Net cash used by capital and related financing activities		(947,142)		-	(947,142)	
Cash flows from investing activities: Interest income		90,556		1,576	92,132	
Net cash provided by investing activities		90,556		1,576	92,132	
Net increase in cash and cash equivalents		471,785		317,456	789,241	
Cash and cash equivalents, beginning of year		6,599,969		72,843	6,672,812	
Cash and cash equivalents, end of year	\$	7,071,754	\$	390,299	5 7,462,053	

CITY OF MIDDLETOWN, OHIO COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

(continued)		unicipal Garage	mployee nefits Fund	Totals	-
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$	548,713	\$ 528,688	\$ 1,077,401	
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		677,984	-	677,984	
Decrease (increase) in accounts receivable		(74,121)	2,571	(71,550))
Decrease (increase) in due from other funds		(70,934)	-	(70,934))
Decrease (increase) in supplies inventory Decrease (increase) in deferred outflows of		(27,213)	-	(27,213))
resources - pension related		(29,187)	-	(29,187))
Increase (decrease) in accounts payable		250,651	(215,379)	35,272	
Increase (decrease) in accrued wages		1,268	-	1,268	
Increase (decrease) in compensated absences		(14,536)	-	(14,536))
Increase (decrease) in net pension liability Increase (decrease) in deferred inflows of		68,289	-	68,289	
resources - pension related		(2,543)	-	(2,543))
Total adjustments		779,658	(212,808)	566,850	-
Net cash provided (used) by operating activities	\$ 1	,328,371	\$ 315,880	\$ 1,644,251	_



CITY OF MIDDLETOWN AGENCY FUNDS DECEMBER 31, 2017

AGENCY FUNDS:

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

PAYROLL CLEARING

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

MUNICIPAL COURT

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

JOINT ECONOMIC DEVELOPMENT DISTRICT I

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

CITY OF MIDDLETOWN, OHIO COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES FIDUCIARY FUNDS DECEMBER 31, 2017

-

	Payroll Municipal Clearing Court		Joint Economic Development District I	Totals
Assets:				
Cash and equity in pooled cash, deposits and investments Cash with fiscal and	\$-	\$ 46,679	\$ 165,033	\$ 211,712
escrow agent	380,782	-	-	380,782
Total assets	380,782	46,679	165,033	592,494
Liabilities:				
Due to other governments	166,065	-	165,033	331,098
Due to individuals	201,633	5,799	-	207,432
Unapportioned monies	13,084	40,880	-	53,964
Total liabilities	\$ 380,782	\$ 46,679	\$ 165,033	\$ 592,494

CITY OF MIDDLETOWN, OHIO COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES FIDUCIARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	PAYROLL CLEARING								
		Balance ginning of Year		Additions	Deductions			Balance End of Year	
Assets:									
Cash with fiscal and									
escrow agent	\$	345,353	\$	23,184,988	\$	23,149,559	\$	380,782	
Total assets		345,353		23,184,988		23,149,559		380,782	
Liabilities:									
Due to other									
governments Due to		258,942		6,398,920		6,491,797		166,065	
individuals		9,261		15,494,849		15,302,477		201,633	
Unapportioned monies		77,150		1,291,219		1,355,285		13,084	
Total liabilities	\$	345,353	\$	23,184,988	\$	23,149,559	\$	380,782	

CITY OF MIDDLETOWN, OHIO COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES FIDUCIARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

		MUNICIP	AL (COURT	
	alance Jinning of Year	Additions		Deductions	Balance End of Year
	rear	Additions		Deductions	Tear
Assets:					
Cash and equity in pooled cash, deposits and investments	\$ 39,302	\$ 3,564,288	\$	3,556,911	\$ 46,679
Total assets	 39,302	3,564,288		3,556,911	46,679
Liabilities:					
Liabilitics.					
Due to other governments Due to	-	664,364		664,364	-
individuals	4,377	1,013,120		1,011,697	5,799
Unapportioned monies	34,925	338,611		332,656	40,880
Total liabilities	\$ 39,302	\$ 2,016,095	\$	2,008,717	\$ 46,679

CITY OF MIDDLETOWN, OHIO COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES FIDUCIARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	JOIN	T EC	CONOMIC DEV	'ELC	OPMENT DISTR	RICT	Т.
	Balance ginning of Year		Additions		Deductions		Balance End of Year
Assets:							
Cash and equity in pooled cash, deposits and investments	\$ 152,205	\$	2,216,706	\$	2,203,878	\$	165,033
Total assets	 152,205		2,216,706		2,203,878	\$	165,033
Liabilities:							
Due to other governments	152,205		2,216,706		2,203,878		165,033
Total liabilities	\$ 152,205	\$	2,216,706	\$	2,203,878	\$	165,033

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

Financial Trends (*Table 1 to Table 6*)

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity (Table 7 to Table 11)

These schedules contain information to help the reader assess one of the government's most significant local revenue sources, income tax and property taxes.

Debt Capacity (Table 12 to Table 16)

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information (Table 17 and Table 18)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information (*Table 19 to Table 21*)

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. 178

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

				Restated						
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities:										
Net Investment in Capital Assets	\$ 57,656	56,377	53,363	54,102	57,244	57,866	56,729	59,237	59,504	58,169
Restricted	13,426	12,164	12,843	12,896	22,026	25,539	30,934	35,676	31,270	31,510
Unrestricted	(23,450)	(22,837)	(19,834)	(19,142)	11,328	12,210	, 9,940	7,454	10,494	10,366
Total Governmental Activities Net Position	\$ 47,632	45,704	46,372	47,856	90,598	95,615	97,603	102,367	101,268	100,045
Business-Type Activities:										
Net Investment in Capital Assets	\$ 66,917	61,159	54,257	51,744	56,230	54,343	51,637	49,711	49,139	49,847
Restricted	-	-	-	-	-	-	1,501	1,457	1,411	1,367
Unrestricted	 19,553	18,502	17,976	17,251	15,918	16,775	14,811	14,166	13,247	10,779
Total Business-Type Activities Net Position	\$ 86,470	79,661	72,233	68,995	72,148	71,118	67,949	65,334	63,797	61,993
Primary Government:										
Net Investment in Capital Assets	\$ 124,573	117,536	107,619	105,846	113,474	112,209	108,366	108,948	108,643	108,016
Restricted	13,426	12,164	12,843	12,896	22,026	25,539	32,435	37,133	32,681	32,877
Unrestricted	(3,897)	(4,335)	(1,858)	(1,891)	27,246	28,985	24,751	21,620	23,741	21,145
otal Primary Government Net Position	\$ 134,102	125,365	118,604	116,851	162,746	166,733	165,552	167,701	165,065	162,038

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

		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses											
Governmental activities:											
Community environment	\$	3,930	4,320	5,970	11,557	16,561	14,555	16,739	13,318	14,621	15,950
General government		7,464	8,610	5,212	6,190	5,142	6,240	6,364	6,161	6,489	4,073
Leisure		1,191	1,072	1,032	1,698	1,069	1,210	1,164	947	1,150	1,250
Public health		538	530	421	405	367	983	781	941	1,094	1,490
Public safety		26,315	24,990	22,846	23,586	24,164	24,639	24,646	23,951	24,250	23,701
Highways and streets		7,393	7,272	8,417	8,171	7,662	9,557	8,565	9,776	9,509	7,965
Interest on long-term debt		1,085	1,074	1,262	1,078	1,229	1,402	1,447	1,241	1,179	1,028
Total governmental activities expenses		47,916	47,868	45,160	52,685	56,194	58,586	59,706	56,335	58,292	55,457
Business-type activities:											
Water		7,257	7,040	6,807	7,326	7,184	6,564	6,427	7,627	5,867	7,588
Sanitary Sewer		7,711	7,545	7,859	8,892	7,688	7,206	7,216	7,172	7,092	7,374
Golf		-	-	-	352	1,540	1,489	1,446	1,604	1,488	1,563
Solid Waste		3,075	3,281	3,092	2,933	2,827	2,690	2,667	2,616	2,547	2,496
Storm Water		1,299	1,236	1,168							
Non major enterprise funds		2,422	2,410	1,815	3,232	3,234	3,154	3,021	2,432	3,292	2,314
Total business-type activities expenses		21,764	21,512	20,741	22,735	22,473	21,103	20,777	21,451	20,286	21,335
Total primary government expenses	\$	69,680	69,380	65,901	75,420	78,667	79,689	80,483	77,786	78,578	76,792
Program Revenue											
Governmental activities:											
Charges for services:											
Community environment	\$	307	682	543	688	880	926	890	550	192	347
General government		3,088	2,839	2,856	2,861	2,682	2,700	2,625	2,382	2,704	2,980
Highways and streets		279	532	312	219	337	228	569	16	-	,
Leisure		-	-	78	-	16	4	2	2	1	16
Public health		322	335	263	209	192	216	236	191	167	18
Public safety		4,768	4,439	4,245	4,850	5,179	4,936	4,660	4,350	3,990	3,96
Operating grants & contributions		2,366	1,202	553	922	9,843	9,386	11,932	13,472	13,682	12,82
Capital grants & contributions		5,181	5,391	3,410	3,079	1,752	8,524	3,551	2,716	7,423	4,20
Fotal governmental activities program revenue	÷ —	16,311	15,420	12,260	12.828	20,881	26,920	24,465	23,679	28,159	24,67

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

		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Business-type activities:											
Charges for services:											
Water	\$	9,008	8,703	7,869	7,780	7,384	7,752	6,852	6,500	6,038	6,866
Sanitary Sewer		11,545	10,015	8,961	9,157	8,228	8,257	8,137	7,831	7,210	7,930
Golf course		-	-	-	27	1,161	1,165	1,152	1,358	1,408	1,393
Solid Waste		3,183	3,142	2,996	2,989	2,938	2,923	2,812	2,861	2,825	2,817
Storm Water		1,958	1,997	1,821							
Other business-type activities		397	417	421	2,192	2,150	2,064	2,057	1,910	2,078	2,007
Operating grants & contributions		1,052	1,727	1,226	1,509	1,404	1,437	1,712	2,481	1,101	1,257
Capital grants & contributions		862	2,559	180	129	163	355	337	322	754	1,119
Total business-type activities program revenue		28,006	28,560	23,474	23,783	23,428	23,953	23,059	23,263	21,414	23,389
Total primary government program revenue	\$	44,317	43,980	35,734	36,611	44,309	50,873	47,524	46,942	49,573	48,059
Net (Expense)/Revenue											
Governmental activities	\$	(31,605)	(32,448)	(32,900)	(39,857)	(35,313)	(31,666)	(35,241)	(32,656)	(30,133)	(30,787)
Business-type activities		6,242	7,048	2,733	1,048	955	2,850	2,282	1,812	1,128	2,054
Total primary government net expense		(25,363)	(25,400)	(30,167)	(38,809)	(34,358)	(28,816)	(32,959)	(30,844)	(29,005)	(28,733)
General Revenues and Other Changes in Net											
Governmental activities:											
Income taxes	\$	23,663	22,181	21,346	20,560	19,811	19,828	19,425	20,345	18,942	19,921
Property taxes		3,988	4,073	4,154	4,331	4,468	4,081	4,158	4,480	4,534	4,965
Other taxes		2,507	2,487	2,606	2,575	2,972	2,657	2,808	2,949	2,427	2,248
Grants/contributions not restricted		1,612	1,414	1,375	1,317	1,466	1,649	3,005	4,852	3,666	3,349
Investment earnings		11	(90)	115	96	41	(78)	124	111	(151)	686
Miscellaneous		1,753	1,645	1,751	1,161	1,125	1,478	895	942	1,823	6,135
Transfers		(1)	71	69	(1,942)	165	64	62	77	58	-
Total governmental activities general revenues	_	33,532	31,781	31,416	28,098	30,048	29,679	30,477	33,756	31,299	37,304
Business-type activities:											
Income taxes	\$	175	205	186	137	138	190	170	190	344	466
Investment earnings		226	153	133	28	18	123	123	189	323	694
Transfers		1	(72)	254	1,942	(165)	(64)	102	(77)	96	-
Miscellaneous		165	93	(69)	106	136	69	(62)	115	(58)	113
Total business type activities general revenues	_	567	379	504	2,213	127	318	333	417	705	1,273
Total primary government general revenues	\$	34,099	32,160	31,920	30,311	30,175	29,997	30,810	34,173	32,004	38,577
Special item	\$	-	-	-	(3,345)	-	-	-	(692)		
Changes in Net Position											
Governmental activities	\$	1,928	(667)	(1,484)	(11,759)	(5,265)	(1,987)	(4,764)	1,100	1,166	6,517
Business-type activities		6,809	7,427	3,237	(84)	1,082	3,168	2,615	1,537	1,833	3,327
		8,737	6.760	1,753	(11,843)	(4,183)	1,181	(2,149)	2.637	2,999	9,844

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

Fiscal Year	Inc	ome Tax	Prop	erty Tax	Oth	er Taxes	Total
2017	\$	23,663	\$	3,988	\$	2,507	\$ 30,158
2016	\$	22,385	\$	4,073	\$	2,487	\$ 28,945
2015	\$	21,532	\$	4,154	\$	2,606	\$ 28,292
2014	\$	20,560	\$	4,331	\$	2,575	\$ 27,466
2013	\$	19,949	\$	4,468	\$	2,972	\$ 27,389
2012	\$	19,828	\$	4,081	\$	2,657	\$ 26,566
2011	\$	19,595	\$	4,158	\$	2,808	\$ 26,561
2010	\$	20,345	\$	4,480	\$	2,948	\$ 27,773
2009	\$	19,286	\$	4,533	\$	2,427	\$ 26,246
2008	\$	20,387	\$	4,965	\$	2,248	\$ 27,600

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Reserved, nonspendable, restricted, committed or										
assigned	\$ 6,602	4,829	4,278	1,213	3,896	3,583	4,881	343	326	311
Unreserved, unassigned	6,730	5,625	5,181	7,751	5,909	7,441	6,955	11,697	10,977	11,229
Total General Fund	\$ 13,332	10,454	9,459	8,964	9,805	11,024	11,836	12,040	11,303	11,540
All Other Governmental Funds Reserved, nonspendable,										
restricted or committed Unreserved, undesignated, unassigned reported in:	\$ 12,107	11,264	11,600	10,803	11,821	13,133	13,877	10,682	3,764	4,476
Capital project funds	(91)	(514)	(342)	(82)	(646)	(1,263)	(1,372)	(138)	2,499	6,021
Debt service funds	-	-	-	-	-	-	-	892	82	1,123
Special revenue funds	 (571)	(283)	(149)	(72)	(275)	(133)	(164)	6,446	7,133	2,933
Total All Other Governmental Funds	 11,445	10,467	11,110	10,650	10,900	11,737	12,341	17,882	13,478	14,553
Total Governmental Funds	\$ 24,777	20,921	20,569	19,614	20,705	22,761	24,177	29,922	24,781	26,093

Note: Explanations of differences in various funds is available in the Management's Discussion and Analysis section.

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

		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues											
Property taxes	\$	4,009	4,086	4,258	4,311	4,281	3,694	4,158	4,480	4,533	4,965
Municipal income taxes		24,593	22,180	21,768	20,576	19,617	19,728	19,924	19,775	18,640	19,606
Intergovernmental revenues		10,275	9,978	7,608	16,035	16,872	19,611	22,675	22,330	23,325	19,921
Charges for services		4,663	4,706	4,549	4,593	4,657	4,555	4,454	4,024	4,449	4,312
Fees, licenses, and permits		388	496	403	295	317	297	224	204	187	257
Fines and forfeits		1,660	1,542	1,718	1,883	1,907	1,935	1,896	1,979	1,774	2,019
Special assessments		541	650	819	746	552	672	701	349	385	440
Investment earnings		11	(90)	115	96	41	(78)	124	111	(151)	686
Miscellaneous		3,917	3,791	3,463	3,255	3,503	3,708	3,172	3,469	2,575	3,958
Total revenues		50,057	47,339	44,701	51,790	51,747	54,122	57,328	56,721	55,717	56,164
Expenditures											
Current:											
General Government		4,881	4,596	3,952	3,695	3,511	3,815	3,879	4,323	4,060	4,334
Public safety		24,176	23,129	22,396	23,851	24,241	24,609	24,987	23,933	23,873	23,240
Public health and welfare		440	480	405	389	347	727	744	899	1,084	1,394
Leisure time activities		917	832	902	887	917	908	1,002	856	1,466	1,259
Community environment		3,473	3,902	5,590	11,633	16,583	14,177	21,202	16,422	14,616	15,907
Highways and streets		6,210	8,207	6,761	4,582	5,400	5,091	5,871	6,223	12,008	3,329
Miscellaneous		2,641	2143	2,202	1,954	2,292	2,531	2,165	1,725	3,422	1,127
Debt Service											
Principal retirement		2,518	2,709	4,538	3,329	5,176	2,414	2,228	2,129	1,822	1,896
Interest and fiscal charges		1,056	1,061	1,229	1,065	1,302	1,329	1,394	1,381	1,277	971
Bond issuance costs		-	-	-	-	-	-	-	-	-	836
Total expenditures Excess (deficiency) of revenues	•	46,313	47,059	47,975	51,385	59,769	55,601	63,472	57,891	63,628	54,293
over expenditures	\$	3,744	280	(3,274)	405	(8,022)	(1,479)	(6,144)	(1,170)	(7,911)	1,871

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

		2017	2016	2015	2014	2012	2012	2014	2010	2000	2000
Continued		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Continued											
Other Financing Sources (Uses)											
Transfers in	\$	437	230	1,069	67	1,084	163	161	258	1,075	2,842
Transfers out		(439)	(158)	(1,000)	(2,009)	(919)	(99)	(99)	(198)	(1,017)	(2,785)
Issuance of bonds		5,830		4,160	446	5,845	-	337	6,235	6,530	10,323
Issuance of notes		584	-	-	-	2,057	-	-	-	-	-
Other uses		(6,300)		-	-	(3,300)	-	-	-	11	(9 <i>,</i> 665)
Other sources		-	-	-	-	1,199	-	-	16	-	170
Total other financing sources (uses)	-	112	72	4,229	(1,496)	5,966	64	399	6,311	6,599	885
Net change in Fund Balances		3,856	352	955	(1,091)	(2,056)	(1,415)	(5,745)	5,141	(1,312)	2,756
Asset Additions	\$	6,121	7,626	5,875	2,832	6,419	7,420	10,349	7,458	14,607	10,475
Non capital expenditures Debt service as a % of noncapital	\$	40,192	39,433	42,100	48,553	53,350	48,181	53,123	50,433	49,021	43,818
expenditures		8.89%	9.56%	13.70%	9.05%	12.14%	7.77%	6.82%	6.96%	6.32%	8.45%

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

Table 6

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Property taxes	\$ 4,009	4,086	4,258	4,311	4,281	3,694	4,158	4,480	4,533	4,965
Municipal income taxes	\$ 24,593	22,180	21,768	20,576	19,617	19,728	19,924	19,775	18,640	19,606

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

A

Tax Levy/	Real	Property	Personal Pi	roperty (1)	Public	Utility (2)	Tot	als		Assessed Value as a Percent
Collection Year	Assessed	Actual	Assessed	Estimated Actual	Assessed	Actual	Assessed	Estimated Actual	Direct Tax Rate	of Estimated Actual Value
2007/2008	\$698,478	\$1,990,520	\$129,635	\$739,474	\$32,519	\$130,000	\$860,632	\$2,859,994	5.90	30.09
2008/2009	\$850,845	\$2,395,651	\$0	\$0	\$33,839	\$135,100	\$884,684	\$2,530,751	5.90	34.96
2009/2010	\$810,367	\$2,315,335	\$0	\$0	\$35,641	\$143,750	\$846,008	\$2,459,085	5.90	34.40
2010/2011	\$536,185	\$2,284,335	\$0	\$0	\$44,761	\$176,510	\$844,276	\$2,460,845	5.90	34.31
2011/2012	\$734,926	\$1,914,230	\$0	\$0	\$46,477	\$176,510	\$781,403	\$2,090,740	5.90	37.37
2012/2013	\$669,980	\$1,888,309	\$0	\$0	\$44,759	\$140,000	\$714,739	\$2,028,309	6.90	35.24
2013/2014	\$660,908	\$1,888,310	\$0	\$0	\$48,111	\$140,000	\$709,019	\$2,025,800	6.90	35.00
2014/2015	\$610,621	\$1,742,453	\$0	\$0	\$49,583	\$143,844	\$660,204	\$1,886,297	6.90	35.00
2015/2016	\$609 <i>,</i> 859	\$1,742,454	\$0	\$0	\$50,345	\$143,843	\$660,204	\$1,886,297	6.90	35.00
2016/2017	\$610,557	\$1,744,449	\$0	\$0	\$51,575	\$147,357	\$662,132	\$1,891,806	6.90	35.00

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

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

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

- (1) Other than public utility.
- (2) Real and tangible personal property

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

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

		City of	Middletown							
Collection Year	Operating	Police and Fire Pension	Senior Citizen Levy	City of Middletown Total	Butler County	Middletown City School District	Parks	Library	JVSD	Total
2008	5.30	0.60	0.00	5.90	10.45	45.75	0	0	1.93	64.03
2009	5.30	0.60	0.00	5.90	9.75	45.75	0	0	1.93	63.33
2010	5.30	0.60	0.00	5.90	9.75	47.00	0	0	1.93	64.58
2011	5.30	0.60	0.00	5.90	9.72	46.99	0.5	0.75	1.93	65.79
2012	5.30	0.60	0.00	5.90	9.72	48.65	0.5	0.75	1.93	67.45
2013	5.30	0.60	1.00	6.90	9.72	48.95	0.5	0.75	1.93	68.75
2014	5.30	0.60	1.00	6.90	9.72	49.08	0.5	0.75	1.93	68.88
2015	5.30	0.60	1.00	6.90	9.72	54.51	0.5	0.75	1.93	74.31
2016	5.30	0.60	1.00	6.90	9.72	55.39	0.7	0.75	1.93	75.39
2017	5.30	0.60	1.00	6.90	9.72	54.15	0.7	0.75	1.93	74.15

(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, 2017 and Nine Years Ago (in thousands) Table 9

Top Ten Property Taxpayers (real property)

2008 Calendar yea	ar/ 20	07 Tax Year	
		Assessed	
		Valuation	% of Total
Cincinnati Gas & Electric	-		6.60%
	\$	56,841	
AK Steel	\$	30,191	3.51%
Precision Strip	\$	8,332	0.97%
Southwestern Ohio Steel	\$	8,124	0.94%
Garden Manor	\$	7,136	0.83%
Bavarian Woods	\$	4,544	0.53%
Liberty Retirement Properties	\$	4,066	0.47%
Chaka-Chak LLC	\$	3,978	0.46%
Texas Eastern Transmission	\$	3,636	0.42%
Bay West Paper Corp	\$	1,770	0.21%
TOTAL TOP TEN	\$	128,618	14.9%
			78.0%
TOTAL ASSESSED VALUATION			
FOR CITY OF MIDDLETOWN		\$860,632	

2017 Calendar year/ 2016 Tax Year

	<u>Assessed</u>	
	Valuation	<u>% of Total</u>
Duke Energy	\$ 41,294	6.24%
AK Steel	\$ 9,977	1.51%
AJB Realty LLC	\$ 4,100	0.62%
Rockies Express Pipeline LLC	\$ 4,061	0.61%
Boymel Family LLC	\$ 3,956	0.60%
Middletown Coke	\$ 3,149	0.48%
Texas Eastern Transmission Corp	\$ 3,070	0.46%
Dynegy Dicks Creek LLC	\$ 2,935	0.44%
CTR Partnership LP	\$ 2,905	0.44%
Precision Strip	\$ 2,897	0.44%
TOTAL TOP TEN	\$ 78,344	11.83%

TOTAL ASSESSED VALUATION FOR CITY OF MIDDLETOWN

\$662,132

Source: Butler County Auditor's Office

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

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year (Millage)	Amount Levied	Amount Collected	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collected	Percent of Total Tax Collection to Current Tax Levy
2017	6.90	\$4,463	\$3,153	70.65%	\$189	\$3,342	74.88%
2016	6.90	\$4,290	\$3,233	75.36%	\$194	\$3,427	79.88%
2015	6.90	\$4,193	\$3,401	81.11%	\$203	\$3,604	85.95%
2014	6.90	\$4,198	\$3,474	82.75%	\$217	\$3,691	87.92%
2013	6.90	\$4,007	\$3,390	84.60%	\$270	\$3,660	91.34%
2012	5.90	\$3,907	\$3,409	87.25%	\$283	\$3,692	94.50%
2011	5.90	\$4,845	\$3,763	77.67%	\$213	\$3,976	82.06%
2010	5.90	\$5,207	\$4,102	78.78%	\$168	\$4,270	82.00%
2009	6.90	\$5,063	\$4,281	84.55%	\$245	\$4,526	89.39%
2008	6.90	\$5,403	\$4,776	88.40%	\$294	\$5,070	93.84%

Collected within the Fiscal Year of the Levy

The County does not identify delinquent tax collections by year.

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

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

Fiscal	Тах	Residential	Business	Withholding	Grand
Year	Rate	Income Tax	Income Tax	Income Tax	Total
2017	1.75%	\$2,456,099	\$2,962,224	\$19,027,426	\$24,445,749
2016	1.75%	\$2,569,820	\$2,062,782	\$17,652,905	\$22,285,507
2015	1.75%	\$2,953,789	\$1,916,486	\$16,701,469	\$21,571,744
2014	1.75%	\$2,934,167	\$2,005,694	\$15,620,320	\$20,560,181
2013	1.75%	\$2,914,673	\$2,023,403	\$15,011,198	\$19,949,274
2012	1.75%	\$2,506,462	\$1,757,128	\$15,396,389	\$19,659,979
2011	1.75%	\$2,602,515	\$1,618,091	\$16,075,252	\$20,295,858
2010	1.75%	\$2,666,865	\$1,698,609	\$15,510,112	\$19,875,586
2009	1.75%	\$2,878,754	\$1,521,556	\$14,319,903	\$18,720,213
2008	1.75%	\$2,477,486	\$1,818,424	\$15,802,758	\$20,098,668

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

		Governmental Activities Business-Type Activities						es	-							
Fiscal Year	O	General bligation Bonds	Ass	Special sessment Bonds		Notes Payable	0	General bligation Bonds	Capital Leases		Notes Payable		Total	Percentage of Personal Income	Ca	Per apita (1)
2017	\$	19,808	\$	1,277	\$	-	\$	10,100	\$ -	\$	-	\$	31,185	4.81%	\$	639
2016	\$	21,689	\$	1,519	\$	-	\$	10,847	\$ 80	\$	-	\$	34,135	4.93%	\$	700
2015	\$	23,910	\$	1,858	\$	-	\$	11,346	\$ 1,095	\$	-	\$	38,209	4.95%	\$	784
2014	\$	22,157	\$	2,149	\$	2,057	\$	12,574	\$ 1,997	\$	-	\$	40,934	4.96%	\$	839
2013	\$	24,295	\$	1,962	\$	2,057	\$	9,312	\$ 3,317	\$	-	\$	40,943	4.95%	\$	841
2012	\$	26,460	\$	2,222	\$	2,057	\$	10,549	\$ 3,704	\$	-	\$	44,992	5.03%	\$	924
2011	\$	28,505	\$	2,479	\$	2,057	\$	11,768	\$ 4,512	\$	-	\$	49,321	5.08%	\$	1,012
2010	\$	30,664	\$	2,375	\$	2,057	\$	12,953	\$ 5,290	\$	-	\$	53,339	4.87%	\$	1,095
2009	\$	26,341	\$	2,593	\$	2,057	\$	14,108	\$ 6,041	\$	-	\$	51,140	4.87%	\$	1,044
2008	\$	21,410	\$	2,823	\$	2,057	\$	14,967	\$ 6,765	\$	-	\$	48,022	5.09%	\$	934

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

CITY OF MIDDLETOWN, OHIO Ratios of General Bonded Debt Outstanding for Governmental Activities & Business-Type Activities Last Ten Years (amounts expressed in thousands, except per capita amount) Table 13

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Actual Taxable Value (1) of Property	Per Capita (2)
2017	\$29,908	\$27	\$29,881	4.52%	\$613
2016	\$32,536	\$150	\$32,386	3.85%	\$667
2015	\$35,256	\$176	\$35,432	5.34%	\$723
2014	\$34,731	\$370	\$34,361	4.11%	\$714
2013	\$33,607	\$55	\$33,552	4.70%	\$691
2012	\$37,009	\$210	\$36,799	5.22%	\$761
2011	\$40,403	\$522	\$39,881	5.65%	\$830
2010	\$43,617	\$548	\$43,069	6.15%	\$896
2009	\$40,449	\$460	\$39,989	5.66%	\$825
2008	\$36,652	\$617	\$36,035	4.69%	\$713

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

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

(2) Population data can be found in the Schedule of Demographic and Economic Statistics in Table 17.

CITY OF MIDDLETOWN, OHIO COMPUTATION OF DIRECT AND OVERLAPPING DEBT As of December 31, 2017 (amounts expressed in thousands) Table 14

Political Subdivision	General Bonded Debt	Percent Applicable to City	City's Share
Butler County	40,637	8.81%	\$3,578
Warren County	14,979	1.37%	\$205
Subtotal, overlapping debt		_	\$3,784
General Obligation Bond			19,808
Special Assessment debt			1,277
Subtotal, direct debt		_	21,085
Total direct and overlapping debt		_	\$24,869

Source: Butler and Warren County Auditor's Offices.

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

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

		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$	90,366	92,892	88,831	88,649	75,048	74,447	74,447	69,321	69,321	69,524
Total net debt applicable to limit	\$	13,920	19,429	24,356	24,231	22,120	21,902	19,484	19,565	21,689	19,808
Legal debt margin	\$	76,446	73,463	64,475	64,418	52,928	52,545	54,963	49,929	52,118	53,583
Total net debt applicable to the limit	t as										
a percentage of debt limit		15.40%	20.92%	27.42%	27.33%	29.47%	29.42%	26.17%	28.22%	31.29%	28.49%
					Assessed valu	ie					\$662,132
					Add back: exe	empt real pro	perty				-
					Total assed v	alue				-	662,132
					Debt limit (10).5%) of total	asses value				69,524
					Debt applicat	ole to limit:					
					General ob	ligation bond					19,808
						unt set aside		nt			
					of general	obligation de	bt				(25)
					Total net deb	t applicable t	o limit			-	19,783
					Legal debt ma	argin					49,741

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

CITY OF MIDDLETOWN, OHIO Pledged-Revenue Coverage Last Ten Years Table 16

			Debt	t Service	
Collection Year	Tax Year	Special Assessment Collections	Principal	Interest & Fiscal Charges	Coverage
2017	2016	\$245,266	\$217,000	\$80,333	0.82
2016	2015	\$376,143	\$235,700	\$86,159	1.17
2015	2014	\$626,138	\$324,647	\$103,921	1.46
2014	2013	\$355,628	\$258,643	\$100,035	0.99
2013	2012	\$348,190	\$259,700	\$107,854	0.95
2012	2011	\$401,408	\$256,791	\$113,114	1.09
2011	2010	\$424,386	\$217,300	\$124,452	1.24
2010	2009	\$328,851	\$253,500	\$137,991	0.84
2009	2008	\$385,101	\$229,900	\$149,915	1.01
2008	2007	\$589,343	\$276,399	\$163,173	1.34

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

Year	Population (1)	Personal Income (in 1,000's)	Per Capita Personal Income (1)	Median Age (1)	Education Level in Years of Formal Schooling (1)	School Enrollment (1)	Unemployment Rate (2)
					12 yrs - 67%		
2008	51,422	\$1,009,620	\$19,634	34.5	16 yrs - 13%	11,539	7.2
					12 yrs - 67%		
2009	49,000	\$1,006,607	\$20,543	36.4	16 yrs - 13%	11,366	11.2
					12 yrs - 67%		
2010	48,719	\$1,000,321	\$20,543	35.9	16 yrs - 13%	11,755	10.8
					12 yrs - 72.6%		
2011	48,731	\$959,385	\$19,716	38.0	16 yrs - 13%	11,111	10.1
					12 yrs - 74.3%		
2012	48,705	\$968,285	\$19,911	38.5	16 yrs - 15.1%	10,776	8.6
					12 yrs - 78.6%		
2013	48,659	\$982,281	\$20,199	38.5	16 yrs - 13%	10,776	7.8
					12 yrs - 78.6%		
2014	48,766	\$983,754	\$20,229	37.3	16 yrs - 16.0%	11,051	5.4
		estimate	estimate		12 yrs -83.1%	estimate	
2015	48,760	\$985,476	\$20,345	37.3	16 yrs - 16.0%	11,528	4.3
		estimate	estimate		12 yrs -83.1%	estimate	
2016	48,760	\$988,365	\$20,270	37.6	16 yrs - 15.7%	11,414	4.0
		estimate	estimate		12 yrs - 82.5%	estimate	
2017	48,813	\$1,014,627	\$20,786	37.8	16 yrs - 16.8%	11,390	3.7
		estimate	estimate				

Data Sources:

(1) US Census Bureau

(2) US Department of Labor

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

		2017	
Employer	Employees	Rank	Percentage of Total City Employment
AK Steel	2,582	1	13.0%
Atrium Medical Center	1,817	2	9.1%
CM Temporary Services, Inc.	1,642	3	8.3%
Belflex Staffing Network LLC	833	4	4.2%
Crown Services 36 LLC	814	5	4.1%
Middletown City Schools	795	6	4.0%
One Source Employee Management	751	7	3.8%
Staffmark Investment LLC	731	8	3.7%
Kroger Limited Partnership	698	9	3.5%
Gemma Power Systems LLC	648	10	3.3%
OTAL ESTIMATED CITY EMPLOYMENT	19,900		
		2008	
AK Steel	2,608	1	11.1%
CBS Personnel Services, LLC	2,219	2	9.4%
Atrium Medical Center	1,772	3	7.5%
Middletown City School District	1,274	4	5.4%
Graycor Industrial Construction	757	5	3.2%
Miami University	544	6	2.3%
McGraw/Kokosing	617	7	2.6%
CM Temporary Services, Inc.	611	8	2.6%
Garden Manor Extended Care	583	9	2.5%
Kroger	566	10	2.4%
OTAL ESTIMATED CITY EMPLOYMENT	23,600		

Data Sources: City Income Tax Division Ohio Labor Market Information (Total Estimated City Employment)

		Table	19							
Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	40	40	38	38	34	32	30.5	34.5	36.5	36.5
Public safety										
Police										
Officers	80	80	80	80	72	72	72	68	69	71
Civilians	37	37	37	37	34	32	31	31	35	33
Fire										
Firefighters & officers	84	84	84	81	72	72	66	64	67	67
Civilians	1	1	1	1	1	1	1	1	1	1
Other	32	32	26	26	26	26	28	30	32	32
Highways and streets										
Maintenance	15	15	15	15	15	15	14	14	14.5	14.5
Leisure Time Activities	8	8	7	7	7	7	6	6	6	6
Community Environment	4	7	8	9	6	4	3	2	4.5	4.5
Public health & welfare	5	4	4	4	3	3	3	3	5	5
Water	32	31	31	31	31	31	31	31	31	31
Sewer	32	31	32	32	32	32	35	35	36	36
Storm Water	4	6	6	7	7	7	7.5	7.5	9	9
Golf Course	7	6	6	5	5	5	5	0	0	0
Solid Waste	0	0	0	0	0	0	1	1	0	0.5
Transit	8	8	7	6	5	4	4	4	4	4
Internal Services	9	9	9	8	7	7	7	7	7	7
Total	398	399	391	387	357	350	345	339	358	358

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

Table 19

Source: City of Middletown Finance Administration

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

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Fire										
Number of fire responses	695	566	1,888	1,996	2,073	6,048	4,809	2,159	2,116	1,997
Average response time (minutes)	4.9	4.5	4.6	4.6	5.2	5.2	5.5	6.0	5.6	6.1
Emergency medical calls	7,807	7,969	8,158	8,513	8,400	8,185	8,484	8,633	9,268	9,834
Police										
Calls for service	42,135	46,727	43,696	49,312	45,247	45,287	52,925	44,353	40,337	40,602
Number of arrests Response time for priority calls	7,235	8,106	8,417	8,030	8,036	7,919	6,481	5,861	6,239	6,150
(minutes)	5.6	5.8	5.2	5.4	5.4	5.8	5.7	5.8	6.1	6.1
Traffic accidents	1,790	1,562	1,630	1,547	1,466	1,400	1,196	1,212	1,387	1,094
Average daily jail population	50	49	51	47	53	56	58	57	103	62
Recreation and leisure										
Community center admissions	9,244	10,179	12,011	21,900	n/a	n/a	n/a	n/a	n/a	n/a
Transit										
Unlinked passenger trips	247,979	198,333	210,397	219,596	204,362	153,824	168,753	167,837	147,614	136,787
Water										
Average daily water pumpage (million										
gallons per day)	7.55	7.38	7.68	7.32	8.84	7.93	8.80	8.30	8.93	9.00
Number of water accounts	19,060	19,381	19,200	19,031	19,179	19,200	19,097	19,006	19,094	19,017
Sewer Average daily flow (million gallons per										
day)	17.9	16.1	16.6	20.7	16.3	16.4	16.4	17.0	18.4	15.6
Sewer mains cleaned (feet)	188,504	153,442	180,895	127,397	154,512	66,224	59,892	15,040	46,748	11,869

Source: City of Middletown Departmental Data

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

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public safety:										
Fire stations	5	5	5	5	5	5	4	4	4	4
Police stations	1	1	1	1	1	1	1	1	1	1
Highways and streets:										
Streets (miles)	239	240	240	240	242	242	242	242	242	242
Traffic Lights	112	113	111	111	111	111	111	111	109	109
Water:										
Water mains (miles)	343	343	343	343	343	343	343	343	343	290
Sewer:										
Sanitary & storm (miles)	319	320	320	320	320	320	320	320	320	394
Leisure & recreation:										
Parks	36	36	36	36	36	36	35	35	35	34
Swimming pools	1	0	0	0	0	0	0	0	0	0
Community Centers	1	1	1	1	1	1	1	1	1	1
Golf Courses (public)	1	1	1	1	1	1	0	0	0	0

Source: City of Middletown

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Dave Yost • 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 Babbett

CLERK OF THE BUREAU

CERTIFIED AUGUST 28, 2018

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