

City of Sidney Ohio



Comprehensive Annual Financial Report

For the Year Ended
December 31, 2017



Dave Yost • Auditor of State

City Council
City of Sidney
201 West Poplar Street
Sidney, Ohio 45365

We have reviewed the *Independent Auditor's Report* of the City of Sidney, Shelby County, prepared by Julian & Grube, Inc., 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 Sidney is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 18, 2018

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City of Sidney, Ohio
Comprehensive Annual Financial Report
Year Ended December 31, 2017



Prepared by:
Finance Department
Ginger S. Adams, CPA, Finance Officer

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**CITY OF SIDNEY, OHIO
LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2017**

CITY COUNCIL MEMBERS

Michael Barhorst, Mayor

Martha Milligan, Vice-Mayor

Janet Born

Edward Hamaker

Joe Ratermann

Darryl Thurber

Steve Wagner

CITY MANAGER

Mark S. Cundiff

LAW DIRECTOR

Jeffrey Amick

CITY CLERK

Kari Egbert

SENIOR DIRECTORS

Gary Clough	Assistant City Manager/Public Works Director
Ginger Adams, CPA	Finance Officer
William Balling	Police Chief
Barbara Dulworth	Community Services Director
Duane Gaier	Parks & Recreation Director
Bradley Jones	Fire Chief



City of Sidney

Letter of Transmittal for 2017 Comprehensive Annual Financial Report

June 21, 2018

Honorable Mayor, Members of City Council and Citizens of the Sidney, Ohio:

The Comprehensive Annual Financial Report (CAFR) of the City of Sidney, Ohio for the year ended December 31, 2017, is hereby submitted for your review.

Ohio law requires that cities file their annual financial reports with the Ohio Auditor of State's office. Additionally, the Ohio Administrative Code requires that those reports be prepared pursuant to generally accepted accounting principles. The preparation of this CAFR represents the commitment of the City of Sidney to adhere to nationally recognized standards of excellence in financial reporting.

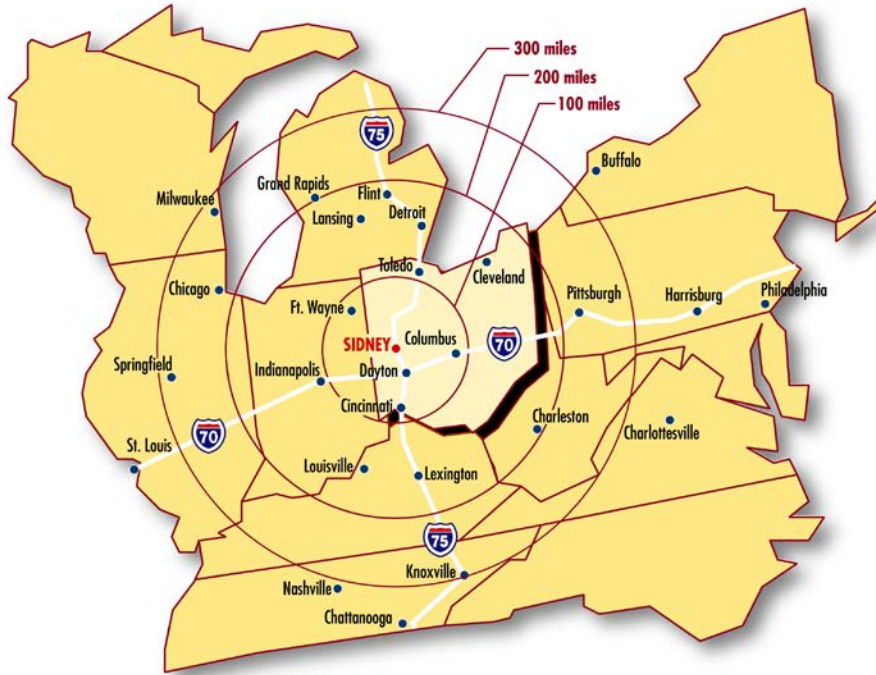
City of Sidney staff prepared all statements, schedules, and other presentations in this report. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control established for this purpose. Since 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.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

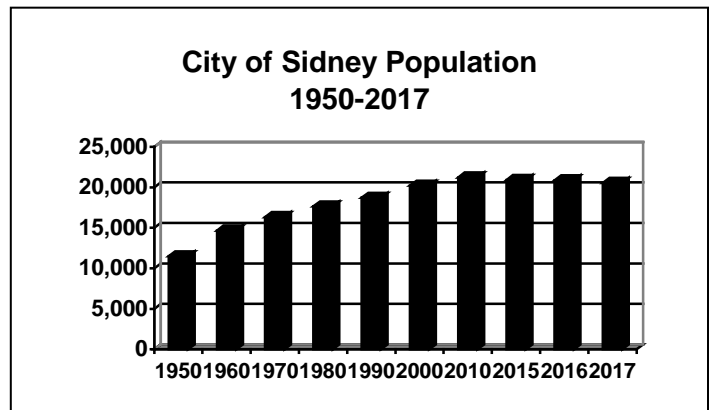
The independent accounting firm of Julian & Grube, Inc. audited the basic financial statements of the City of Sidney that are included in this report. The financial statements have received an unmodified ("clean") opinion. The independent auditor's report is located at the front of the financial section of this report. The audit was designed to meet the requirements of the Federal Single Audit Act and the related Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The auditors' report on internal controls and compliance with applicable laws and regulations can be found in a separately issued single audit report.

PROFILE OF THE CITY

The City of Sidney is a progressive, growing community located on Interstate 75 in west central Ohio, approximately 37 miles north of Dayton, 85 miles west of Columbus, 100 miles south of Toledo, and 120 miles east of Indianapolis. The City is serviced by Interstate 75 and State Routes 29 and 47, as well as CSX and Conrail railroads. The City of Sidney is the county seat of Shelby County and is the only city within the county.



The City's population growth trend averaged 14.1% per decade from 1950 to 2010. The 2010 Census reported a total population of 21,229, an increase of 5.0% over the 2000 census. However, the population estimate for 2017 is 20,564, a 3.1% decrease in population over the last seven years. This trend mirrors Shelby County, which experienced a 3% decrease in population since 2010.



Municipal Services and Facilities

Sidney is a total service community providing a broad range of services for the citizens of the community, including: police and fire protection; emergency medical / ambulance services; water treatment and distribution; sanitary sewer and waste water treatment services; storm water monitoring and management; street construction and maintenance; refuse / garbage collection and disposal; parks and recreation facilities and programs; operation and maintenance of a municipal

cemetery; operation and maintenance of a municipal airport; and operation and maintenance of a county-wide transit system.

Governmental Organization

In 1954, the voters of Sidney adopted a charter and approved a council-manager form of government. Accordingly, the City may exercise all powers of local self-government under the Ohio Constitution to the extent not in conflict with applicable general laws of the State. This form of “home rule” provides a great measure of local administrative and legislative control and efficiencies while maintaining direct participation by the residents of the community.

The legislative authority of the City is vested in a seven-member Council. Three members are elected at large and four represent specific wards of the City. Council members are elected to over-lapping four-year terms. The Council enacts legislation to provide for City services, adopts budgets, levies taxes, borrows money, licenses and regulates businesses and trades, and performs such other duties consistent with the Charter. The presiding officer of the Council is the Mayor, who is a member of Council. The Mayor is elected to that position by a vote of the Council members. Council positions, including the Mayor, are part-time positions. The chief executive and administrative officer of the City is the City Manager, who is appointed for an indefinite term and serves at the pleasure of Council.

Budgetary Controls

City Council adopts an annual budget for all funds and approves subsequent amendments to that budget as needed. The annual budget serves as the foundation for the City’s financial control. The “legal level of control” is the level of detail as approved by Council in its appropriation ordinances. Total expenditures and encumbrances cannot exceed the amount approved by Council at the legal level of control. Legal level of control for the City of Sidney is based on object of expenditure for each department as follows: 1) Personal Services and 2) Contractual, Materials and Other.

As a budgetary control, a purchasing control system is maintained which generally requires that an applicable appropriation be encumbered, or reserved, before a purchase may be made or a contract executed.

ECONOMIC CONDITIONS AND OUTLOOK

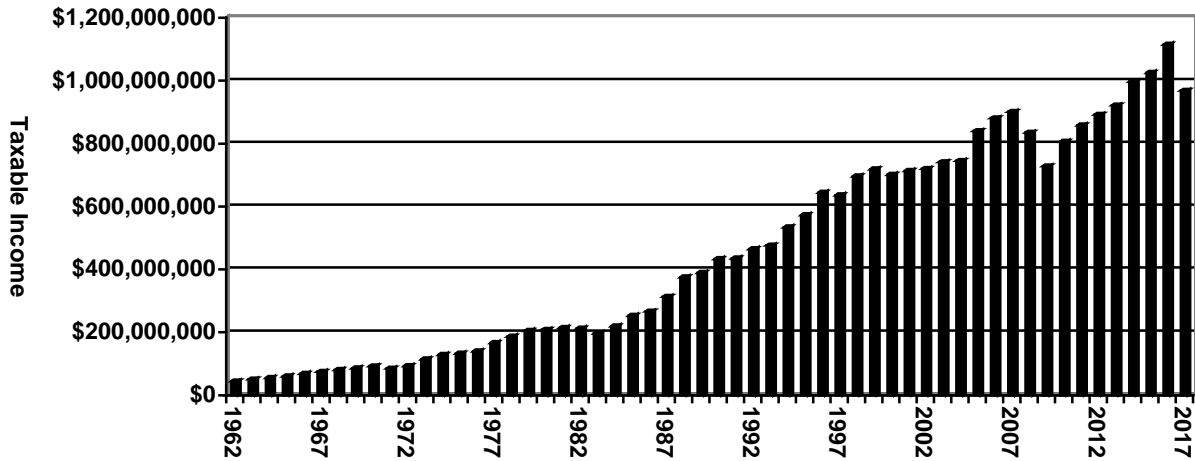
Economic Environment - Historically

Sidney’s history as a strong industrial center is rooted in its strategic location. The construction of the Miami-Erie Canal between 1825 and 1837 connected Sidney with the major trade centers in Ohio to the north and south. The need for labor to construct the canals provided an influx of settlers to the area. The opening of the canal in 1837 brought an increase in regional trade and the first significant period of economic growth in Sidney. As the influence of the canal declined, railroads emerged. East-west rail began to be laid in Sidney in 1851, followed by north-south rail in 1856. The rail system offered a more rapid and economical means of transport for goods and passengers, further enhancing growth in Sidney. Sidney is still served by these railroad lines today. The construction of I-75 through Sidney in 1962 was another major event in the City’s development. Creating a transportation link between Michigan and Florida, the interstate sparked an inflow of automobile-related factories, as well as warehouse and distribution

facilities. Today, Sidney has four interchanges on Interstate 75, providing quick and convenient access for both commercial and industrial users.

The local economy grew at a robust pace from 1962 through 1989, reflected by an average growth rate in the City of Sidney income tax base of 8.6% per year. Even though the growth rate slowed somewhat over the years, it still averaged 6.4% growth per year from 1990 through 1999.

**City of Sidney Income Tax
Taxable Income 1962-2017**



From 1999 through 2004, the City experienced an economic slowdown. There was a “bounce back” year of considerable growth in 2005 with an increase in taxable income of 12.7%. The most recent national recession resulted in the loss of nearly 20% of the City’s tax base from 2007 to 2009. Average annual growth for the decade ended December 31, 2009 was 0.3%.

Post-recession recovery resulted in average annual growth of 6.3% from 2009 to 2016, largely fueled by growth in the taxable net profits of the City’s businesses, while the growth in taxes withheld from Sidney’s employees has been modest. In 2017, Sidney’s taxable income declined 13.1%, bringing the decade-to-date growth down to 3.9%. Early in 2017, the City was notified that several businesses were lowering their estimated net profits’ tax payments significantly. Accordingly, plans to invest in additional capital projects and reinstate staffing over the next five years were curtailed.

2017 Economic Activity and Outlook for the Future

Sidney is a City with fundamental strengths – interstate highway location, a large and diverse industrial foundation, stable political environment, long-term close relationship between City government and the private sector, developable land, and capacity to provide services as the City grows.

The City of Sidney has a strong industrial base that is diversified and not dependent upon one sector of the economy. Shelby County has the highest percentage (38%) of manufacturing jobs per capita of all counties in Ohio. The ten largest employers operating within the City in 2017 were:

<u>Employer</u>	<u>Primary Business</u>	<u>Average number of employees</u>
Emerson Climate Technologies	Air compressor manufacturing	1,575
NK Parts Industries	Test, assemble, and ship auto parts	716
Wilson Health	Acute care facility	618
Norcold	Refrigerators for the RV, marine & truck industries	435
Sidney City Board of Education	Public education	425
US Foods (formerly Freshway Foods)	Processor of fresh foods	415
American Trim	Auto and appliance stampings	410
Area Energy & Electric Inc.	Electrical, heating and plumbing services	380
Advanced Composites	Plastic supplier to automotive industry	350
Schwan's Mama Rosa's	Processor of pizza products	350

Source: Sidney-Shelby Economic Partnership

In addition, a Honda of America Mfg., Inc. auto engine plant with approximately 2,600 employees is located just eight miles outside of the City. It is Honda's largest engine plant in the world and significantly benefits the City's industrial, commercial, residential and income tax bases. Honda is a major source of income tax revenue for the City because it employs a large number of Sidney residents. Honda withholds City income tax on its employees who reside in the City.

Wilson Health, another significant Sidney employer, expanded their facility in 2016 with the construction of a new 48,000-square foot medical office building on the hospital's main campus. The \$10.5 million project is the new home of Wilson Care practices, bringing together the hospital's group of 26 outpatient specialists who were formerly located around the county. During August 2016, the hospital purchased almost 25 acres in Sidney for \$1.47 million with plans to build a cancer center. Plans are underway to bring this addition to the area.

Sidney's largest employer, Emerson Climate Technologies, broke ground on July 13, 2017, beginning a multi-million dollar renovation and expansion. Emerson is expected to invest \$100 million over the next four years on a project that includes the rehabilitation and redesign of their existing office, lab and manufacturing spaces to transform their facility into a modern working environment, and construct a 20,000 square foot addition for additional office space. To ensure project success, the City provided three types of economic development assistance. First, the City entered into a cooperative agreement with the Dayton-Montgomery County Port Authority to essentially provide Emerson with sales tax relief on the materials purchased for the renovation. Next, the City granted Emerson a four-year Municipal Income Tax Job Retention Tax Credit. As long as over the next eight years Emerson maintains a Sidney labor force of at least 1,126 full-time equivalents and annual payroll of \$80.9 million, they will receive an annual tax credit of \$125,000 for four years. This tax credit may be used to reduce their Sidney net profits' tax. Finally, the City awarded Emerson a ten-year, 75% Enterprise Zone (EZ) property tax abatement on the increased value of the improvements.

During 2017, Perfection Bakeries, Inc. (doing business as Aunt Millie's) began a 14,000 square feet expansion of their current Sidney facility to increase production and warehousing capabilities. The project is expected to involve an investment of \$1.75 million and increase their Sidney employment by approximately 23%. Perfection received a ten-year, 51% EZ property tax abatement on the increased value of the improvements.

Another 2017 project was the announcement that US Foods (formerly known as Freshway Foods) is planning to expand their production area by 35,000 square foot. US Foods' Sidney location is a fresh fruit and vegetable processor, repacker, distributor and logistics provider servicing every major market in the eastern half of the United States. This expansion is expected to cost at least \$10.5 million and create 25 new jobs over the next five years, expanding the number of produce offerings and frequency of deliveries. To provide economic development assistance, the City awarded Freshway a ten-year, 75% EZ property tax abatement on the increased value of the real estate.

In addition to EZ agreements, the City utilizes, where appropriate, the creation of Community Reinvestment Act (CRA) areas and related CRA tax abatements. Both EZ's and CRA's are economic development tools designed to provide property tax abatement over a period, not to exceed ten years. The most recent example of its use in Sidney is a ten-year, 90% CRA property tax abatement awarded to a property owner who is planning to invest approximately \$6.8 million constructing a new extended stay hotel.

To encourage further economic growth, the City has reserved vacant acreage considered choice industrial sites in an Industrial Zoning Classification. These sites generally have all utilities within connection distance. In 2017, the City of Sidney was included in Site Selection's ranking of the United States' Top 100 Micropolitans. Sidney tied in the number 18 spot, having five projects meeting the award parameters. In 2016, Sidney was 32nd on the list of Top 100 Micropolitans. Site Selection's award focuses on new corporate facility projects with significant impact, including headquarters, manufacturing plants, research & development operations and logistics sites, among others. The Office of Management and Budget (OMB) has identified 536 micropolitans in the United States. The OMB defines a micropolitan statistical area as one or more adjacent counties that has one urban core area (a city) of at least 10,000, but less than 50,000, plus adjacent territory that has a high degree of social and economic integration with the core (measured by commuting ties).

According to 2015 United States Census Data, Shelby County realizes a net gain of 3,221 workers on a daily basis. While Sidney and Shelby County import a significant portion of their workers, surrounding counties realize a net loss. Miami County sustains a net loss of 7,175 workers per day, Darke County losses 6,594 workers, and Auglaize County losses a net 2,040 workers each day.

In order to fund both multi-million dollar wastewater plant and sewer system capital and operating upgrades required by the Ohio Environmental Protection Agency (Ohio EPA) and the acquisition and construction of a new water source, significant utility rate increases were implemented in 2013 through 2015. Such increases contributed to Sidney's combined water and sewer charges dropping from 5th lowest in a City of Oakwood survey of 63 area communities in 2012 to 53rd in that same survey for 2018. Since many area communities are likely to experience the same regulatory burden and mandated cost outlays in upcoming years, it is anticipated that once those cities raise their rates to comply, Sidney's rates will once again rank lower compared

to peer communities. As a case in point, the combined water and sewer charges for neighboring City of Piqua ranked 1% lower than Sidney in 2015. By 2017, the City of Piqua's combined rate now ranks 16% *greater* than Sidney.

Looking at a more comprehensive cost comparison, the City of Sidney ranks as a low cost city. A 2013 City of Troy survey that rated certain Quality of Life Costs in Southwest Ohio communities, Sidney ranked the lowest cost out of 31 area cities. "Quality of Life Costs" ranked in this survey included such expenses as household property & income taxes; refuse, storm water and license plate fee; and water and sewer costs. Tipp City conducted a similar study in 2009 and Sidney ranked the lowest cost city when compared to 27 area cities. Most recently, in 2015, the City of Piqua conducted a Municipal Cost Comparison, adding electric charges as one of the variables. Sidney ranked as the 29th lowest cost of the 31 cities Piqua surveyed. To achieve such a favorable outcome in light of the City's recent utility rate increases speaks favorably for the City of Sidney's economic environment.

Another factor that contributes to the growth and stability in Sidney is a spirit of cooperation between the public and private sectors. The Sidney-Shelby Economic Partnership (SSEP) is a non-profit corporation organized to create more employment opportunities and retain the existing employment base in the Sidney and Shelby County area. As a response to area employers seeking qualified employees to fill positions, SSEP introduced and continues to develop the Workforce Academy. The Academy works in the Sidney City School system to introduce students to the various careers available teaching them the skills necessary to enter those careers. The program has grown from 50 students to over 1,200 students.

One of the fastest growing trends in the site location business is the demand for project-ready industrial sites. The SSEP, in conjunction with Dayton Power & Light and site selection consultant McCallum Sweeney, recently certified two Sidney sites – the Sidney Ohio Industrial Park and the Amos Industrial Park. The sites are now "shovel ready" for industrial development. The certified site status insures a new company that the sites are free of any detriments that may slow or stop development. The sites will now be marketed internationally as "certified sites".

The City works to promote and encourage economic development. The City makes available a Municipal Job Creation Income Tax Credit program and a Municipal Job Retention Grant Program. Where appropriate, the City utilizes tax increment financing (TIF) as an economic development tool to help grow our community. The City's first TIF arrangement, entered into during 2006, opened up approximately 43 acres on the west end of the City for commercial development. The TIF arrangement is an economic development tool that, in this case, financed the elimination of the sewer pump station at the corner of Vandemark Road and Fair Road and the construction of a 24" extension of the Southwest Sanitary Sewer Interceptor. In 2007, the City arranged its second TIF arrangement to finance the construction of water and sewer infrastructure that not only allowed an area manufacturer to relocate its operations within the City, but also opened up an additional 290 acres for possible future industrial development. In 2009, another TIF arrangement was approved to finance future construction of public infrastructure to serve the Echo Business Center subdivision located on Vandemark Road.

Focuses on Long –Term Planning and Financial Policies

The City Council and staff of the City of Sidney are committed to making financial decisions based on a long-term perspective and rooted in sound financial policies. City Council has adopted a comprehensive set of financial policies covering subjects such as fund balance reserves, debt,

user charge coverage, and budget-balancing strategies. Council and staff review these policies each year. Those policies act as guardrails around the decisions made by staff and Council. One very important such policy is that the City will maintain a long-term focus in its financial planning activities. Toward that end, City Council adopts an annual update to a five-year capital and operating financial plan.

The product of the five-year plan is a set of strategies for maintaining financial stability and compliance with our financial policies. The City has used this planning process to make early identification of financial trends and timely implementation of financial strategies to counteract the impact of economic downturns. Since the last national recession, the City has begun to update the five-year financial plan more often than annually in order to make mid-year budget adjustments as necessary. During 2017, mid-year budget corrections were made in response to unexpected reductions in the City's collection of income tax when several companies reduced their estimated tax payments. The goal is to make timely expenditure reductions as necessary to maintain fiscal stability for now and the future.

Standard & Poor's has acknowledged the City's "strong financial management policies" and in 2009 upgraded the City's bond rating to AA. Standard & Poor's reaffirmed that rating in 2010, 2011, 2013 and again in 2014. City staff and Council are committed to making the financial adjustments necessary to maintain the strong financial position of the City.

Major Initiatives

For the Year and the Future:

- During May 2017, City Council approved the updated City of Sidney Comprehensive Plan. This document establishes a policy framework to guide the expansion of the City and future development over a ten- to fifteen-year period. The major plan themes and initiatives identified included the following:
 1. Neighborhood revitalization
 2. Downtown revitalization
 3. Aggressive property maintenance enforcement
 4. "Activate" the Riverfront
 5. Promote pedestrian connectivity
 6. Improve public and private partnerships
 7. Beautify the corridors
 8. Improve the gateways
 9. Heighten community planning resources
 10. Ensure effective community services to support growth and revitalization
- Biennially, City Council holds a planning retreat to identify and prioritize their goals, strategies and action plan for the next two-year period. The last retreat was held on April 9, 2018 with the following Council Goals identified:
 1. ***Continue the development of the underground water source through the purchase of additional property and the establishment of additional wells.*** For 2018, approximately \$3.2 million is available for cash funding of additional water source property acquisitions and construction of the remaining well. As discussed more fully in the MD&A and Note 7 of the Financial Statements, funding to date has been largely financed with long-term, low interest loans received by the Ohio Water Development Agency.
 2. ***Continue to pursue enhanced recreational opportunities through the***

development of recreational trails including the Great Miami River Trail and collaborating with the Shelby County Park District. Staff continues to apply for grants and seek other opportunities to extend the Trail from the City of Sidney to neighboring City of Piqua.

3. *Focus on downtown revitalization by marketing tax incentives for redevelopment of properties, transitioning The Ohio Building into private ownership, and supporting the efforts of Sidney Alive.* During 2017, the City obtained ownership of this long vacant building. For 2018, it is anticipated that approximately \$500,000 will be spent to replace the dilapidated roof and “button up” the building.
 4. *Find ways to revitalize neighborhoods, including the downtown, through concerted efforts with the Shelby County Land Reutilization Corporation (Land Bank) and strengthening property maintenance codes for rental, vacant, and owner-occupied housing and commercial properties.* In 2018, City Council approved policies to officially commit financial assistance to the Land Bank in order to rehabilitate the most dilapidated of residences. New for the 2018 budget is the addition of a Vacant Property Inspector position to operate a proposed vacant property registration and inspection program, paid for with a portion of lodging tax dollars.
 5. *Effectively communicate the need for permanent tax levy funding to provide for improved public safety services.*
 6. *Effectively communicate the need for permanent tax levy funding to provide for an ongoing aggressive street maintenance program.*
- The year 2017 marks the third year collecting an additional 0.25% income tax dedicated to constructing, reconstructing, resurfacing and maintaining Sidney’s streets, alleys, bridges, curbs and gutters. Cash collections totaled nearly \$2.4 million in 2017. Over the five-year levy, this tax should generate at least \$12.8 million. Over \$6.2 million has been spent to date with another \$3.3 million budgeted for 2018 road and bridge projects.
 - With this additional 0.25% income tax expiring at the end of 2019, City Council and staff are exploring options to permanently extend or increase the tax levy, with a portion remaining dedicated to road and bridge projects and another portion committed to public safety. Plans are underway to build and staff a third fire station. In 2016, City Council approved spending approximately \$363,000 for the purchase of approximately 12.5 acres of land for the future station. Pending receipt of grant funding or donations, \$475,000 is budgeted in 2018 for purchase of an additional 14.5 acres of land. Meanwhile, \$50,000 is included in 2018 for the initial building design. Funding for the construction and staffing of this third station is dependent upon voters’ approval of a tax levy.
 - With the completion in 2017 of Phase I of the wastewater treatment plant and sewer collection system improvements at a cost of approximately \$12.0 million, Phase II of the construction project is slated for 2018 at an estimated cost of about \$6.3 million. As discussed in Note 18 of the Financial Statements, Phase II project will be paid for with the proceeds of low interest, long-term debt received by the Wastewater Pollution Control Loan Fund.
 - Since much of Sidney’s stormwater system is over 60 years old and in need of repair and/or replacement, a \$0.90 per ERU stormwater capital fee was added in 2018 in order

to increase funds available for stormwater capital projects. The 2018 total stormwater fee was increased from \$1.02 to \$1.93 per equivalent residential unit in 2018. However, it remains one of the lowest such fees in the state, as typical rates in other cities are often \$3 and up.

AWARDS

Certificate of Achievement for Excellence in Financial Reporting. 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 Sidney 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 must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for one year only. The City of Sidney has received the Certificate of Achievement for nineteenth consecutive years. We believe that this comprehensive annual financial report for the year ended December 31, 2017 continues to meet the Certificate of Achievement Program's requirements and we will submit it to the GFOA to determine its eligibility for another certificate.

Distinguished Budget Presentation Award. The City received the GFOA's Distinguished Budget Presentation Award for its annual budget document for 2017, the nineteenth consecutive year the City has received this award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

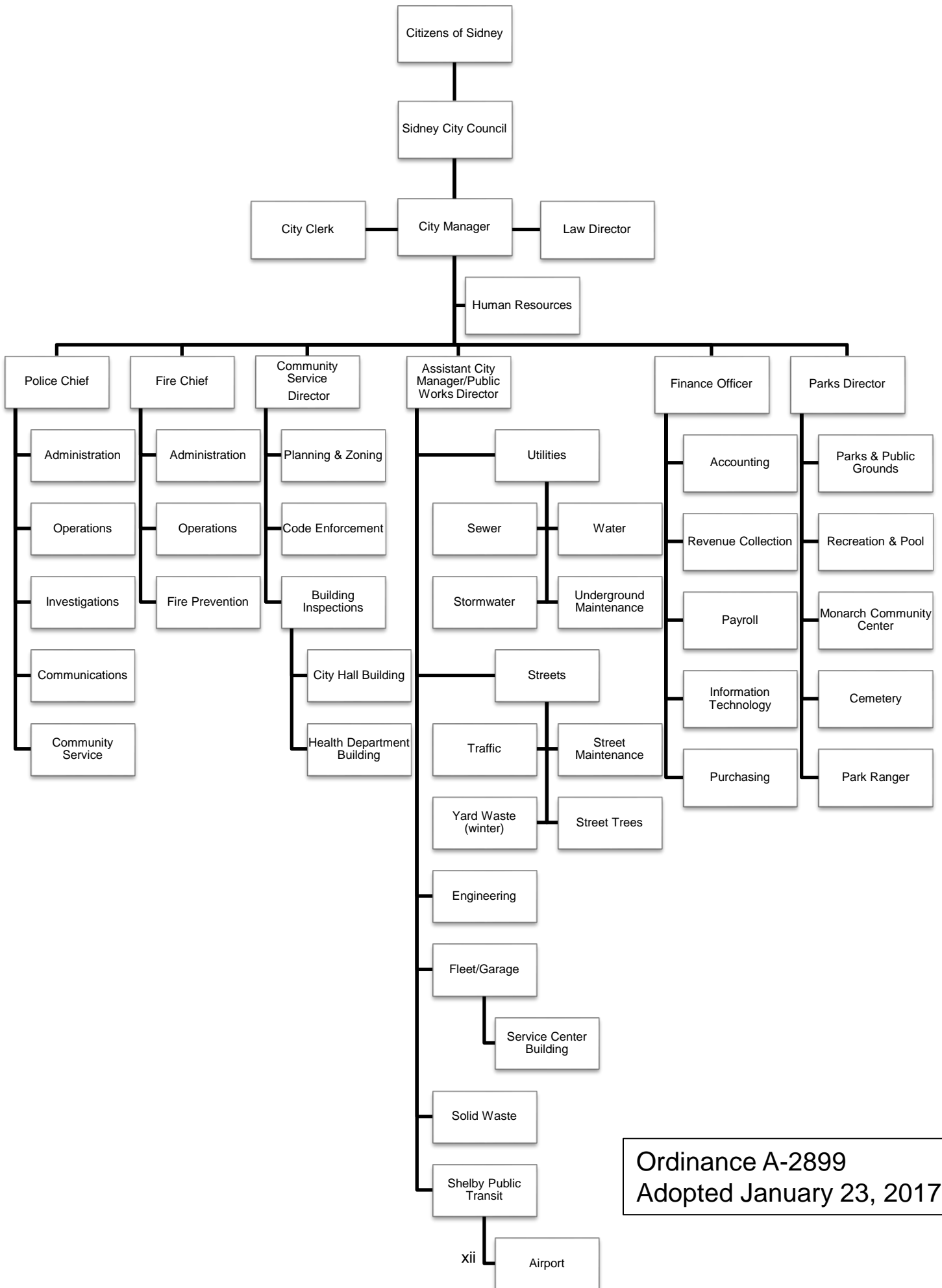
ACKNOWLEDGEMENTS

The preparation of this report was made possible by the efforts of the Finance Department staff, including Jennifer Wagner, Purchasing Agent, and Lori Rittenhouse, Payroll Coordinator and Renee DuLaney, CPA, Assistant Finance Officer. Our sincere appreciation is extended to all members of the City of Sidney staff, whose efforts have made this report possible.

Finally, special thanks are extended to Mayor Michael Barhorst and all City Council members whose support enables the City of Sidney to strive for excellence in its financial reporting and to maintain high standards of financial integrity.

Respectfully submitted,

Ginger S. Adams, CPA
Finance Officer



Ordinance A-2899
 Adopted January 23, 2017



Government Finance Officers Association

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

Presented to

**City of Sidney
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

City of Sidney
Shelby County
201 West Poplar Street
Sidney, Ohio 45365

To the City Council and City Manager:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sidney, Shelby County, Ohio, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Sidney's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sidney, Shelby County, 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 the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 19 to the financial statements, during the year ended December 31, 2017, the City of Sidney adopted Governmental Accounting Standard No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2018, on our consideration of the City of Sidney's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Sidney's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 21, 2018

CITY OF SIDNEY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

The management of the City of Sidney provides the following information as an introduction, overview and analysis of the City's financial statements for the year ended December 31, 2017. Readers should also review the basic financial statements on pages 15 – 25 to further enhance their understanding of the City's financial performance.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can first understand the City of Sidney as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial information.

The Statement of Net Position and Statement of Activities (referred to collectively as the government-wide statements) provide information about the activities as an entire operating entity, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The proprietary funds' statements are prepared on the same basis as the government-wide statements.

Reporting on the City of Sidney as a Whole

Statement of Net Position and Statement of Activities

These government-wide statements answer the question, "How did the City as a whole do financially during 2017?" They are prepared on the accrual basis of accounting, much the same way as for a private enterprise. This basis of accounting includes all assets and liabilities and takes into account all of the reporting year's revenues and expenses regardless of when the cash was received or paid.

- *The Statement of Net Position.* This statement (page 15) reports all assets and liabilities of the City as of December 31, 2017. The difference between total assets and total liabilities is reported as "net position". Over time, increases in net position generally indicate an improvement in financial position while decreases may indicate a deterioration of financial position.
- *The Statement of Activities.* This statement (page 16) serves the purpose of the traditional income statement. It provides consolidated reporting of the results of all activities of the City for the year ended December 31, 2017. Changes in net position are recorded in the period in which the underlying event takes place, which may differ from the period in which cash is received or disbursed. The Statement of Activities displays the expense of the City's various programs net of related revenues, as well as a separate presentation of revenues available for general purposes.

Both of the government-wide statements distinguish functions of the City of Sidney that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, police, fire, judicial, street repair and maintenance, community development and parks. The business-type activities of the City include water, sewer, solid and yard waste collection, stormwater, public transportation, airport, and swimming pool.

Reporting on the City of Sidney's Most Significant Funds

Fund financial statements

These statements provide financial position and results of the City's major funds. A fund is an accounting entity created to account for a specific activity or purpose. Major funds of the City of Sidney are the General Fund, Street Repair & Maintenance Fund, Capital Improvement Fund, Municipal Earned Income Tax for Street Capital Fund, Water Fund, Sewer Fund, and Stormwater Fund. The creation of some funds is mandated by law and others are created by management to demonstrate financial compliance with budgetary or legal requirements. Funds are classified into three broad categories: governmental funds, proprietary funds, and fiduciary funds.

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- *Governmental funds.* Governmental funds are used to account for “governmental-type” activities. Unlike the government-wide financial statements, governmental fund statements use a “flow of financial resources” measurement focus. That is to say, the operating statement of a governmental fund attempts to answer the question “Are there more or less resources that can be spent in the near future as a result of events and transactions of the reporting period?” Increases in spendable resources are reported in the operating statement as “revenues” or “other financing sources.” Decreases in spendable resources are reported as “expenditures” or “other financing uses.” We describe the differences between governmental funds and governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) in reconciliations presented beside the governmental fund financial statements on pages 18 and 20.

The City of Sidney maintains 35 separate governmental funds. The governmental fund financial statements on pages 17 and 19 separately display the governmental funds considered to be major funds. All other governmental funds - the “non-major” funds - are combined into a single column. Detailed financial data for each of the non-major governmental funds is provided in combining statements in the supplementary information section of this report.

- *Proprietary funds.* There are two types of proprietary funds: enterprise funds and internal service funds.
 - Enterprise funds – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises for which either 1) the intent is that the costs (expenses, including depreciation) be recovered primarily through user charges, or 2) determination of net income is appropriate for management control, accountability or other purposes.

The City of Sidney’s Water Fund, Sewer Fund, and Stormwater Fund are all considered to be major funds and are displayed separately in the proprietary fund statements on pages 21 through 23. The City has five other proprietary funds, the activities of which are combined into one column for non-major funds.

- Internal service funds – Often, governments wish to allocate the cost of providing certain centralized services (e.g., fleet maintenance, revenue collections, information technology) to the other departments of the government entity that use the services. An internal service fund is the appropriate accounting mechanism when it is the intent of the government to recover the full cost of providing the service through user charges to other departments.

The City of Sidney’s five internal service funds are combined into a single column in the proprietary fund financial statements. Detailed financial data for those funds can be found in the combining statements in the supplementary information section of this report.

- *Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Of the City of Sidney’s eight fiduciary funds, five are custodial funds and three are private-purpose trust funds. The custodial funds are combined and shown as a single column as well as private-purpose trust funds are combined into a single column in the fiduciary statement of net position, on page 24 of this report. The statement of changes in fiduciary net position reported on page 25 includes the private-purpose trust funds reported in a single column. Detailed financial data for the custodial funds can be found in the combining statements in the supplementary information section of this report.

CITY OF SIDNEY, OHIO
Management's Discussion and Analysis
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Other Information

Notes to the basic financial statements.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 26 – 59 of this report.

Required supplementary information.

In addition to the basic financial statements and notes, this report also contains required supplementary information (RSI). Included in the RSI is the proportionate share of net pension liability and schedule of pension payment amounts. RSI also contains the budgetary schedules for the General Fund and major special revenue funds. This data is on pages 60 to 67 of this report.

The City of Sidney as a Whole

The following table presents condensed information on net position as of December 31, 2017 and 2016.

Net Position
December 31, 2017 and 2016

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Assets:</u>						
Current and other assets	\$ 26,081,112	\$ 26,632,087	\$ 19,406,015	\$ 19,847,088	\$ 45,487,127	\$ 46,479,175
Capital assets	<u>60,960,659</u>	<u>57,198,255</u>	<u>85,580,268</u>	<u>80,445,489</u>	<u>146,540,927</u>	<u>137,643,744</u>
Total assets	<u>87,041,771</u>	<u>83,830,342</u>	<u>104,986,283</u>	<u>100,292,577</u>	<u>192,028,054</u>	<u>184,122,919</u>
Deferred outflows	<u>5,971,264</u>	<u>6,156,428</u>	<u>1,619,259</u>	<u>1,303,827</u>	<u>7,590,523</u>	<u>7,460,255</u>
Total assets and deferred outflows	93,013,035	89,986,770	106,605,542	101,596,404	199,618,577	191,583,174
<u>Liabilities:</u>						
Current and other liabilities	3,125,390	1,973,168	1,680,175	2,630,559	4,805,565	4,603,727
Long-term liabilities	6,263,539	6,674,631	44,510,854	41,969,121	50,774,393	48,643,752
Net pension liability	<u>24,003,371</u>	<u>23,312,981</u>	<u>4,252,542</u>	<u>3,382,910</u>	<u>28,255,913</u>	<u>26,695,891</u>
Total liabilities	<u>33,392,300</u>	<u>31,960,780</u>	<u>50,443,571</u>	<u>47,982,590</u>	<u>83,835,871</u>	<u>79,943,370</u>
Deferred inflows	<u>3,524,820</u>	<u>2,576,909</u>	<u>64,394</u>	<u>71,621</u>	<u>3,589,214</u>	<u>2,648,530</u>
Total liabilities and deferred inflows	<u>36,917,120</u>	<u>34,537,689</u>	<u>50,507,965</u>	<u>48,054,211</u>	<u>87,425,085</u>	<u>82,591,900</u>
<u>Net Position:</u>						
Net investment in capital assets	56,673,279	52,535,603	41,249,363	40,496,079	97,922,642	93,031,682
Restricted	5,459,700	6,221,211	-	-	5,459,700	6,221,211
Unrestricted	<u>(6,037,064)</u>	<u>(3,307,733)</u>	<u>14,848,214</u>	<u>13,046,114</u>	<u>8,811,150</u>	<u>9,738,381</u>
Total net position	<u>\$ 56,095,915</u>	<u>\$ 55,449,081</u>	<u>\$ 56,097,577</u>	<u>\$ 53,542,193</u>	<u>\$ 112,193,492</u>	<u>\$ 108,991,274</u>

The City's assets and deferred outflows were greater than its liabilities and deferred inflows of resources by nearly \$112.2 million at the close of 2017, as compared to approximately \$109.0 million at close of 2016, an increase of about \$3.2 million.

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The largest impact on the City's financial statement in 2017 had absolutely no impact on the City's financial condition; GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27". GASB 68 required the City to recognize a net pension liability of approximately \$28 million. For reasons discussed below, this liability serves only to distort the true financial position of the City. Users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension. The resulting net position would be \$133,863,948, which is nearly \$21.7 million more than the net position reported.

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

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

1. Present value of estimated future pension benefits attributable to active and inactive employee's 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 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 of 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 of the statement of net position.

The component, "Net investment in capital assets" increased approximately \$4.9 million, or 5.2%, from approximately \$93.0 million at December 31, 2016 to about \$97.9 million at December 31, 2017. Increases in this category of net position generally means that the sum of capital asset additions and bond principal repayments were more than the sum of depreciation expense, disposed assets, and additional debt now associated with capital assets. During 2017 the City spent approximately \$14.9 million for capital additions. Nearly \$2.5 million was related to the new water source project and nearly \$1.0 million related to lime sludge lagoon which were purchased with an Ohio Water Development Authority loan. Another \$2.4

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Unaudited

million was spent for sewer equipment for the sewer inflow and infiltration reduction program and waste water treatment plant design changes required by the Ohio EPA of which nearly \$1.7 million of restricted cash proceeds was utilized and nearly \$100,000 was purchased with Water Pollution Loan Control Funds. An Ohio Public Works Loan for Fielding Road was issued in the amount of \$157,000. Bond principal repayments were about \$1.7 million and total depreciation expense for capital assets were nearly \$6.3 million.

Restricted net position is subject to external restrictions as to their use. This category decreased approximately \$760,000, or 12.2%, from December 31, 2016 to December 31, 2017. This decrease is primarily attributable to proceeds from the street municipal income tax levy of one quarter of a percent restricted for street capital projects spent on street projects.

Unrestricted net position is available for future use as directed by City Council. Overall, this category decreased nearly \$930,000 from approximately \$9.7 million at December 31, 2016 to about \$8.8 million at December 31, 2017. It is important to note that although the total unrestricted net position is \$8.8 million, the unrestricted net position of the City's business-type activities, nearly \$14.8 million, may not be used to fund governmental activities. Unrestricted net position of the City's governmental activities decreased nearly \$2.7 million, or 82.5%, from a negative \$3.3 million to a negative \$6.0 million. Most of this decrease was due to the City's pension liability reflecting additional deferred inflows from Ohio Police and Fire Pension system. For the City's business-type activities, the unrestricted net position increased nearly \$1.8 million from nearly \$13.0 million to about \$14.8 million. Over the past few years utility rates have been increased to fund the anticipated future increases in both water debt service costs for the water source project and lime sludge lagoon and sewer debt service costs for programs mandated by the Ohio EPA. Generally, increases in unrestricted net position indicate an improvement in financial position.

The majority of the City's net position reflects its investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment); less any related debt used to acquire those assets that is still outstanding plus any significant unspent bond proceeds. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is calculated net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities. The following pie charts graphically illustrate the components of net position.



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The following table presents condensed table of changes in net position.

Changes in Net Position For the Years Ended December 31, 2017 and 2016

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Program revenues:						
Charges for services	\$2,223,247	\$2,153,484	\$15,098,932	\$14,278,317	\$17,322,179	\$16,431,801
Operating grants and contributions	1,351,476	1,447,509	543,641	536,551	1,895,117	1,984,060
Capital grants and contributions	2,576,048	2,648,907	110,205	635,277	2,686,253	3,284,184
General revenues:						
Income taxes	15,059,777	18,724,943	-	-	15,059,777	18,724,943
Property taxes	1,010,769	1,014,356	-	-	1,010,769	1,014,356
Payments in lieu of taxes	151,861	151,322	-	-	151,861	151,322
Lodging taxes	408,572	383,691	-	-	408,572	383,691
Other taxes	1,058	4,260	-	-	1,058	4,260
Grants and other contributions not restricted to specific program:	523,678	553,759	-	-	523,678	553,759
Investment income	213,665	81,259	205,409	140,182	419,074	221,441
Gain (loss) on sale of capital assets	46,388	78,336	24,023	23,377	70,411	101,713
Miscellaneous	557,940	511,777	118,205	300,638	676,145	812,415
Total revenues	<u>24,124,479</u>	<u>27,753,603</u>	<u>16,100,415</u>	<u>15,914,342</u>	<u>40,224,894</u>	<u>43,667,945</u>
Expenses:						
Basic utility services	62,738	249,527	-	-	62,738	249,527
Community development	770,341	1,005,925	-	-	770,341	1,005,925
Community environment	662,270	620,135	-	-	662,270	620,135
Fire	5,762,909	5,711,785	-	-	5,762,909	5,711,785
General government	1,404,493	1,112,992	-	-	1,404,493	1,112,992
Health	316,082	229,048	-	-	316,082	229,048
Judicial	1,854,514	1,851,709	-	-	1,854,514	1,851,709
Parks and recreation	1,659,861	1,572,667	-	-	1,659,861	1,572,667
Police	6,936,647	6,381,987	-	-	6,936,647	6,381,987
Public transportation	4,778	41,509	-	-	4,778	41,509
Street repair & maintenance	3,713,373	3,565,336	-	-	3,713,373	3,565,336
Interest on long-term debt	120,023	134,274	-	-	120,023	134,274
Airport	-	-	570,812	526,897	570,812	526,897
Concession Stand	-	-	26,692	29,901	26,692	29,901
Sewer	-	-	4,896,273	4,211,321	4,896,273	4,211,321
Sidney Water Park	-	-	197,667	181,601	197,667	181,601
Solid waste	-	-	1,623,902	1,549,248	1,623,902	1,549,248
Stormwater	-	-	633,629	588,053	633,629	588,053
Transportation	-	-	1,034,536	939,983	1,034,536	939,983
Water	-	-	4,771,136	3,984,823	4,771,136	3,984,823
Yard waste	-	-	-	2,237	-	2,237
Total expenses	<u>23,268,029</u>	<u>22,476,894</u>	<u>13,754,647</u>	<u>12,014,064</u>	<u>37,022,676</u>	<u>34,490,958</u>
Excess (deficiency) before transfers	856,450	5,276,709	2,345,768	3,900,278	3,202,218	9,176,987
Transfers	(209,616)	(272,657)	209,616	272,657	-	-
Change in net position	646,834	5,004,052	2,555,384	4,172,935	3,202,218	9,176,987
Net position, beginning of year	55,449,081	50,445,029	53,542,193	49,369,258	108,991,274	99,814,287
Net position, end of year	<u>\$ 56,095,915</u>	<u>\$ 55,449,081</u>	<u>\$ 56,097,577</u>	<u>\$ 53,542,193</u>	<u>\$ 112,193,492</u>	<u>\$ 108,991,274</u>

The City's net position increased nearly \$3.2 million for the year ended December 31, 2017 as compared to an increase of about \$9.2 million for the prior year.

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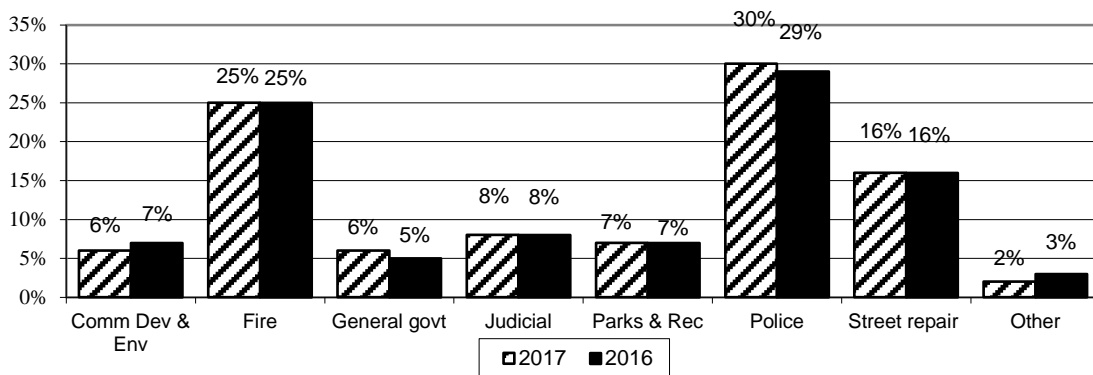
Total revenues decreased nearly \$3.4 million, or 7.9%. Income tax revenue decreased nearly \$3.6 million primarily related to two businesses - one changed its tax consolidation method - the other revised its tax estimates also the decrease related to the one year timing of semi-monthly withholding payments by large employers. Charges for services increased roughly \$890,000, from \$16.4 million in 2016 to nearly \$17.3 million in 2017. Capital grants and contributions decreased approximately \$600,000 reflecting the timing of projects and grant reimbursement programs. Investment income increased about \$200,000 or 89.3%, in 2017 primarily due to the increase in interest rates on the City's investments.

Total expenses increased approximately \$2.5 million, or 7.3%, from nearly \$34.5 million in 2016 to \$37.0 million in 2017. Water expense increased nearly \$790,000, or 19.7%, from almost \$4.0 million in 2016 to nearly \$4.8 million in 2017 largely due to new debt interest payments on the water source project construction in progress started in 2017. Sewer expense increased \$680,000 reflects the first year depreciation expense on Phase I Wastewater Improvements for EPA compliance and the new debt interest payments on these improvements. Police expenses increased about \$550,000, or 8.7%, relates to the two vacant police officer positions being filled during 2017. General governmental expenses increased by \$290,000; the main two reasons for this change are pension expense reported under GASB 68 increased and additional Community Service Program expenses as a result of additional lodging tax revenue. Community development expenses decreased nearly \$240,000 which is dependent on timing of grant expenditures.

Governmental activities

Governmental activities net position increased nearly \$650,000, or 1.2%, from about \$55.4 million at December 31, 2016 to nearly \$56.1 million at December 31, 2017. The category, net investment in capital assets, increased nearly \$4.1 million, or 7.9%, from nearly \$52.5 million to about \$56.6 million representing the City's net increase of new capital additions spent of nearly \$7.3 million and bond principal payments related to debt of about \$0.6 million decreased by \$3.6 million of depreciation expense and bond proceeds of \$157,000. Restricted net position decreased approximately \$760,000 reflecting use of income tax revenue restricted for street capital project expenditures. Unrestricted net position decreased nearly \$2.7 million or 82.5%, from a negative \$3.3 million to a negative \$6.0 million, a result of both the decrease in income taxes revenues and the additional cost associated with the pension reporting under GASB 68. The components of governmental activities' expenses are as follows:

Governmental Expenses by Program



The composition of expenses by program remained relatively stable from 2016 to 2017. The two largest components of governmental expenses are public safety -- police and fire. Police makes up 29% to 30% of the total, while fire contributes another 25%. Judicial - consisting mainly of municipal court activities -- comprises about 8% of governmental activities' expenses. Street repair and maintenance (which includes winter street clean-up) accounts for 16% of expenses. The community development and environment program expenditures, which includes such activities as community planning, engineering, building inspection, and code enforcement, make up 6% to 7% of total governmental expenses. The parks and recreation program is responsible for 7% of governmental expenses.

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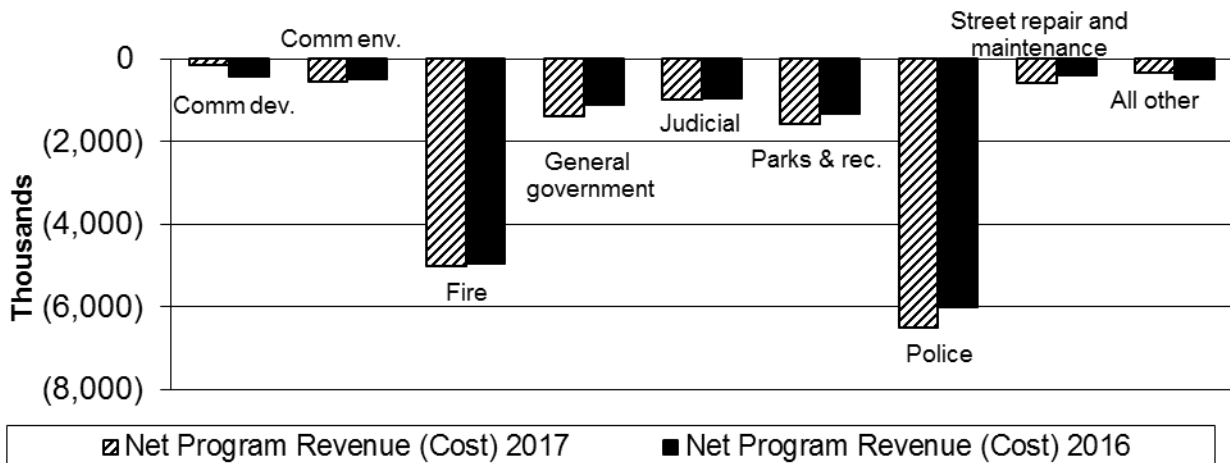
The Statement of Activities reports the expenses of each of the governmental activities programs and the related program revenue that offsets the cost of each program. The amount by which the cost of a particular program exceeds its program revenue represents the extent to which that program must be subsidized by general revenues, such as income taxes, property taxes and unrestricted contributions. The following table and graph summarize the net cost of each program:

Expenses and Program Revenues - Governmental Activities

	<u>Year Ended December 31, 2017</u>			<u>Year Ended December 31, 2016</u>		
	<u>Expense</u>	<u>Program Revenue</u>	<u>Net Revenue (Cost)</u>	<u>Expense</u>	<u>Program Revenue</u>	<u>Net Revenue (Cost)</u>
Community development	\$ 770,341	\$ 602,124	\$ (168,217)	\$ 1,005,925	\$ 575,384	\$ (430,541)
Community environment	662,270	113,002	(549,268)	620,135	114,174	(505,961)
Fire	5,762,909	744,983	(5,017,926)	5,711,785	767,796	(4,943,989)
General government	1,404,493	4,273	(1,400,220)	1,112,992	-	(1,112,992)
Judicial	1,854,514	876,168	(978,346)	1,851,709	883,270	(968,439)
Parks & recreation	1,659,861	80,931	(1,578,930)	1,572,667	233,008	(1,339,659)
Police	6,936,647	439,709	(6,496,938)	6,381,987	356,665	(6,025,322)
Street repair & maintenance	3,713,373	3,136,968	(576,405)	3,565,336	3,163,261	(402,075)
All others	503,621	152,613	(351,008)	654,358	156,342	(498,016)
Total governmental activities	<u>\$23,268,029</u>	<u>\$6,150,771</u>	<u>\$ (17,117,258)</u>	<u>\$ 22,476,894</u>	<u>\$ 6,249,900</u>	<u>\$(16,226,994)</u>

Overall, the net program cost of governmental activities increased by approximately \$890,000, or 5.5%, from a net program cost of about \$16.2 million in 2016 to \$17.1 million in 2017. The most significant change was the police program which changed from a net program cost of nearly \$6.0 million in 2016 to a net program cost of nearly \$6.5 million in 2017, primarily due to adding two police patrol officer positions, vacated during the last national recession. General government net program costs increased \$287,000 as a result increases in pension cost and awards to various community service agencies. Community development net program costs decreased nearly \$262,000, a result of the timing of Community Development Block Grant projects. Parks and recreation net program costs increased \$239,000 primarily a result of a reduction in grants and contributions received during 2017.

Net Program Revenue (Cost) - Governmental Activities



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Business-type activities

Business-type activities' net position increased nearly \$2.6 million, or 4.8%, from nearly \$53.5 million at December 31, 2016 to nearly \$56.1 million at December 31, 2017. Of this increase, approximately \$753,000 was in the category net investment in capital assets, a result of capital purchases of \$7.8 million and principal debt repayments of nearly \$1.1 million, reduced by depreciation expense of nearly \$2.7 million, issuance of \$3.6 million debt, and use of unspent bond proceeds of \$1.7 million. Unrestricted portion of net position increased almost \$1.8 million, or 13.8%. Over the past few years utility rates have been increased significantly in order to be in a position to pay the future debt service on major capital projects.

It is the City's policy that revenues of some of the City's business-type activities (Water, Sewer and Solid Waste Fund) are expected to cover all program costs over the long term. The revenues of other business-type activities cover specified portions of program costs. The following table summarizes the expenses and program revenues for business-type activities:

Expenses and Program Revenues - Business-Type Activities

	<u>Year Ended December 31, 2017</u>			<u>Year Ended December 31, 2016</u>		
	<u>Expense</u>	<u>Program Revenue</u>	<u>Net Revenue (Cost)</u>	<u>Expense</u>	<u>Program Revenue</u>	<u>Net Revenue (Cost)</u>
Airport	\$ 570,812	\$ 270,658	\$ (300,154)	\$ 526,897	\$ 501,433	\$ (25,464)
Concession Stand	26,692	20,261	(6,431)	29,901	23,560	(6,341)
Sewer	4,896,273	6,108,605	1,212,332	4,211,321	5,932,595	1,721,274
Sidney Water Park	197,667	62,532	(135,135)	181,601	63,639	(117,962)
Solid Waste	1,623,902	1,629,976	6,074	1,549,248	1,556,991	7,743
Stormwater	633,629	402,483	(231,146)	588,053	424,341	(163,712)
Transportation	1,034,536	826,734	(207,802)	939,983	943,841	3,858
Water	4,771,136	6,431,529	1,660,393	3,984,823	6,003,745	2,018,922
Yard Waste	-	-	-	2,237	-	(2,237)
Total business-type activities	<u>\$ 13,754,647</u>	<u>\$ 15,752,778</u>	<u>\$ 1,998,131</u>	<u>\$ 12,014,064</u>	<u>\$ 15,450,145</u>	<u>\$ 3,436,081</u>

Overall, the net program cost of the City's business-type activities changed from net program revenue of nearly \$3.4 million for the year ended December 31, 2016 to a net program revenue of nearly \$2.0 million for the year ended December 31, 2017. Program revenue for business-type activities increased roughly \$300,000, or 2.0%, while program expenses increased approximately \$1.7 million, or 14.5%. Key components of the changes in net program cost for each significant program change are as follows:

- The City's sewer program changed from net program revenue of approximately \$1.7 million in 2016 to net program revenue of about \$1.2 million in 2017. Program expenses increased about \$680,000 relating to the new debt service payments for the required wastewater improvements by the Ohio EPA's recommendations.
- The City's water program changed from net program revenue of about \$2.0 million in 2016 to net program revenue of approximately \$1.6 million in 2017. The increase in revenue of \$400,000, generated from the 3% rate increase in 2017, was more than offset by the \$800,000 increase in interest expense on the new debt issued to pay for the new Water Source.
- Airport program went from net program cost of approximately \$25,000 to a net program cost of about \$300,000, due to timing of grant reimbursements for airport capital improvements.

Individual funds summary and analysis

Governmental funds, as stated earlier, focus on spendable resources and near-term inflows and outflows of those resources. As such, fund balance measures net resources available for spending at the end of the fiscal year, subject to any stated restrictions on their use.

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The combined fund balance of the City's governmental funds at December 31, 2017 was approximately \$16.5 million. Approximately 40.1% of this total amount represents unassigned fund balances available for spending at the City's discretion. Roughly 29.3% of the combined fund balance is in a nonspendable, or restricted, form. The portion of fund balance committed by City Council, the highest level of decision making authority, is 5.1% and those balances assigned are 25.5%. Nearly \$1.2 million of fund balance has already been assigned to future budget commitments or to liquidate purchase orders of the prior period.

Total fund balances of the City's governmental funds decreased nearly \$1.0 million, or 5.7%, from \$17.5 million at December 31, 2016 to nearly \$16.5 million at December 31, 2017. (See the governmental funds' statement of revenue, expenditures & changes in fund balance on page 19.)

The General Fund is the primary operating fund of the City of Sidney, accounting for such activities as police and fire protection, emergency medical services, and parks and recreation. The General Fund balance decreased nearly \$1.2 million, or 11.9%, from nearly \$9.8 million at December 31, 2016 to \$8.7 million at December 31, 2017. Local tax revenue decreased from approximately \$14.7 million for the year ended December 31, 2016 to about \$11.7 million for the year ended December 31, 2017, and is a result of two businesses - one changed its tax consolidation method - the other revised its tax estimates also the decrease related to the one year timing of semi-monthly withholding payments by large employers. General Fund expenditures increased about \$640,000, or 4.3%. This increase in expenses of about \$350,000 for police relates to additional staffing hired during 2017, approximately \$160,000 in fire reflecting a full year of two additional staff, about \$56,000 in general government relates to additional dollars available from lodging tax spent for Community Service Programs. General Fund transfers out to subsidize various funds, including the street repair & maintenance, transportation services, yard waste, airport, cemetery operations, and the swimming pool decreased from nearly \$1.3 million for the year ended December 31, 2016 to nearly \$400,000 for the year ended December 31, 2017.

The Street Repair & Maintenance Fund, used to account for the state-levied gasoline tax and motor vehicle registration fees, is restricted by law for street maintenance and repair activities. Intergovernmental revenues increased about \$10,000 in 2017 as compared to 2016. Expenditures decreased nearly \$76,000 from 2016 to 2017 this is due to lower than anticipated snowfall during 2017. For 2017, the General Fund provided a \$50,000 operating subsidy to the Street Repair & Maintenance Fund. Its fund balance decreased by nearly \$38,000 from nearly \$700,000 at December 31, 2016 to about \$660,000 at December 31, 2017.

The Capital Improvement Fund is used to account for the income tax resources earmarked for capital improvements used for the general improvement of all City facilities and operations. Annually, twenty percent of the net income tax proceeds are allocated to this Fund. For the year ended December 31, 2017, this fund balance increased almost \$300,000 from nearly \$2.7 million at December 31, 2016 to nearly \$3.0 million at December 31, 2017. In 2017, income tax revenues allocated to this fund decreased almost \$90,000, or 2.8%. Capital related expenditures for this fund decreased approximately \$190,000 from almost \$5.3 million at December 31, 2016 to nearly \$5.1 million at December 31, 2017. This decrease is a directly related to timing of project; as of December 31, 2017 there were open encumbrances of \$1.3 million.

The Municipal Earned Income Tax for Street Capital Fund is used to account for the income tax levy of an additional one-quarter of one percent annual tax on earned income. This street levy funds are restricted for the construction, reconstruction, resurfacing and maintenance of streets, alleys, bridges, curbs, and gutters and cost incidental thereto. In 2017 nearly \$2.9 million was spent for this purpose. For 2017, the special levy generated revenues of nearly \$2.4 million, a decrease of nearly \$370,000 over 2016. The fund balance at December 31, 2017 decreased about \$460,000 from nearly \$1.8 million in 2016 to about \$1.3 million in 2017.

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The City of Sidney's proprietary fund statements (found on pages 21-23) provide the same type of information found in the government-wide financial statements, but in more detail. Explanations of significant changes in these funds are found on page 11.

Budgetary Basis - Budget versus Actual

In 2017, the amount in the original budget and final budget for General Fund local tax revenue was under actual receipts. The City utilized cash balance reserves to cover additional expenditures. Actual revenues were under budget expectations by roughly \$1.6 million.

Capital asset and debt administration

Capital asset activity

Significant capital activity for the year ended December 31, 2017 included:

- ✓ Nearly \$2.7 million of street resurfacing contract and curb and gutter contracts were completed with almost \$2.3 million paid with street levy revenue, about \$100,000 with County Auto License funds and the remainder with income tax dollars.
- ✓ Approximately \$880,000 was spent in 2017 on the completion of State Route 47 Phase III reconstruction which was ODOT grant federal funds.
- ✓ In 2017, Michigan Street Bridge was completed and the additional \$836,000 was recognized in 2017 was ODOT federal grant funds, total cost of the bridge capitalized was nearly \$1.4 million.
- ✓ Nearly \$400,000 was incurred for the completion of Fielding Road reconstruction of which the City received an OPWC interest free loan fund of \$157,000.
- ✓ Nearly \$2.5 million was spent on the new water source project and nearly \$1.0 million was spent on the lime sludge lagoon expansion. Both projects are in progress and are being financed with OWDA loans.
- ✓ Phase I Wastewater Treatment Plant improvements required by the Ohio EPA spent \$2.4 million in 2017 to complete this phase of the project, of which nearly \$100,000 financed with remaining Water Pollution Control Loan Fund (WPCLF) loans, nearly \$1.7 remaining unspent bond proceeds received in 2014 and the rest with cash reserves.
- ✓ Phase II Wastewater Treatment Plant improvements design started in late 2017 costing the City approximately \$280,000 these will be financed with Water Pollution Control Loan Fund (WPCLF) loans.
- ✓ Additional noteworthy projects includes the EMS, Fire & Police radio system upgrade for \$480,000, Cemetery lot expansion of \$185,000, and the replacement of City's phone system of \$140,000.

Additional detail on the capital asset activity for the year ended December 31, 2017 is presented in the Notes to the Basic Financial Statements in Note 6 on pages 37 – 38.

Debt

Ohio law restricts the amount of debt that a City may issue. The aggregate principal amount of unvoted "net indebtedness" may not exceed 5.5% of the assessed valuation for property tax purposes of all real and personal property located within the City. At December 31, 2017, that debt ceiling was nearly \$20.6 million. Certain debt with a repayment source other than general tax revenues is excluded from the definition of net indebtedness. Under that definition, the City has approximately \$3.6 million of net indebtedness as of December 31, 2017, leaving a legal debt margin for unvoted debt of nearly \$17.0 million.

An additional statutory limitation restricts total indebtedness – both voted and unvoted – to 10.5% of the real and personal property assessed valuation. That limitation would restrict total City net indebtedness to nearly \$39.2 million, leaving a total debt margin of nearly \$35.7 million.

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A summary of debt outstanding at December 31, 2017 and 2016 is as follows:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Governmental activities	\$ 4,321,957	\$ 4,862,652
Business-type activities	<u>44,170,154</u>	<u>41,618,467</u>
Total	<u>\$ 48,492,111</u>	<u>\$ 46,481,119</u>

During 2017, the City incurred nearly \$3.8 million of debt for business-type activities. Approximately \$3.5 million was additional funding received from the Ohio Water Development Authority (OWDA) for both the new water source and lime sludge lagoon reconstruction projects. An Ohio Public Work Commission (OPWC) Loan was received for \$157,000 for Fielding Road Reconstruction. Also nearly \$100,000 of additionally funds received for the Water Pollution Control Loan Fund Phase I of the wastewater treatment plant improvements required by the Ohio EPA.

See additional detailed data for all debt of the City of Sidney is presented in the Notes to the Basic Financial Statements in Note 7 on pages 39 - 42 and in Schedules 7-9 in the Statistical Section of this report.

Contacting the City's management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with an overview of the City's finances. If you have questions or need additional financial information, please contact the Finance Officer, City of Sidney, 201 West Poplar Street, Sidney, Ohio 45365.

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

	Governmental Activities	Business-type Activities	Total
ASSETS			
Pooled cash	\$ 3,118,660	\$ 2,696,227	\$ 5,814,887
Cash	1,126,550	-	1,126,550
Cash held by outside agent	650,412	-	650,412
Deposit	20,000	-	20,000
Pooled investments	15,177,677	13,141,589	28,319,266
Receivables:			
Income taxes	2,449,142	-	2,449,142
Property taxes	1,159,460	-	1,159,460
Other taxes	19,539	-	19,539
Accounts	-	2,783,411	2,783,411
Interest	38,977	52,131	91,108
Loans	694,998	12,406	707,404
Special assessments	156,910	-	156,910
Other	275,255	269,661	544,916
Internal balances	27,826	(27,826)	-
Receivables from other governments	873,595	99,679	973,274
Inventory	156,215	357,555	513,770
Prepaid items	135,896	21,182	157,078
Capital assets:			
Capital assets not subject to depreciation:			
Land	8,446,551	3,181,201	11,627,752
Construction in progress	559,012	25,285,941	25,844,953
Capital assets net of accumulated depreciation	51,955,096	57,113,126	109,068,222
Total assets	<u>87,041,771</u>	<u>104,986,283</u>	<u>192,028,054</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	5,971,264	1,619,259	7,590,523
Total deferred outflows of resources	<u>5,971,264</u>	<u>1,619,259</u>	<u>7,590,523</u>
Total assets and deferred outflows	<u>\$ 93,013,035</u>	<u>\$ 106,605,542</u>	<u>\$ 199,618,577</u>
LIABILITIES			
Accounts payable	\$ 2,500,529	\$ 433,279	\$ 2,933,808
Salaries and benefits payable	427,016	81,564	508,580
Claims payable	170,278	-	170,278
Unearned revenue	18,250	456,586	474,836
Accrued interest payable	9,317	496,591	505,908
Refundable deposits	-	212,155	212,155
Noncurrent liabilities:			
Due within one year	801,352	1,590,508	2,391,860
Due in more than one year			
Net pension liability	24,003,371	4,252,542	28,255,913
Other amounts due in more than one year	5,462,187	42,920,346	48,382,533
Total liabilities	<u>33,392,300</u>	<u>50,443,571</u>	<u>83,835,871</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	2,584,148	-	2,584,148
Pension	940,672	64,394	1,005,066
Total deferred inflows of resources	<u>3,524,820</u>	<u>64,394</u>	<u>3,589,214</u>
NET POSITION			
Net investment in capital assets	56,673,279	41,249,363	97,922,642
Restricted for:			
Capital projects	12,532	-	12,532
Cemetery - Expendable	929,370	-	929,370
Cemetery - Nonexpendable	30,376	-	30,376
Community development projects	788,835	-	788,835
Judicial costs	592,942	-	592,942
Police	216,140	-	216,140
Street capital projects	1,544,571	-	1,544,571
Street repair and maintenance	1,233,995	-	1,233,995
Other purposes - externally imposed restrictions	110,939	-	110,939
Unrestricted	(6,037,064)	14,848,214	8,811,150
Total net position	<u>56,095,915</u>	<u>56,097,577</u>	<u>112,193,492</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 93,013,035</u>	<u>\$ 106,605,542</u>	<u>\$ 199,618,577</u>

See Notes to the Basic Financial Statements.

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

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental Activities:						
Basic utility services	\$ 62,738	\$ -	\$ -	\$ -	\$ (62,738)	\$ (62,738)
Community development	770,341	14,833	1,100	586,191	(168,217)	(168,217)
Community environment	662,270	113,002	-	-	(549,268)	(549,268)
Fire	5,762,909	741,733	3,250	-	(5,017,926)	(5,017,926)
General government	1,404,493	4,273	-	-	(1,400,220)	(1,400,220)
Health	316,082	152,613	-	-	(163,469)	(163,469)
Judicial	1,854,514	772,475	103,693	-	(978,346)	(978,346)
Parks and recreation	1,659,861	14,535	49,496	16,900	(1,578,930)	(1,578,930)
Police	6,936,647	293,513	28,715	117,481	(6,496,938)	(6,496,938)
Public transportation	4,778	-	-	-	(4,778)	(4,778)
Street repair and maintenance	3,713,373	116,270	1,165,222	1,855,476	(576,405)	(576,405)
Interest on long-term debt	120,023	-	-	-	(120,023)	(120,023)
Total governmental activities	23,268,029	2,223,247	1,351,476	2,576,048	(17,117,258)	(17,117,258)
Business-type activities:						
Airport	570,812	270,658	-	-	\$ (300,154)	(300,154)
Concession Stand	26,692	20,261	-	-	(6,431)	(6,431)
Sewer	4,896,273	6,108,605	-	-	1,212,332	1,212,332
Sidney Water Park	197,667	57,692	4,840	-	(135,135)	(135,135)
Solid Waste	1,623,902	1,629,976	-	-	6,074	6,074
Stormwater	633,629	402,483	-	-	(231,146)	(231,146)
Transportation	1,034,536	233,621	482,908	110,205	(207,802)	(207,802)
Water	4,771,136	6,375,636	55,893	-	1,660,393	1,660,393
Total business-type activities	13,754,647	15,098,932	543,641	110,205	1,998,131	1,998,131
Total	\$ 37,022,676	\$ 17,322,179	\$ 1,895,117	\$ 2,686,253	(17,117,258)	1,998,131
General revenues:						
Taxes:						
Income taxes				12,786,197	-	12,786,197
Street levy income taxes				2,273,580	-	2,273,580
Property taxes				1,010,769	-	1,010,769
Payments in lieu of taxes				151,861	-	151,861
Lodging taxes				408,572	-	408,572
Other taxes				1,058	-	1,058
Grants and contributions not restricted to specific programs				523,678	-	523,678
Investment earnings				213,665	205,409	419,074
Gain on sale of capital assets				46,388	24,023	70,411
Miscellaneous				557,940	118,205	676,145
Transfers				(209,616)	209,616	-
Total general revenues and transfers				17,764,092	557,253	18,321,345
Change in net position				646,834	2,555,384	3,202,218
Net position - beginning				55,449,081	53,542,193	108,991,274
Net position - ending				\$ 56,095,915	\$ 56,097,577	\$ 112,193,492

See Notes to the Basic Financial Statements.

**CITY OF SIDNEY, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	General Fund	Street Repair & Maintenance Fund	Capital Improvement Fund	Municipal Earned Income Tax for Street Capital Fund	Non-major Governmental Funds	Total Governmental Funds
ASSETS						
Pooled cash	\$ 1,666,288	\$ 96,128	\$ 529,073	\$ 204,007	\$ 516,858	\$ 3,012,354
Cash held by outside agent	629,351	-	-	-	21,061	650,412
Pooled investments	8,081,680	468,409	2,586,677	997,406	2,523,767	14,657,939
Deposit	-	-	20,000	-	-	20,000
Receivables:						
Income taxes	2,105,556	-	-	343,586	-	2,449,142
Property taxes	1,007,782	-	-	-	151,678	1,159,460
Other taxes	14,711	-	-	-	4,828	19,539
Interest	30,108	2,021	-	-	6,848	38,977
Loans	-	-	-	-	694,998	694,998
Special assessments	140,780	-	16,130	-	-	156,910
Other	229,821	257	-	5,773	39,250	275,101
Advances to other funds	43,750	-	-	-	-	43,750
Receivables from other governments	249,711	572,510	-	-	51,374	873,595
Inventory	97,303	49,658	-	-	-	146,961
Prepaid items	38,908	272	-	-	2,868	42,048
Total assets	<u>\$ 14,335,749</u>	<u>\$ 1,189,255</u>	<u>\$ 3,151,880</u>	<u>\$ 1,550,772</u>	<u>\$ 4,013,530</u>	<u>\$ 24,241,186</u>
LIABILITIES						
Accounts payable	\$ 1,707,430	\$ 9,452	\$ 147,709	\$ 6,202	\$ 59,774	\$ 1,930,567
Salaries and benefits payable	375,595	18,296	-	-	6,671	400,562
Advances from other funds	-	-	-	-	43,750	43,750
Unearned revenue	18,250	-	-	-	-	18,250
Total liabilities	<u>2,101,275</u>	<u>27,748</u>	<u>147,709</u>	<u>6,202</u>	<u>110,195</u>	<u>2,393,129</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	3,563,967	500,024	12,532	233,598	1,030,645	5,340,766
Total deferred inflows of resources	<u>3,563,967</u>	<u>500,024</u>	<u>12,532</u>	<u>233,598</u>	<u>1,030,645</u>	<u>5,340,766</u>
FUND BALANCES:						
Nonspendable	136,211	49,930	-	-	2,868	189,009
Restricted	-	611,553	-	1,310,972	2,719,157	4,641,682
Committed	691,339	-	-	-	150,665	842,004
Assigned	1,215,516	-	2,991,639	-	-	4,207,155
Unassigned	6,627,441	-	-	-	-	6,627,441
Total fund balances	<u>8,670,507</u>	<u>661,483</u>	<u>2,991,639</u>	<u>1,310,972</u>	<u>2,872,690</u>	<u>16,507,291</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 14,335,749</u>	<u>\$ 1,189,255</u>	<u>\$ 3,151,880</u>	<u>\$ 1,550,772</u>	<u>\$ 4,013,530</u>	<u>\$ 24,241,186</u>

See Notes to the Basic Financial Statements.

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

Total governmental fund balances \$ 16,507,291

Amounts reported for governmental activities in the statement of net position are different because:

Some assets used in governmental activities are not financial resources and therefore are not reported in the funds:
Capital Assets 60,273,129

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:
Income taxes receivable 1,633,266
Other taxes and intergovernmental receivables 849,402
Other receivables 273,950

Internal service funds are used to charge the costs of certain activities, such as the central garage, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.
Net position of Internal Service Funds 927,087
Internal service fund activity allocated to enterprise funds 27,826

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 the governmental funds:
Deferred Outflows - Pension 5,478,000
Deferred Inflows - Pension (922,481)
Net Pension Liability (22,787,139)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore not reported in the funds:
Bonds payable (4,309,150)
Premium on bond (12,807)
Compensated absences (1,833,142)
Accrued interest on long-term debt (9,317)

Net position of governmental activities \$ 56,095,915

See Notes to the Basic Financial Statements.

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

	General Fund	Street Repair & Maintenance Fund	Capital Improvement Fund	Municipal Earned Income Tax for Street Capital Fund	Non-major Governmental Funds	Total Governmental Funds
REVENUES:						
Local taxes	\$ 11,724,304	\$ -	\$ 3,132,407	\$ 2,396,545	\$ 254,004	\$ 17,507,260
Intergovernmental revenues	586,381	989,420	1,850,866	-	762,826	4,189,493
Special assessments	250,214	-	109,709	-	1,215	361,138
Charges for services	1,146,088	831	-	-	337,661	1,484,580
Fines, licenses and permits	386,004	-	-	-	69,142	455,146
Investment income	148,280	6,814	-	-	45,227	200,321
Miscellaneous receipts and reimbursements	505,738	80,122	108,433	-	141,369	835,662
Total revenues	14,747,009	1,077,187	5,201,415	2,396,545	1,611,444	25,033,600
EXPENDITURES:						
Current:						
Basic utility services	62,738	-	-	-	-	62,738
Community development	193,797	-	-	-	344,285	538,082
Community environment	561,934	-	-	-	22,843	584,777
Fire	4,925,831	-	-	-	99,926	5,025,757
General government	1,165,897	-	-	-	-	1,165,897
Health	-	-	-	-	214,528	214,528
Judicial	1,307,704	-	-	-	240,207	1,547,911
Parks and recreation	1,310,504	-	-	-	-	1,310,504
Police	5,928,532	-	-	-	56,273	5,984,805
Public transportation	4,778	-	-	-	-	4,778
Street repair and maintenance	-	1,165,158	-	-	72,000	1,237,158
Capital outlay	28,541	-	4,381,271	2,857,755	255,723	7,523,290
Debt service:						
Principal	30,000	-	607,850	-	55,000	692,850
Interest	4,394	-	96,238	-	25,425	126,057
Total expenditures	15,524,650	1,165,158	5,085,359	2,857,755	1,386,210	26,019,132
Excess (deficiency) of revenues over (under) expenditures	(777,641)	(87,971)	116,056	(461,210)	225,234	(985,532)
OTHER FINANCING SOURCES (USES):						
Transfers in	-	50,000	-	-	140,000	190,000
Loan Issued	-	-	157,000	-	-	157,000
Sale of capital assets	-	-	46,388	-	-	46,388
Transfers out	(399,616)	-	-	-	-	(399,616)
Total other financing sources (uses)	(399,616)	50,000	203,388	-	140,000	(6,228)
Net change in fund balances	(1,177,257)	(37,971)	319,444	(461,210)	365,234	(991,760)
Fund balances, beginning of year	9,847,764	699,454	2,672,195	1,772,182	2,507,456	17,499,051
Fund balances, end of year	\$ 8,670,507	\$ 661,483	\$ 2,991,639	\$ 1,310,972	\$ 2,872,690	\$ 16,507,291

See Notes to the Basic Financial Statements.

CITY OF SIDNEY, 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 \$ (991,760)

Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital asset additions	6,856,850
Current year depreciation	(3,532,582)
Donated Capital Assets	290,645

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

Income taxes	(876,282)
Intergovernmental revenue	(51,374)
Investment income	7,028
Other revenue	43,729

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 692,850

Proceeds from issuance of bonds is recorded as an other financing source in the governmental funds, but the issue increases long-term liabilities in the statement of net position. (157,000)

Governmental funds report the sale of assets only to the extent proceeds are received. In the Statement of Activities, gains are reported in General revenues and losses are included in expenses of Governmental Activities.

Contributed capital from internal service funds	23,531
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Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows. 1,741,333

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (3,230,390)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Vacation and sick leave benefits	(122,823)
Interest payable	1,188
Amortization of bond premium	4,846

Internal service funds are used by management to charge the costs of certain activities, such as the central garage, to individual funds. The net revenue (expense) of the internal service funds related to governmental activities is reported with governmental activities.

Change in Net Position	(97,571)
Add: Enterprise allocation	44,616

Change in net position of governmental activities \$ 646,834

See Notes to the Basic Financial Statements.

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

	Business-type Activities				Totals	Governmental Activities - Internal Service Funds
	Sewer	Stormwater	Water	Non-major Enterprise Funds		
ASSETS						
Current assets:						
Pooled cash	\$ 1,166,403	\$ 73,780	\$ 1,313,216	\$ 142,828	\$ 2,696,227	\$ 106,306
Cash	-	-	-	-	-	1,126,550
Pooled investments	5,683,603	360,712	6,398,988	698,286	13,141,589	519,738
Receivables:						
Accounts	1,141,027	14,441	1,447,651	180,292	2,783,411	-
Interest	24,522	-	27,609	-	52,131	-
Loans	-	-	12,406	-	12,406	-
Other	80,668	40	188,841	112	269,661	154
Receivables from other governments	-	-	-	99,679	99,679	-
Inventory	93,514	20,758	213,928	29,355	357,555	9,254
Prepaid items	3,038	303	14,478	3,363	21,182	93,848
Total current assets	<u>8,192,775</u>	<u>470,034</u>	<u>9,617,117</u>	<u>1,153,915</u>	<u>19,433,841</u>	<u>1,855,850</u>
Noncurrent assets:						
Capital assets not subject to depreciation:						
Land	126,320	14,126	1,981,404	1,059,351	3,181,201	-
Construction in progress	296,092	-	24,924,881	64,968	25,285,941	-
Capital assets net of accumulated depreciation	33,050,546	4,621,885	12,933,104	6,507,591	57,113,126	687,530
Total noncurrent assets	<u>33,472,958</u>	<u>4,636,011</u>	<u>39,839,389</u>	<u>7,631,910</u>	<u>85,580,268</u>	<u>687,530</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension	587,203	142,320	548,006	341,730	1,619,259	493,264
Total deferred outflows of resources	<u>587,203</u>	<u>142,320</u>	<u>548,006</u>	<u>341,730</u>	<u>1,619,259</u>	<u>493,264</u>
Total assets & deferred outflows	<u>\$ 42,252,936</u>	<u>\$ 5,248,365</u>	<u>\$ 50,004,512</u>	<u>\$ 9,127,555</u>	<u>\$ 106,633,368</u>	<u>\$ 3,036,644</u>
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 128,474	\$ 266	\$ 162,998	\$ 141,541	\$ 433,279	\$ 569,962
Salaries and benefits payable	32,882	6,265	29,195	13,222	81,564	26,454
Claims payable	-	-	-	-	-	170,278
Current portion of long term debt	1,003,718	-	568,633	-	1,572,351	-
Compensated absences	9,271	1,538	4,692	2,656	18,157	5,199
Unearned revenue	201,275	34,018	-	221,293	456,586	-
Refundable deposits	-	-	211,865	290	212,155	-
Accrued interest payable	117,278	-	379,313	-	496,591	-
Total current liabilities	<u>1,492,898</u>	<u>42,087</u>	<u>1,356,696</u>	<u>379,002</u>	<u>3,270,683</u>	<u>771,893</u>
Noncurrent liabilities:						
Noncurrent portion of long term debt	14,978,893	-	27,618,910	-	42,597,803	-
Net pension liability	1,646,517	335,930	1,437,180	832,915	4,252,542	1,216,232
Compensated absences	189,008	15,636	85,099	32,800	322,543	103,241
Total noncurrent liabilities	<u>16,814,418</u>	<u>351,566</u>	<u>29,141,189</u>	<u>865,715</u>	<u>47,172,888</u>	<u>1,319,473</u>
Total liabilities	<u>18,307,316</u>	<u>393,653</u>	<u>30,497,885</u>	<u>1,244,717</u>	<u>50,443,571</u>	<u>2,091,366</u>
DEFERRED INFLOWS OF RESOURCES						
Pension	24,845	4,967	21,861	12,721	64,394	18,191
Total deferred inflows of resources	<u>24,845</u>	<u>4,967</u>	<u>21,861</u>	<u>12,721</u>	<u>64,394</u>	<u>18,191</u>
NET POSITION						
Net investment in capital assets	17,437,522	4,636,011	11,543,920	7,631,910	41,249,363	687,530
Unrestricted	6,483,253	213,734	7,940,846	238,207	14,876,040	239,557
Total net position	<u>23,920,775</u>	<u>4,849,745</u>	<u>19,484,766</u>	<u>7,870,117</u>	<u>56,125,403</u>	<u>927,087</u>
Total liabilities, deferred inflows and net position	<u>\$ 42,252,936</u>	<u>\$ 5,248,365</u>	<u>\$ 50,004,512</u>	<u>\$ 9,127,555</u>	<u>\$ 106,633,368</u>	<u>\$ 3,036,644</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(27,826)	
Total position from above					<u>56,125,403</u>	
Net position of business-type activities					<u>\$ 56,097,577</u>	

See Notes to the Basic Financial Statements.

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

	Business-type Activities					Governmental Activities - Internal Service Funds
	Sewer	Stormwater	Water	Non-major Enterprise Funds	Totals	
OPERATING REVENUES:						
Charges for services	\$ 6,108,605	\$ 402,483	\$ 6,375,636	\$ 2,212,207	\$ 15,098,931	\$ 4,470,064
Other revenue	17,304	2,370	70,785	27,747	118,206	12,907
Total operating revenues	<u>6,125,909</u>	<u>404,853</u>	<u>6,446,421</u>	<u>2,239,954</u>	<u>15,217,137</u>	<u>4,482,971</u>
OPERATING EXPENSES:						
Personal services	1,723,852	323,814	1,384,816	738,184	4,170,666	1,175,877
Operations and maintenance	1,520,561	108,170	1,712,616	2,307,261	5,648,608	1,644,840
Claims paid	-	-	-	-	-	1,621,021
Depreciation & amortization	1,320,520	200,113	768,461	384,695	2,673,789	121,588
Total operating expenses	<u>4,564,933</u>	<u>632,097</u>	<u>3,865,893</u>	<u>3,430,140</u>	<u>12,493,063</u>	<u>4,563,326</u>
Operating income (loss)	<u>1,560,976</u>	<u>(227,244)</u>	<u>2,580,528</u>	<u>(1,190,186)</u>	<u>2,724,074</u>	<u>(80,355)</u>
NONOPERATING REVENUES (EXPENSES):						
Investment income	108,357	-	97,052	-	205,409	6,315
Intergovernmental	-	-	55,893	482,658	538,551	-
Contributions	-	-	-	5,090	5,090	-
Gain (loss) on disposal of assets	11,001	-	1,417	11,605	24,023	-
Interest expense	(321,116)	-	(895,852)	-	(1,216,968)	-
Total nonoperating revenues (expenses)	<u>(201,758)</u>	<u>-</u>	<u>(741,490)</u>	<u>499,353</u>	<u>(443,895)</u>	<u>6,315</u>
(Loss) before contributions and transfers	1,359,218	(227,244)	1,839,038	(690,833)	2,280,179	(74,040)
Capital grants & contributions	-	-	-	110,205	110,205	-
Transfers out	-	-	-	-	-	(23,531)
Transfers in	-	-	-	209,616	209,616	-
Change in net position	1,359,218	(227,244)	1,839,038	(371,012)	2,600,000	(97,571)
Total net position - beginning	<u>22,561,557</u>	<u>5,076,989</u>	<u>17,645,728</u>	<u>8,241,129</u>		<u>1,024,658</u>
Total net position - ending	<u>\$ 23,920,775</u>	<u>\$ 4,849,745</u>	<u>\$ 19,484,766</u>	<u>\$ 7,870,117</u>		<u>\$ 927,087</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(44,616)	
Change in net position of business-type activities					<u>\$ 2,555,384</u>	

See Notes to the Basic Financial Statements.

**CITY OF SIDNEY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Business-type Activities				Totals	Governmental Activities - Internal Service Funds
	Sewer	Stormwater	Water	Non-major Enterprise Funds		
Cash flows from operating activities:						
Receipts from customers and users	\$ 5,835,059	\$ 299,919	\$ 6,113,685	\$ 2,214,352	\$ 14,463,015	\$ 94,936
Receipts from interfund services	12,164	100,800	52,451	38,379	203,794	4,396,922
Payments to suppliers	(742,886)	(18,920)	(1,072,503)	(2,039,452)	(3,873,761)	(1,520,538)
Payments to employees	(1,432,058)	(278,902)	(1,249,113)	(675,598)	(3,635,671)	(1,013,222)
Payments for claims	-	-	-	-	-	(1,154,976)
Payments for interfund services used	(822,560)	(90,250)	(795,861)	(384,763)	(2,093,434)	(105,468)
Net cash provided by (used for) operating activities	<u>2,849,719</u>	<u>12,647</u>	<u>3,048,659</u>	<u>(847,082)</u>	<u>5,063,943</u>	<u>697,654</u>
Cash flows from noncapital financing activities:						
Transfers in	-	-	-	209,616	209,616	-
Intergovernmental	-	-	-	589,025	589,025	-
Contributions	-	-	-	5,090	5,090	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>803,731</u>	<u>803,731</u>	<u>-</u>
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(4,192,427)	(32,968)	(1,220,972)	(42,488)	(5,488,855)	(208,578)
Proceeds from sale of capital assets	11,001	-	1,417	11,605	24,023	-
Proceeds from the issuance of capital debt	-	-	161,355	-	161,355	-
Principal paid on capital debt	(645,000)	-	(396,063)	-	(1,041,063)	-
Interest paid on capital debt	(225,761)	-	(474,132)	-	(699,893)	-
Capital contributions	-	-	-	290,313	290,313	-
Net cash provided by (used for) capital and related financing activities	<u>(5,052,187)</u>	<u>(32,968)</u>	<u>(1,928,395)</u>	<u>259,430</u>	<u>(6,754,120)</u>	<u>(208,578)</u>
Cash flows from investing activities:						
Proceeds from sales and maturities of investments	6,031,464	264,087	3,050,217	244,130	9,589,898	344,934
Purchase of investments	(5,088,855)	(288,325)	(4,637,834)	(480,011)	(10,495,025)	(405,027)
Interest on investments	89,118	-	80,866	-	169,984	6,315
Net cash & cash equivalent provided by (used for) investing activities	<u>1,031,727</u>	<u>(24,238)</u>	<u>(1,506,751)</u>	<u>(235,881)</u>	<u>(735,143)</u>	<u>(53,778)</u>
Net decrease in cash & cash equivalents	(1,170,741)	(44,559)	(386,487)	(19,802)	(1,621,589)	435,298
Pooled cash & cash equivalents, beginning of year	<u>2,337,144</u>	<u>118,339</u>	<u>1,699,703</u>	<u>162,630</u>	<u>4,317,816</u>	<u>797,558</u>
Pooled cash & cash equivalents, end of year	<u>\$ 1,166,403</u>	<u>\$ 73,780</u>	<u>\$ 1,313,216</u>	<u>\$ 142,828</u>	<u>\$ 2,696,227</u>	<u>\$ 1,232,856</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 1,560,976	\$ (227,244)	\$ 2,580,528	\$ (1,190,186)	\$ 2,724,074	\$ (80,355)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation & amortization	1,320,520	200,113	768,461	384,695	2,673,789	121,588
Change in assets:						
Accounts receivable	(263,689)	(3,995)	(301,118)	(36,913)	(605,715)	117
Other receivables	(14,937)	22	1,261	2,066	(11,588)	-
Due from other funds	-	-	13,045	38,369	51,414	8,770
Prepaid items	13,264	(303)	(12,742)	2,164	2,383	16,239
Inventory	(11,837)	447	12,373	4,442	5,425	5,091
Change in deferred outflows of resources - pension	(89,099)	(48,562)	(99,807)	(77,965)	(315,433)	(137,745)
Change in liabilities:						
Accounts & claims payable	4,537	(410)	(155,379)	(123,455)	(274,707)	470,682
Salaries and benefits payable and compensated absences	29,273	991	(36,013)	(6,228)	(11,977)	7,935
Due to other funds	(50,849)	(734)	-	(105)	(51,688)	(7,133)
Refundable deposits	-	-	6,527	-	6,527	-
Unearned revenue	(60)	(161)	-	9,255	9,034	-
Net pension liability	354,137	92,666	274,282	148,547	869,632	293,803
Change in deferred inflows of resources - pension	(2,517)	(183)	(2,759)	(1,768)	(7,227)	(1,338)
Net cash provided by (used for) operating activities	<u>\$ 2,849,719</u>	<u>\$ 12,647</u>	<u>\$ 3,048,659</u>	<u>\$ (847,082)</u>	<u>\$ 5,063,943</u>	<u>\$ 697,654</u>
Noncash investing, capital and financing activities:						
Purchase of equipment on account	\$ 52,825	\$ -	\$ 102,631	\$ -	\$ 155,456	\$ 72,401
Prior year purchase of equipment on account	\$ 984,107	\$ 826	\$ 311,658	\$ 12,511	\$ 1,309,102	\$ 11,900
Contributions of capital assets to governmental activities	\$ -	\$ -	\$ -	\$ 35,412	\$ 35,412	\$ 23,531
Debt principal paid by third party	\$ -	\$ -	\$ 15,708	\$ -	\$ 15,708	\$ -
Debt proceeds paid by third party	\$ 96,272	\$ -	\$ 3,341,675	\$ -	\$ 3,437,947	\$ -
Debt interest paid by federal subsidy	\$ -	\$ -	\$ 55,893	\$ -	\$ 55,893	\$ -

See Notes to the Basic Financial Statements.

CITY OF SIDNEY, OHIO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2017

	Custodial Funds	Private-Purpose Trust Funds
ASSETS		
Pooled cash	\$ 9,064	\$ 1,612
Pooled investments	44,315	7,858
Cash held by outside agent	232,337	-
Receivable		
Accounts	21,955	-
Interest	-	34
Prepaid expenses	<u>18</u>	<u>-</u>
Total assets	<u>\$ 307,689</u>	<u>\$ 9,504</u>
LIABILITIES		
Accounts payable	\$ -	307
Payable to other governments	<u>117,807</u>	<u>-</u>
Total liabilities	<u>\$ 117,807</u>	<u>\$ 307</u>
NET POSITION		
Restricted for:		
Individuals & organizations & other governments	<u>\$ 189,882</u>	<u>\$ 9,197</u>
Total Net position	<u>\$ 189,882</u>	<u>\$ 9,197</u>

See Notes to the Basic Financial Statements

CITY OF SIDNEY, OHIO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Custodial Funds	Private-Purpose Trust Funds
ADDITIONS		
Charges for services	\$ 86,513	\$ -
Court costs & fines	2,256,041	
Contributions	5,123	
Unclaimed refunds	2,469	-
Investment income	-	133
	<u>2,350,146</u>	<u>133</u>
DEDUCTIONS		
Purchase of flowers	-	679
Judgement costs & bond reimbursements	1,061,450	-
Payments to other governments	1,266,329	
Claimed refunds	27	
Clean-up expenses	9,694	-
	<u>2,337,500</u>	<u>679</u>
Change in net position	12,646	(546)
Net position, beginning of year (restated - see Note 19)	<u>177,236</u>	<u>9,743</u>
Net position, end of year	<u>\$ 189,882</u>	<u>\$ 9,197</u>

See Notes to the Basic Financial Statements

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2017

1. Summary of Significant Accounting Policies:

A. Reporting Entity

The City of Sidney, Ohio (City) is a political unit incorporated and established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The City was incorporated in 1820, and has a Council-Manager form of government. The City provides the following services: police, fire, judicial, highways and streets, water, sewer, sanitation, recreation, public transportation, public improvements, planning and zoning and general administrative services.

For financial reporting purposes, the City includes in this report all funds, agencies, boards, commissions, and departments in accordance with criteria established in Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39. Under the provisions of GASB Statement No. 14 (as amended), the City of Sidney is the primary government, since it is a general purpose government that has a separate elected governing body; functions as a separate legal entity; and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the City may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue debt. As required by accounting principles generally accepted in the United States of America, these basic financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data is combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. There are no blended or discretely presented component units at December 31, 2017.

Certain units of local governments, over which the City exercises no authority, such as the Shelby County Library District, Shelby County Health District and Upper Valley Career Center, are other local governmental and non-profit entities with independent elected officials and are excluded from the accompanying basic financial statements. The City is not a component unit of any other entity and does not have any component units, which require inclusion in the basic financial statements.

Other local governments and non-profit entities that overlap the City's boundaries are Shelby County and the Sidney City School District. These entities do not meet the reporting entity criteria and, therefore, are not included in the City's financial reports.

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. These statements distinguish between 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. During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in the business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2017

financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers are eliminated as well and are included in the internal balances on the government-wide statement of net position. The government-wide financial statements do not include the City's fiduciary funds.

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

The government-wide statement of activities presents a comparison between expenses and program revenues for each segment of the business-type activities of the City and for each governmental program. Program revenues include charges paid by the recipients of the goods or services as well as 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 program revenues and expenses identifies the extent to which each program or business-type segment is self-supporting 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 the 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 their use are either: 1) externally imposed by creditors (such as through 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 is restricted for other purposes result from special revenue funds and the restrictions on their intended use. When both restricted and non-restricted resources are available for use, it is the City's policy to use restricted resources first, and then non-restricted resources, as they are needed.

In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, see Note 20 for deferred outflows of resources related the City's net pension liability.

For the City, see Note 20 for deferred inflows of resources related to the City's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported in separate columns in the fund financial statements. All other funds are aggregated and reported as non-major governmental or non-major enterprise funds.

The accounting policies and financial reporting practices of the City conform to accounting principles generally accepted in the United States of America for local governments as prescribed by the GASB. The accounts of the City are organized based on funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and deferred outflows, liabilities and deferred inflows, fund equity, revenues and

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2017

expenditures (expenses). Fund accounting segregates funds according to the intended purpose and is used to aid management in demonstrating compliance with financial-related legal and contractual provisions.

Governmental Funds

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 City reports the following major governmental funds:

General Fund - The General Fund is used to account for government resources not accounted for in any other fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the City Charter and/or the general laws of the State of Ohio. In addition, it accounts for the collection, collection costs, and distribution of City-levied income tax.

Street Repair & Maintenance Fund – To account for state-levied and controlled gasoline tax and motor vehicle registration fees restricted for street maintenance and repair.

Capital Improvement Fund – To account for the income tax resources for capital improvements used for general improvement of all City facilities and operations.

Municipal Earned Income Tax for Street Capital Fund – To account for the one-quarter percent (0.25%) levy and shall be used entirely for the construction, reconstruction, resurfacing, or maintenance of streets, alley, bridges, curbs and gutters in the City and the cost incidental thereto.

Proprietary (Business-type) Funds

The 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 (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City reports the following major proprietary funds:

Water Fund – Accounts for the operation of the waterworks distribution system and related expenses, including capital improvement and debt service. The operation is exclusively financed by customer user charges.

Sewer Fund – Accounts for the operation of the sanitary sewer collection and treatment system and related expenses, including capital improvement and debt service. The operation is exclusively financed by customer user charges.

Stormwater Fund - Accounts for the operation and maintenance of the stormwater system, and related expenses, including capital improvement. The operations are financed through customer user charges.

Additionally, the City reports the following fund types:

Internal service funds – Account for services, such as information management, vehicle maintenance, revenue collections, health care self-insurance and service center operations, provided to other departments of the City on a cost-reimbursement basis.

Fiduciary funds – Generally are used to account for assets held in a fiduciary capacity on behalf of others. The City holds assets in four custodial funds for other entities: (1) Municipal Court, (2)

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2017

Village of Port Jefferson's sewer bills, (3) the Great Miami River Watershed Protection Project, and (4) Unclaimed Funds Trust Fund. The City also has three private-purpose trust funds: (1) B. Bennett Flower Trust Fund, (2) C. Truster Flower Trust Fund, and (3) Ike Mausoleum Family Trust Fund.

C. Basis of Accounting

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

The modified accrual basis of accounting is used for all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be reasonably determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues available if they are collected within 30 days after year-end. Expenditures are recorded generally when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, net pension liabilities, and claims and judgments, are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, income taxes, intergovernmental revenues, franchise taxes, special assessments, licenses, interest revenue and charges for services. Fines, permits and parking meter revenues are not susceptible to accrual because they are generally not measurable until received in cash.

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

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

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

Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in the net total position. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods 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 proprietary funds. Under this method, revenues are

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2017

recorded when earned and expenses are recorded at the time liabilities are incurred.

Fiduciary Funds. Fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

D. Budgets and Budgetary Accounting

The City follows procedures prescribed by State law in establishing the budgetary data reflected in the financial statements as follows:

- (1) The County Budget Commission has suspended the requirement to prepare a tax budget. In lieu of the tax budget, about January 1 of each year, the City will submit to the Budget Commission a report of estimated revenue and actual unencumbered cash balances by fund. Thereafter, the County Budget Commission will issue an Official Certificate of Estimated Resources (OCER).
- (2) Unencumbered appropriations lapse at year-end. No contract, agreement or other obligation involving the expenditure of money shall be entered into unless the Finance Officer first certifies that the money required for such contract, agreement, obligation or expenditure is in the treasury, or is anticipated to come into the treasury, before the maturity of such contract.
- (3) All funds of the City have annual budgets legally adopted by the City Council.

The City Manager acts as budget officer for the City and submits a proposed operating budget to the City Council on an annual basis. Public hearings are held to obtain taxpayer comments. The Council enacts the budget through passage of an ordinance. The appropriations ordinance controls expenditures at the level of (1) personal services and (2) contractual, materials and other. Council can amend the budget at the legal level of control, through the passage of supplemental ordinances. Management can amend appropriations below this level without council approval. Supplemental appropriations to the original appropriations ordinance were made during the year, but were not material in relation to the original appropriations.

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 in the governmental funds.

While reporting financial position, results of operations and changes in fund balances on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

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

- (1) Revenues are recorded when received in cash (budget) as opposed to when they are both measurable and available (GAAP).
- (2) Expenditures are recorded when paid in cash (budget) as opposed to restricted, committed, or assigned fund balance (GAAP).
- (3) Encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a restricted, committed, or assigned fund balance (GAAP).

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2017

E. Cash and Cash Equivalents

To improve cash management, most of the cash received by the City is pooled. The exceptions to this policy are as follows:

- Municipal Court, a custodial fund, maintains its deposits in a separate checking account.
- An outside agency, Shelby County, is holding cash deposits for the County Auto License Fund.
- Miami Valley Risk Management Association, a joint insurance pool, is holding a cash reserve for the City's insurance purposes included in the General Fund.
- Insurance premiums collected and paid for on behalf of the City employees' health insurance are held in a separate checking account reported in the Self-Insurance Fund.

Monies for all other funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "Pooled Cash" on the balance sheet.

For purposes of the statements of cash flows and for presentation on the statement of net position/balance sheet, investments with an original maturity of three months or less and restricted cash are considered to be cash equivalents.

F. Pooled Investments

All investments of the City are recorded at fair value, in accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The statement established accounting and reporting guidelines for government investments and investment pools. Interest earnings from investments are allocated to the General Fund except for funds derived from contract, trust agreement, grant terms or City policy that requires crediting otherwise.

G. Inventory and Prepaid Items

Inventory is valued at cost using the first-in/first out (FIFO) method. The proprietary funds' inventories are recorded as expenses when used. Inventory in governmental funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are used. Inventory is accounted for using the consumption method. Reported inventories are included within the nonspendable fund balance classification in the governmental funds category, which indicates that it does not constitute available resources.

Payments made to vendors for services that will benefit periods beyond December 31, 2017 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

H. Capital Assets

Capital assets include land, improvements to land, buildings, building improvements, machinery, equipment, infrastructure and all other assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure include roads, bridges, sidewalks, and similar items.

The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost, if actual cost is not available. Donated capital assets are valued at their acquisition value at the time received. Interest incurred during the construction phase of capital assets of business-type

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2017

activities and proprietary funds is capitalized.

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 calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives of the various classes of depreciable capital assets are as follows:

<u>Description</u>	<u>Estimated Useful Life (In Years)</u>
Land improvements	10 to 26
Buildings and improvements	10 to 45
Machinery and equipment	3 to 20
Infrastructure	23 to 50

I. Compensated Absences

City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

Vested vacation and sick leave is recorded as an expense in the government-wide statements for the period in which such leave was earned. For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

Payment of vacation and sick leave recorded in the government-wide financial statements is dependent upon many factors; therefore, timing of future payments is not readily determinable. Management believes that sufficient resources will be made available when payment is due.

J. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable – resources that are not in spendable form (inventory & prepaid expenses) or have a legal or contractual requirement to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators, or through enabling legislation.

Committed – resources that are constrained for specific purposes that are internally imposed on them by the government by formal action (ordinance) at its highest level of decision-making authority, City Council. These committed amounts cannot be used for any other purpose unless the City Council changes the specified use by taking the same type of action it employed previously to commit those amounts.

Assigned – resources that are intended to be used for specific purposes as approved by the City Manager with authority given by City Charter.

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2017

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts that had been restricted, committed or assigned for said purposes.

The City applies restricted resources first when an expense is incurred for purposes that both restricted and unrestricted net position is available. The City considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

K. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

L. Pensions

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

M. Grants and Other Intergovernmental Revenues

Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other reimbursement-type grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

N. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

O. Estimates

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenditure/expenses during the reporting period. Actual results could differ from those estimates.

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2017

P. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, net pension liability and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

Q. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “advances to/from other funds”. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

2. Cash and Cash Equivalents:

The City maintains a cash deposit and investment pool for all funds, except for the following:

- Municipal Court, a custodial fund, maintains its deposits in a separate checking account in the amount of \$232,337.
- An outside agency, Shelby County, is holding cash deposits for the County Auto License Fund in the amount of \$21,061 at December 31, 2017.
- Miami Valley Risk Management Association, a joint insurance pool, is holding a cash reserve for the City’s insurance purposes included in the General Fund in the amount of \$629,351 at December 31, 2017.
- Insurance premiums collected and paid for on behalf of the City employees’ health insurance are held in a separate checking account reported in the Self-Insurance Fund of \$1,126,550 at December 31, 2017.
- Imprest cash held on hand and was \$3,100 at December 31, 2017.

At December 31, 2017, the carrying amount of the City's deposits was \$7,602,525 and the bank balance was \$7,877,587 of the bank balance:

1. \$771,060 was covered by federal depository insurance;
2. \$7,106,527 was collateralized with securities held by the pledging financial institution’s trust departments or agents, but not in the City’s name.

The State of Ohio by statute has established collateral requirements for financial institutions acting as public depositories. The public depositories must either pledge specific qualified securities with a market value of at least equal to 102% of the total amount of all public deposits to be secured, or pledge a pool of collateral with a market value of at least 105% of the total amount of public deposits secured. Pooled securities so pledged provide the equivalent of a deposit insurance fund. This approach protects all public entities against a single public depository collapse. The state has implemented collateral pools to minimize the interest penalty to public entities for protecting public deposits. All investments are reported at fair value, which is based on quoted market prices.

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
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3. Pooled Investments:

Each fund's share of investments is shown separately on the combined balance sheet as "pooled investments." Income accrued on investments is shown collectively by fund on the balance sheet as "interest receivable."

The City's pooled investments consisted of U.S. Government-Sponsored corporations totaling \$28,371,439 at December 31, 2017. These pooled investments have weighted average maturity of approximately one year. The weighted average maturity was calculated using estimated maturity dates at December 31, 2017 based on the City's Investment Advisor's estimate of when an investment will be called.

Interest Rate Risk. To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. In accordance with its investment policy, the City manages its exposure to declines in fair values by not directly investing in securities maturing more than 5 years from the date of purchase unless matched to a specific cash flow requirement.

Credit Risk. As of December 31, 2017, the City's investments in government-sponsored corporations, except STAR Ohio were rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service. STAR Ohio carries a rating of AAAM by Standard & Poor's. The City's investment policy is silent regarding credit risk of investments.

Custodial Credit Risk. The ORC, the City's charter, and the City's investment policy authorize the City to invest in the State Treasury Asset Reserve of Ohio (STAR Ohio), certificates of deposit, repurchase agreements, United States treasury bills and notes, notes issued by United States agencies and government-sponsored corporations, bankers' acceptances and commercial paper of the highest rating. The above legislative investment policy applies to all funds and fund types. All deposits are made to authorized public depositories and contracts with such institutions that are in accordance with the ORC and the City's charter.

Concentration of Credit Risk. To avoid over-concentration in securities from a specific issuer or business sector (excluding securities of the U.S. Treasury, U.S. government-sponsored agencies, and U.S. government-sponsored corporations), the City has established the following maximum allocations based on investments valued at cost:

Certificates of Deposit	40%
Commercial Paper and Banker Acceptances	25%
Repurchase agreements, money market funds, STAR Ohio, and NOW accounts	50%

Investments in any issuer that represents 5% or more of the total investments (excluding cash and cash equivalents) at December 31, 2017 include:

<u>Issuer</u>	<u>Fair Value</u>	<u>Percent</u>
U.S. Government-Sponsored Corporations:		
Federal Home Loan Mortgage Company	\$16,329,931	58%
Federal Home Loan Bank	\$ 3,978,160	14%
Federal National Mortgage Association	\$ 1,989,860	7%
Star Ohio	\$ 6,073,488 *	21%

*Valued at amortized cost

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The table above identifies the City's recurring fair value measurements as of December 31, 2017.

CITY OF SIDNEY, OHIO
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The City's investments in Federal Home Loan Mortgage Company, Federal Home Loan Bank, and Federal National Mortgage Association are valued using quoted prices in markets that are not considered to be active dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its 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 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

4. Income Taxes:

Municipalities within the State of Ohio are permitted by state statute to levy an income tax up to a maximum rate of 1% subject to the approval of the local legislative body. Any rate in excess of 1% requires the approval of a majority of the eligible voters residing within the municipal corporation. The City of Sidney levies a permanent 1.5% tax on all wages, salaries, commissions and other compensation paid by employers and the net profits from a business or professional person earned within the City, excluding income from intangible personal property. In addition, City residents pay City income tax on income earned outside the City, net of a credit for income taxes paid to other municipalities.

During election that was held on November 2014, voters approved an income tax levy of an additional annual tax on income at the rate of one-quarter of one percent (.25%) commencing on and after January 1, 2015 and sunseting December 31, 2019 to provide funds for the construction, reconstruction, resurfacing and maintenance of streets, alleys, bridges, curbs and gutters and cost incidental thereto.

5. Property Taxes:

Property taxes are levied against all real and public utility property located in the City. Revenues from property taxes are used by the City pursuant to state statutes for General Fund operations and as a partial provision for payment of accrued police and fire pension costs.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% (10 mills) of assessed value without a vote of the people. Under current procedures, the City's share is 0.320% (3.2 mills) of assessed value, including .6 mills to fund the police and fire unfunded pension liability.

Real property and public utility taxes collected during 2017 were levied on December 31, 2016 on assessed values listed as of January 1, 2016, the lien date. One-half of these taxes were due on February 14, 2017 with the remaining balance due on July 20, 2017.

Assessed values of real property are established by State law at 35% of appraised market value. A revaluation of all property is required to be completed no less than every six years with equalization adjustments in the third year following reappraisal. The last revaluation was completed in 2017. Public utility property taxes

CITY OF SIDNEY, OHIO
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are assessed on tangible personal property as well as land and improvements at true value (50% of cost). The assessed value for 2016 upon which the 2017 levy was based was approximately \$360,708,070. The assessed value for 2017 upon which the 2018 levy will be based is approximately \$373,693,340.

The Shelby County Treasurer collects property taxes on behalf of all taxing districts, including the City of Sidney. The County Auditor periodically remits to the City its portion of taxes collected.

6. Capital Assets:

Capital asset activity for the year ended December 31, 2017 was as follows:

Governmental activities:

	Beginning Balance	Additions	Disposals	Net Transfers	Ending Balance
<i>Capital assets not being depreciated:</i>					
Land	\$ 8,398,386	\$ 48,165	\$ -	\$ -	\$ 8,446,551
Construction in progress	1,680,085	416,440	-	(1,537,513)	559,012
Subtotal	<u>10,078,471</u>	<u>464,605</u>	<u>-</u>	<u>(1,537,513)</u>	<u>9,005,563</u>
<i>Capital assets being depreciated:</i>					
Buildings and land improvements	18,722,937	301,587	-	-	19,024,524
Machinery and equipment	12,504,272	1,269,914	(650,935)	88,971	13,212,222
General infrastructure	61,566,881	5,380,468	-	1,537,513	68,484,862
Subtotal	<u>92,794,090</u>	<u>6,951,969</u>	<u>(650,935)</u>	<u>1,626,484</u>	<u>100,721,608</u>
Totals at historical cost	<u>102,872,561</u>	<u>7,416,574</u>	<u>(650,935)</u>	<u>88,971</u>	<u>109,727,171</u>
<i>Less accumulated depreciation for:</i>					
Buildings and land improvements	7,691,371	468,129	-	-	8,159,500
Machinery and equipment	9,061,344	804,887	(650,935)	88,971	9,304,267
General infrastructure	28,921,591	2,381,154	-	-	31,302,745
Total accumulated depreciation	<u>45,674,306</u>	<u>3,654,170</u>	<u>(650,935)</u>	<u>88,971</u>	<u>48,766,512</u>
Net capital assets	<u>\$ 57,198,255</u>	<u>\$ 3,762,404</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,960,659</u>

Depreciation was charged to governmental activities as follows:

Community development	\$ 3,229
Community environment	1,758
Fire	317,654
General government	44,626
Health	59,057
Judicial	145,153
Parks and recreation	201,830
Police	343,100
Street repairs and maintenance	<u>2,416,175</u>

Total governmental funds depreciation expense \$3,532,582

Portion of internal service funds' depreciation allocable to governmental activities 121,588

Total additions to accumulated depreciation of governmental activities \$3,654,170

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2017

Business-type activities:

	Beginning Balance	Additions	Disposals	Net Transfers	Ending Balance
<i>Capital assets not being depreciated:</i>					
Land	\$ 3,109,365	\$ 71,835	\$ -	\$ -	\$ 3,181,200
Construction in progress	34,666,112	3,780,262	-	(13,160,433)	25,285,941
Subtotal	<u>37,775,477</u>	<u>3,852,097</u>	<u>-</u>	<u>(13,160,433)</u>	<u>28,467,141</u>
<i>Capital assets being depreciated:</i>					
Buildings, improvements and Infrastructure	68,766,008	3,475,813	-	13,160,433	85,402,254
Machinery and equipment	14,396,108	480,658	(162,110)	(88,971)	14,625,685
Subtotal	<u>83,162,116</u>	<u>3,956,471</u>	<u>(162,110)</u>	<u>13,071,462</u>	<u>100,027,939</u>
Totals at historical cost	<u>120,937,593</u>	<u>7,808,568</u>	<u>(162,110)</u>	<u>(88,971)</u>	<u>128,495,080</u>
<i>Less accumulated depreciation for:</i>					
Buildings, improvements and Infrastructure	30,315,312	1,819,562	-	-	32,134,874
Machinery and equipment	10,176,792	854,227	(162,110)	(88,971)	10,779,938
Total accumulated depreciation	<u>40,492,104</u>	<u>2,673,789</u>	<u>(162,110)</u>	<u>(88,971)</u>	<u>42,914,812</u>
Net capital assets	<u>\$ 80,445,489</u>	<u>\$ 5,134,779</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,580,268</u>

Depreciation was charged to business-type activities as follows:

Airport	\$ 218,221
Concession Stand	168
Sewer	1,320,520
Sidney Water Park	31,840
Stormwater	200,113
Transportation	134,466
Water	<u>768,461</u>

Total additions to accumulated depreciation of business-type activities \$2,673,789

Capitalized interest was recorded in the amounts of \$20,826 and \$96,272 for the Water and Sewer Funds, respectively for fiscal year 2017.

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
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7. Noncurrent Liabilities:

The following is a summary of changes for noncurrent liabilities of the City for the year ended December 31, 2017:

Governmental activities:	Balance January 1, 2017	Additions	Reductions	Balance December 31, 2017	Due Within One Year
Capital Improvement fund:					
<i>G.O. bonds, 2011-2018, 2.0%, Monumental Bldg renovation</i>	\$ 365,000	\$ -	\$ 180,000	\$185,000	\$ 185,000
<i>Current Refunding G.O. bonds, 2013-2024, 2.52% avg. Police Facility Construction</i>	3,635,000	-	420,000	3,215,000	435,000
<i>OPWC Loan, 2017-2037, 0%, Fielding Road Reconstruction</i>	-	157,000	7,850	149,150	7,850
General fund:					
<i>G.O. bonds, 2011-2022, 2.0% to 2.5%, Fire & Police Pension</i>	200,000	-	30,000	170,000	30,000
Kuther Road TIF fund (nonmajor governmental fund):					
<i>G.O. bonds 2010-2030, 2.0% to 4.25%, , Kuther Road TIF, Water & Sewer Infrastructure</i>	185,000	-	10,000	175,000	10,000
Menards TIF fund (nonmajor governmental fund):					
<i>G.O. bonds, 2010-2025, 2.0% to 4.0%, Menards TIF, Sewer Infrastructure</i>	460,000	-	45,000	415,000	45,000
Premium on Bonds	17,652	-	4,845	12,807	-
Net Pension Liability					
Ohio Public Employees Retirement System (OPERS)	5,751,857	1,788,379	-	7,540,236	-
Ohio Police & Fire Pension Fund (OPF)	17,561,124	-	1,097,989	16,463,135	-
Accrued vacation and sick leave	<u>1,811,979</u>	<u>990,620</u>	<u>861,017</u>	<u>1,941,582</u>	<u>88,502</u>
Total	<u>\$ 29,987,612</u>	<u>\$ 2,935,999</u>	<u>\$ 2,656,701</u>	<u>\$ 30,266,910</u>	<u>\$ 801,352</u>

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
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Business-type activities:	Balance January 1, 2017	Additions	Reductions	Balance December 31, 2017	Due Within One Year
Water fund:					
<i>O.W.D.A. loans, 2009-2029, 0% ARRA –Distribution system upgrades, Automated water meter reads system</i>	\$ 2,847,456	-	\$109,517	\$2,737,939	\$219,035
<i>O.W.D.A. loans, 2009-2029, 0% ARRA – NMHP distribution system</i>	204,204	-	15,708	188,496	15,708
<i>G.O. bonds, 2010-2040, 2.0% to 4.5% Water Source testing</i>	625,000	-	15,000	610,000	15,000
<i>O.W.D.A. Construction loan, 3.3% Water transmission lines</i>	18,589,634	2,516,370	221,545	20,884,459	268,890
<i>O.W.D.A. Construction loan, 2.2% Lime Sludge Lagoon Reconstruction</i>	502,474	999,065	-	1,501,539	-
<i>Recovery Zone Economic Development Bonds –Taxable G.O. bonds, 2010-2040, coupon interest rate of 5.45% to 6.0% (45% Original Federal interest subsidy *sequester of approximately 6.8% to reduce interest cost) Water source property acquisition and other water source projects</i>	2,312,000	-	50,000	2,262,000	50,000
Premium on Bonds	3,251	-	141	3,110	-
Sewer fund:					
<i>G.O. bonds, 2011-2022, 2.0% to 2.5% - Wastewater system improvements</i>	3,135,000	-	495,000	2,640,000	480,000
<i>G.O. bonds, 2013-2037, 1.0% to 4.5% - Wastewater system and plant improvements</i>	4,345,000	-	150,000	4,195,000	155,000
<i>W.P.C.L.F. Construction loan, 2.18% Wastewater Phase I Improvements</i>	9,035,790	96,272	-	9,132,062	368,718
Premium on Bonds	18,658	-	3,109	15,549	-
Proprietary funds:					
Net pension liability - OPERS	3,382,910	869,632	-	4,252,542	
Accrued vacation and sick leave	<u>350,654</u>	<u>208,044</u>	<u>217,998</u>	<u>340,700</u>	<u>18,157</u>
Total	<u>\$ 45,352,031</u>	<u>\$ 4,689,383</u>	<u>\$ 1,278,018</u>	<u>\$ 48,763,396</u>	<u>\$ 1,590,508</u>

The full faith and credit of the City are pledged as collateral for all general obligation bonds.

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
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The Sewer Fund's general obligation bonds are expected to be paid with sewer revenues generated from sewer rates. The Water Fund's general obligation bonds are expected to be paid with water revenues generated from water rates. The Kuther Road TIF and Menards TIF general obligation bonds are expected to be paid with payments-in-lieu of taxes received from property owners.

During fiscal year 2009 the City entered into two loans with the Ohio Water Development Authority (OWDA). The first loan was issued for the purpose of making improvements to the water meter read and distribution system. Water revenue, net of operating and maintenance expenses, is pledged as repayment for this loan.

The second loan was issued on behalf of Northbrook Mobile Home Park to provide them with financing for water system upgrades. Repayment of this loan is the responsibility of the Northbrook Mobile Home Park; however, the loan is backed by water revenues of the City in the case of default. A receivable in the amount of \$188,496 at December 31, 2017 is recorded in the basic financial statements.

A 30-year construction loan from OWDA in the amount of \$22,148,558 was entered into during November 2015. The interest rate is 3.30% and the City has drawn down \$20,837,115 on this loan as of December 31, 2017. Accrued interest of \$268,890 has also been added to the principal balance. The City has begun making loan payments during 2017; principle was paid in the amount of \$221,545. This loan is for the construction of wells at the new water source and transmission lines back to the Water Treatment Plant.

During fiscal year 2017 the City entered into a 30-year construction loan from OWDA in the amount of \$5,328,869. The interest rate is 2.20% and City has drawn down \$1,480,586 on this loan as of December 31, 2017. Accrued interest of \$20,953 has also been added to the principal balance. This loan is for the Water Treatment Plant Lime Sludge Lagoon Reconstruction.

To repay these water loans issued by OWDA the City has pledged future water customer revenues, net of specified operating expenses. The loans are payable solely from water customer net revenues and are payable through 2048. Annual payments on the loans are expected to require 22% of net revenues. The total principal payments to be paid on the loans as of December 31, 2017 are \$25,312,433. Principal and interest paid and total customer net revenues for 2017 were \$716,659 and \$3,278,204, respectively.

The City has 30-year taxable general obligation Recovery Zone Economic Development Bonds issued in 2010 in the amount of \$2,542,000. The federal government subsidizes the bonds by reimbursing the City for a portion of the interest payments listed below. Bond proceeds were used to pay for water related capital projects.

A 20-year loan from Water Pollution Control Loan Fund (WPCLF) in the amount up to \$9 million, which is administered jointly by the Ohio Environmental & Finance Assistance (OEFA) and OWDA was entered into in October 2015. This loan is to provide funding for various sewer projects designed to achieve compliance with Ohio Environmental Agency mandates. The interest rate is 2.18%, and the City has drawn down \$8,965,097 as of December 31, 2017. Accrued interest of \$166,965 has been added to the principal balance.

To repay this sewer loan issued by WPLCF the City has pledged future sewer revenues, net of specified operating expenses. The loans are payable solely from sewer customer net revenues and are payable through 2037. Annual payments on the loans are expected to require 20% of net revenues. The total principal payments to be paid on the loans as of December 31, 2017 are \$9,132,062. Principal paid and total customer net revenues for 2017 were \$0 and \$2,864,192, respectively.

CITY OF SIDNEY, OHIO
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During 2016 the City entered into a grant/loan agreement with the Ohio Public Works Commission for the reconstruction of Fielding Road. The amount of the loan agreement was \$157,000 with a zero percent interest rate and repayment over a 20 year term.

In April 2017, the City was approved for a WPCLF loan for the design of the wastewater treatment plant phase II improvements in the amount of \$280,000. This loan is to be paid back over a five year period with repayment to begin July 2018 at an interest rate of 2.33%. As of December 31, 2017 no amount was drawn on this loan.

Annual requirements to pay principal and interest on long-term debt at December 31, 2017 are:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Federal Interest</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Subsidy</u>
2018	\$ 712,850	\$ 111,806	\$ 1,572,351	\$ 1,256,091	\$ (54,575)
2019	542,850	96,607	2,049,451	1,249,876	(53,437)
2020	547,850	84,706	1,886,741	1,208,507	(52,185)
2021	557,850	72,396	1,941,506	1,164,852	(50,934)
2022	567,850	57,790	1,981,986	1,118,233	(49,568)
2023-2027	1,254,250	79,820	7,693,684	4,965,976	(225,195)
2028-2032	94,250	4,888	8,171,281	3,888,588	(178,764)
2033-2037	31,400	-	8,911,443	2,572,077	(112,000)
2038-2042	-	-	5,388,772	1,277,442	(25,082)
2043-2047	-	-	4,483,080	381,090	-
2048	-	-	71,201	1,652	-
Total	\$ 4,309,150	\$ 508,013	\$44,151,496	\$19,084,384	\$ (801,740)

8. Contingent Liabilities:

The City is the defendant in various court actions, but either it is covered by insurance or the amount involved is not material in relation to the basic financial statements.

The City of Sidney is a plaintiff in pending litigation with defendant Spring Creek Corporation. The City of Sidney is seeking a judicial determination entitling it to acquire by eminent domain appropriation of property currently owned by Spring Creek Corporation. A trial date has not been set for this case as of the date of these financial statements. No accrued liability has been recorded on these financial statements because it cannot be reasonably estimated.

During November 2016, the City entered into an 18-month land contract for an option to purchase. A deposit in the amount of \$20,000 was paid on this contract. If the City opts to purchase the land the deposit would go toward the \$495,000 cost of the land. If the City lets the option expire, no deposit refund will be received. No accrued liability has been recorded on these financial statements.

The City of Sidney is the defendant in a case awaiting final resolution. The pending litigation involves a property dispute. The proposed settlement involves a projected cost of \$60,000, which is encumbered at year end.

The City participates in several state and federally assisted programs (primarily Transportation and

CITY OF SIDNEY, OHIO
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Community Development Block Grants) which are subject to program compliance audits by the grantors or their representatives. The grantor agencies, at their option, may perform economy and efficiency audits, program results audits or conduct monitoring visits. Such audits and visits could lead to reimbursement to the grantor agencies. Management believes such reimbursements, if any, would not be material.

9. Significant Commitments:

The encumbrances (amounts committed to liquidate purchase orders of the prior periods) at December 31, 2017 for governmental activities are as follows:

<u>Fund</u>	<u>Total Encumbrances</u>
General	\$ 202,149
Street	112,814
Capital Improvement	1,283,004
Municipal Income Tax for Street Capital Projects	56,534
Non-major	59,458
Total	\$ 1,713,959

Contractual Commitment:

Significant contractual commitments outstanding as of December 31, 2017 are:

<u>Project/Product/Service</u>	<u>Contracted Amounts</u>	<u>Amount Expended</u>	<u>Amount Remaining</u>
Water Source Project	\$ 14,630,108	\$ 13,772,445	\$ 857,663
Lime Sludge Lagoon Reconstruction	\$ 5,010,284	\$ 1,462,000	\$ 3,548,284
Upgrade CAD and Mobile Equipment	\$ 180,671	\$ 28,043	\$ 152,628
Jefferson Street Bridge Replacement	\$ 130,424	\$ -	\$ 130,424
Road Salt Contract	\$ 100,000	\$ -	\$ 100,000

10. Joint Venture:

The City has entered into a joint venture with Logan/Shelby County N911 in order to provide proper management for the combined 911 system and the shared services for all affected members. The property used with the 911 system will be equally owned by all of the initial departments regardless of physical location. As of December 31, 2017 the City had spent a total of \$96,702 for their vested interest in the acquisition of the 911 system.

11. Interfund Transfers:

Interfund transfers in the basic financial statements for the year ended December 31, 2017 were:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ -	\$ 399,616
Street Repair & Maintenance	50,000	-
Non-major governmental funds	140,000	-
Non-major enterprise funds	209,616	0
Internal service funds	0	23,531
	\$ 399,616	\$ 423,147
Transfer internal service net book value capital asset to governmental activities		(23,531)
		\$ 399,616

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All interfund transfers are routine in nature and are to subsidize the operations of the applicable funds.

The cash advance outstanding at December 31, 2017 of \$43,750 is from the General Fund to the Law Enforcement Diversion Grant Fund, a nonmajor governmental fund, which is for a reimbursable State Grant.

12. Risk Management:

The City is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The City has joined the Miami Valley Risk Management Association, Inc. (MVRMA), a joint insurance pool. The pool consists of twenty municipalities who pool risk for property, crime, liability, boiler and machinery and public official liability.

The City pays an annual premium to MVRMA for this coverage. The agreement provides that the MVRMA will be self-sustaining through member premiums and the purchase of excess and stop-loss insurance. The deductible per occurrence for all types of claims is \$2,500. During 2017, the Association's per-occurrence retention limit for property was \$250,000, with the exception of boiler and machinery for which there was \$10,000 to \$350,000 per occurrence retention limit. Liability had a per-occurrence retention limit of \$500,000. After the retention limits are reached, excess insurance will cover up to the limits stated below.

General Liability (including law enforcement)	\$12,000,000 per occurrence
Automobile Liability	\$12,000,000 per occurrence
Public Officials Liability	\$12,000,000 per occurrence
Boiler and Machinery	\$100,000,000 per occurrence
Property	\$1,000,000,000 per occurrence
Earthquake	\$25,000,000 per occurrence
Flood	\$25,000,000 per occurrence
Cyber Liability	\$2,000,000 per occurrence
Pollution Liability	\$1,000,000 per occurrence

There were no significant reductions in insurance coverage during the year in any category of risk. Settled claims did not exceed insurance coverage in each of the past three years.

14. Self-Insurance:

During 2015, the City chose to establish a risk financing fund for risks associated with the employees' health insurance plan. The City is now a member of a Medical Purchasing Cooperative through Ohio Benefits Cooperative where Jefferson Health Plan is the administrative party through which to purchase insurance, stop loss insurance, and other benefit services including the use of Anthem as the third party administrator processing claims. The risk financing fund is accounted for as an internal service fund where assets are set aside for claim settlements. A premium is charged to each fund that accounts for part-time or full-time employees. The total charge allocated to each of the funds is calculated using trends in actual claims experience. Provisions are also made for unexpected and unusual claims. After year-end the administrative party became aware of stop loss reimbursements of \$451,458 inadvertently deposited into our account therefore there is a corresponding accounts payable and an increase in claims paid during 2017.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs, and other economic and social factors.

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Changes in the balances of claims liabilities during the past fiscal year are as follows:

	2017	2016
Unpaid claims, beginning of the year	\$ 155,691	\$ 67,009
Incurred claims (including IBNR's)	1,621,021	1,487,879
Claim payments	(1,606,434)	(1,399,197)
Unpaid claims, end of year	\$ 170,278	\$ 155,691

15. Fund Deficits at December 31, 2017:

The Revenue Collections Fund (an internal service fund) has a deficit fund balance of \$336,645 and Garage/Fleet Fund (an internal service fund) a deficit fund balance of \$134,545, due to the accrual of pension under GASB 68, which is long term in nature. The Solid Waste Fund (a nonmajor enterprise fund) has a deficit fund balance of \$59,471. Solid Waste charges are billed and collected in advance; therefore, the recording of receivables and unearned income using the accrual basis of accounting generates the fund's deficit balance. On a budgetary (Non-GAAP) basis, the following fund had a deficit fund balance as a result of encumbrances recorded from reimbursable grants: Law Enforcement Diversion Grant Fund (a nonmajor governmental fund) with a deficit of \$1,786 which received a cash advance of \$43,750 at December 31, 2017.

16. Components of Fund Balance:

Fund balance is 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 in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	General Fund	Street Repair & Maintenance Fund	Capital Improvement Fund	Municipal Earned Income Tax for Street Capital Fund	Other Non-major Governmental Funds	Total
Fund balances:						
Nonspendable						
Inventory	\$ 97,303	\$ 49,658	\$ -	\$ -	\$ -	\$ 146,961
Prepaid Expenses	38,908	272	-	-	2,868	42,048
Restricted for:						
Streets & Highways	-	611,553	-	1,310,972	103,268	2,025,793
Law Enforcement	-	-	-	-	213,674	213,674
Municipal Court	-	-	-	-	592,942	592,942
Cemetery	-	-	-	-	962,642	962,642
Community development	-	-	-	-	301,508	301,508
Tax incremental financing	-	-	-	-	477,519	477,519
Other purposes	-	-	-	-	67,604	67,604

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	General Fund	Street Repair & Maintenance Fund	Capital Improvement Fund	Municipal Earned Income Tax for Street Capital Fund	Other Non-major Governmental Funds	Total
Committed to:						
Separation pay	505,237	-	-	-	-	505,237
27 th pay	132,462	-	-	-	-	132,462
Health	-	-	-	-	53,143	53,143
Other purposes	53,640	-	-	-	97,522	151,162
Assigned to:						
Capital projects Future commitments	-	-	2,991,639	-	-	2,991,639
Other purposes	1,013,367	-	-	-	-	1,013,367
Unassigned:	6,627,441	-	-	-	-	6,627,441
	<u>\$ 8,670,507</u>	<u>\$ 661,483</u>	<u>\$ 2,991,639</u>	<u>\$ 1,310,972</u>	<u>\$ 2,872,690</u>	<u>\$ 16,507,291</u>

17. Tax Abatement Disclosures

The City of Sidney currently provides tax incentives under two different programs: the Community Reinvestment Area (CRA) and an Enterprise Zone.

Real Estate Tax Abatements

Pursuant to Ohio Revised Code Chapter 5709, the City establishes a Community Reinvestment Area. The City authorizes incentives through a passage of public ordinances, based upon each businesses investment criteria, and through a contractual application process with each business, including proof that the improvement has been made. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient's property tax bill. The establishment of these Community Reinvestment Areas gave the City the ability to maintain and expand business's located in the City and created new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes, from new or improved business real estate and includes major housing improvements. The City of Sidney also contracts with Sidney City Board of Education for payments in lieu of taxes when required by Section 5709.82 of the Ohio Revised Code.

The City also has several Enterprise Zone abatements made through a contractual application process based upon certain criteria, in which the enterprise agrees to expand, renovate, or occupy a facility. The abatement equals an agreed upon percentage up to seventy-five percent of assessed valuation of real property constituting the project site subsequent to formal approval of City Council. The City of Sidney also contracts with Sidney City Board of Education for payments in lieu of taxes when required by Section 5709.82 of the Ohio Revised Code.

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Below is the information relevant to the disclosure of those programs for the year ended December 31, 2017.

	Total Amount of Taxes Abated (Incentives Abated) For the Year 2017 (In Actual Dollars)
Community Reinvestment Area (CRA)	
-Manufacturing	\$37,142
-Lodging	\$41,146
Enterprise Zone Abatement	
-Manufacturing	\$6,388

Pursuant to Section 5709.82 of the Ohio Revised Code, the City of Sidney and the Sidney City Board of Education entered into Compensation Agreements, whereas the City of Sidney agreed to annually pay to the Sidney City Schools the lesser of 75% of income tax attributable to new employees or the school's portion of the property tax abated. Compensation paid to the Sidney City School for the year ended December 31, 2017 included the following:

-Manufacturing	\$ 2,421
-Lodging	\$ 4,150

18. Subsequent Event:

In March 2018, the City was approved for a WPCLF loan for the construction of the wastewater treatment plant phase II improvements and the design loan portion was rolled into this loan in the amount of \$6,312,937. This loan is to be paid back over a twenty year period with repayment to begin July 2020 at an interest rate of 1.95%.

19. Change in Accounting Principle and Restatement of Net Position:

GASB Statement No. 84 addresses accounting and financial reporting issues related to fiduciary activities. This Statement provides guidance for determining criteria for identifying fiduciary activities for financial reporting purposes. These changes were incorporated in the City's 2017 financial statements; a net position restatement is required in order to implement GASB Statement No. 84. Net position for Custodial Funds at January 1, 2017 was restated from \$0 to \$177,236.

20. Defined Benefit 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.

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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.

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 *salaries and benefits payable* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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 that has elements of a defined benefit and defined contribution plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org>.

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 and combined plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

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

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% 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 2.25%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 2.25% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

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

	State and Local
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	1.0
Total Employer	14.0 %
 Employee	 10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required pension contribution was \$944,337 for 2017. Of this pension amount, \$74,041 is reported as salaries and benefits payable.

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

Plan Description - City 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 comprehensive annual financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. This report may be obtained by visiting the OPF website at www.op-f.org.

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

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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 pension was \$1,234,922 for 2017. Of this pension amount \$114,683 is reported as salaries and benefits payable.

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
Proportion of the Net Pension Liability			
Current Measurement Date	0.052060%	0.259921%	
Prior Measurement Date	0.052887%	0.272982%	
Proportionate Share of the Net			
Pension Liability	\$11,792,778	\$16,463,135	\$28,255,913
Pension Expense	\$2,460,395	\$1,910,972	\$4,371,367

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

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	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$17,652	\$4,657	\$22,309
Changes of assumptions	1,880,546	0	1,880,546
Net difference between projected and actual earnings on pension plan investments	1,804,043	1,704,366	3,508,409
City contributions subsequent to the measurement date	<u>944,337</u>	<u>1,234,922</u>	<u>2,179,259</u>
Total Deferred Outflows of Resources	<u>\$4,646,578</u>	<u>\$2,943,945</u>	<u>\$7,590,523</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$89,120	\$39,810	\$128,930
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>88,218</u>	<u>787,918</u>	<u>876,136</u>
Total Deferred Inflows of Resources	<u>\$177,338</u>	<u>\$827,728</u>	<u>\$1,005,066</u>

An amount of \$2,179,259 is 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:

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2018	\$1,424,580	\$486,294	\$1,910,874
2019	1,511,910	486,294	1,998,204
2020	638,819	332,594	971,413
2021	(51,354)	(267,695)	(319,049)
2022	465	(142,507)	(142,042)
Thereafter	<u>481</u>	<u>(13,683)</u>	<u>(13,202)</u>
Total	<u>\$3,524,901</u>	<u>\$881,297</u>	<u>\$4,406,198</u>

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, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board's actuarial consultants conducted an experience study for the period 2011

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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. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

<u>Actuarial Information</u>	<u>Traditional Pension Plan</u>	<u>Combined Plan</u>	<u>Member-Directed Plan</u>
Valuation Date	December 31, 2016	December 31, 2016	December 31, 2016
Experience Study	5 year Period Ending 12/31/2015	5 year Period Ending 12/31/2015	5 year Period Ending 12/31/2015
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age
Actuarial Assumptions			
Investment Rate of Return	7.50%	7.50%	7.50%
Wage Inflation	3.25%	3.25%	3.25%
Projected Salary Increases	3.25%-10.75% (includes wage inflation at 3.25%)	3.25%-8.25% (includes wage inflation at 3.25%)	3.25%-8.25% (includes wage inflation at 3.25%)
Cost of Living Adjustments	Pre-1/7/2013 Retirees: 3.0% Simple Post-1/7/2013 Retirees: 3.0% Simple through 2018, then 2.15% Simple	Pre-1/7/2013 Retirees: 3.0% Simple Post-1/7/2013 Retirees: 3.0% Simple through 2018, then 2.15% Simple	Pre-1/7/2013 Retirees: 3.0% Simple Post-1/7/2013 Retirees: 3.0% Simple through 2018, then 2.15% Simple

Mortality rates were 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 improvement back to the observation period base 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 period base 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 Benefits portfolio, the 401(h) Health Care 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 includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. 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 money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3 percent for 2016.

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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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
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	<u>100.00 %</u>	<u>5.66 %</u>

Average Remaining Service Life

GASB 68 requires that changes arising from differences between expected and actual experience or from changes in actuarial assumptions be recognized in pension expense over the average remaining service life of all employees provided with benefits through the pension plan (active and inactive). This is to consider these differences on a pooled basis, rather than an individual basis, to reflect the expected remaining service life of the entire pool of employees with the understanding that inactive employees have no remaining service period. As of December 31, 2016, the average of the expected remaining service life of all employees calculated by our external actuaries for the Traditional Pension Plan was 3.0856 years, for the Combined Plan was 9.1304 years, and for the Member-Directed was 9.5420 years.

Discount Rate

The discount rate used to measure the total pension liability was 7.5%, post-experience study results, for the Traditional Pension Plan, Combined Plan, and Member-Directed Plan. A discount rate of 8.00% was used in the previous measurement period. 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 required. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan, and Member-Directed 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 discount rate of 7.5%, and the expected net pension liability 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:

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2017

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability			
Traditional Plan	\$18,053,717	\$11,817,399	\$6,620,529
Combined Plan	\$1,756	(\$24,439)	(\$44,788)
Member-Directed Plan	331	(\$182)	(\$438)

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	1/1/2016 with actuarial liabilities rolled forward to 12/31/2016
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Actuarial Assumption Experience Study Date	5 Year Period ending December 31, 2011
Investment Rate of Return	8.25%
Cost of Living Increases (COLA)	3% simple; 2.6% simple for increases based on the lesser of the increase in CPI and 3%
Salary Increases	4.25% to 11%
Payroll Growth	Increase rate of 3.25% plus productivity increase rate of 0.5%

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 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:

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2017

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Real Rate of Return **</u>	<u>30 Year Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %		
Domestic Equity	16.00	4.46 %	5.21 %
Non-US Equity	16.00	4.66	5.40
Core Fixed Income *	20.00	1.67	2.37
Global Inflation			
Protected Securities *	20.00	0.49	2.33
High Yield	15.00	3.33	4.48
Real Estate	12.00	4.71	5.65
Private Markets	8.00	7.31	7.99
Timber	5.00	6.87	6.87
Master Limited Partnerships	8.00	6.92	7.36
Total	120.00 %		

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

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

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

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

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

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$21,926,945	\$16,463,135	\$11,832,482

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2017

Changes Between Measurement Date and Report Date

In October 2017, OP&F Board 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, it has the potential to impact to the City's net pension liability.

21. Post-Employment Benefits:

A. 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 a 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 ORC 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 OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

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

The Ohio Revised Code provides the statutory authority requiring 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. These are the maximum employer contribution rates permitted by Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contribution allocated to the health care for members in the Traditional Plan and Combined Plan was 1.0% during calendar year 2017. As recommended by the OPERS' actuary, the portion of employer contribution allocated to the health care beginning January 1, 2018 decreased to 0% for both plans. The Board is also authorized to establish

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2017

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 for Member-Directed Plan participants for 2017 was 4.0%.

The portion of the City's contributions that was used to fund post-employment benefits for the years ending December 31, 2017, 2016 and 2015, was \$72,641, \$142,550 and \$141,359 respectively; 92% has been contributed for 2017 and 100% for 2016 and 2015.

B. Ohio Police and Fire Pension Fund

The City of Sidney 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 No. 45.

The Ohio Revised Code allows, but does not mandate Ohio Police and Fire Pension to provide OPEB benefits. Authorities for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits are 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.

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, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24% 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 IRS Code Section 115 trust and one for Medicare Part B reimbursements administered 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 health care 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 Trustee's primary

CITY OF SIDNEY, OHIO
Notes to the Basic Financial Statements
December 31, 2017

responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Section 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 coverage selected.

The City's actual contributions for 2017, 2016, and 2015 that were used to fund post-employment benefits for police and firefighters were \$29,051, \$27,776, and \$28,079, respectively; 91% has been contributed for 2017, 100% for 2016, and 100% for 2015.

22. Receivables:

Receivables at December 31, 2017, consisted of taxes, account, interest, loans, special assessments, other receivables, and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as "Receivables from other governments" on the basic financial statements. Receivables have been recorded to the extent that they are measurable at December 31, 2017.

A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Income taxes	\$ 2,449,142
Property taxes	1,159,460
Other taxes	19,539
Interest	38,977
Loans	694,998
Special assessments	156,910
Other	275,255
Receivables from other governments	873,595

Business-type activities:

Accounts	2,783,411
Interest	52,131
Loans	12,406
Other	269,661
Receivables from other governments	99,679

Receivables have been disaggregated on the face of the basic financial statements. The only receivables not expected to be collected within the subsequent year is the special assessments receivables, which is collected over the life of the assessments, and loans receivable.

CITY OF SIDNEY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY OF SIDNEY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS (1)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City of Sidney's Proportion of the Net Pension Liability	0.052060%	0.052887%	0.053553%	0.053553%
City of Sidney's Proportionate Share of the Net Pension Liability				
Traditional Pension Plan	\$11,817,399	\$9,164,506	\$6,469,254	\$6,323,103
Combined Plan	(\$24,439)	(\$29,611)	(\$30,785)	(\$8,390)
Member-Directed Plan	(\$182)	(\$128)	(\$209)	\$0
City of Sidney's Covered Payroll	\$7,125,385	\$7,070,086	\$7,014,545	\$6,958,595
City of Sidney's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	165.50%	129.20%	91.78%	90.75%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability -				
Traditional Pension Plan	77.25%	81.08%	86.45%	86.36%
Combined Plan	116.55%	116.90%	114.83%	104.56%
Member-Directed Plan	103.40%	103.91%	N/A	N/A

(1) Pension information disclosed above is intended to show information for the last ten years. Information prior to 2014 is not available. Amounts presented for each year were determined as of the City's measurement date, which is the prior year-end.

**CITY OF SIDNEY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY OF SIDNEY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO POLICE AND FIRE PENSION FUND
LAST FOUR FISCAL YEARS (1)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City of Sidney's Proportion of the Net Pension Liability	0.259921%	0.272982%	0.275360%	0.275360%
City of Sidney's Proportionate Share of the Net Pension Liability	\$16,463,135	\$17,561,124	\$14,264,786	\$13,410,886
City of Sidney's Covered Payroll	\$5,554,909	\$5,479,757	\$5,407,719	\$5,297,966
City of Sidney's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	296.37%	320.47%	263.79%	253.13%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	68.36%	66.77%	72.20%	73.00%

(1) Pension information disclosed above is intended to show information for the last ten years. Information prior to 2014 is not available. Amounts presented for each year were determined as of the City's measurement date, which is the prior year-end.

**CITY OF SIDNEY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM PENSION PAYMENTS
LAST TEN YEARS**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually Required Pension Contributions	\$ 521,672	\$ 621,185	\$ 661,268	\$ 745,658	\$ 684,856	\$ 904,645	\$ 841,801	\$ 848,368	\$ 855,004	\$ 944,337
Contributions in Relation to the Contractually Required Contributions	<u>\$ 521,672</u>	<u>\$ 621,185</u>	<u>\$ 661,268</u>	<u>\$ 745,658</u>	<u>\$ 684,856</u>	<u>\$ 904,645</u>	<u>\$ 841,801</u>	<u>\$ 848,368</u>	<u>\$ 855,004</u>	<u>\$ 944,337</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 7,547,541	\$ 7,665,960	\$ 7,403,596	\$ 7,419,588	\$ 6,847,645	\$ 6,958,595	\$ 7,014,545	\$ 7,070,086	\$ 7,125,385	\$ 7,264,116
Pension Contributions as a Percentage of Covered Payroll	6.91%	8.10%	8.93%	10.05%	10.00%	13.00%	12.00%	12.00%	12.00%	13.00%

**CITY OF SIDNEY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OHIO POLICE & FIRE PENSION FUND PAYMENTS
LAST TEN YEARS**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually Required Contribution	\$ 762,418	\$ 790,145	\$ 779,475	\$ 847,084	\$ 773,932	\$ 969,374	\$ 1,152,447	\$ 1,171,020	\$ 1,183,136	\$ 1,234,922
Contributions in Relation to the Contractually Required Contribution	<u>\$ 762,418</u>	<u>\$ 790,145</u>	<u>\$ 779,475</u>	<u>\$ 847,084</u>	<u>\$ 773,932</u>	<u>\$ 969,374</u>	<u>\$ 1,152,447</u>	<u>\$ 1,171,020</u>	<u>\$ 1,183,136</u>	<u>\$ 1,234,922</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Covered Payroll	\$ 5,156,307	\$ 5,282,483	\$ 5,230,233	\$ 5,608,040	\$ 5,171,001	\$ 5,297,966	\$ 5,407,719	\$ 5,479,757	\$5,554,909	\$5,810,174
Contributions as a Percentage of Covered Payroll	14.79%	14.96%	14.90%	15.10%	14.97%	18.30%	21.31%	21.37%	21.30%	21.25%

CITY OF SIDNEY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Local taxes	\$ 14,276,101	\$ 14,276,101	\$ 12,711,948	\$ (1,564,153)
Intergovernmental revenues	592,632	592,632	591,387	(1,245)
Special assessments	243,300	243,300	250,071	6,771
Charges for services	1,127,862	1,127,862	1,142,192	14,330
Fines, licenses and permits	374,108	374,108	384,428	10,320
Investment income	80,000	80,000	135,502	55,502
Miscellaneous receipts and reimbursements	1,664,329	1,664,329	1,816,638	152,309
Total revenues	<u>18,358,332</u>	<u>18,358,332</u>	<u>17,032,166</u>	<u>(1,326,166)</u>
EXPENDITURES:				
Current:				
General government	2,889,779	2,905,418	2,700,481	204,937
Police	6,144,295	6,153,201	5,993,847	159,354
Fire	5,013,955	5,076,530	4,942,253	134,277
Judicial	1,392,466	1,355,316	1,324,831	30,485
Community development	198,445	209,445	193,271	16,174
Community environment	601,108	614,355	584,521	29,834
Parks and recreation	1,324,380	1,391,491	1,322,658	68,833
Capital outlay	8,000	18,013	17,613	400
Total expenditures	<u>17,572,428</u>	<u>17,723,769</u>	<u>17,079,475</u>	<u>644,294</u>
Excess (deficiency) of revenues over (under) expenditures	<u>785,904</u>	<u>634,563</u>	<u>(47,309)</u>	<u>(681,872)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(1,946,284)</u>	<u>(399,616)</u>	<u>(399,616)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,946,284)</u>	<u>(399,616)</u>	<u>(399,616)</u>	<u>-</u>
Net change in fund balance	(1,160,380)	234,947	(446,925)	(681,872)
Fund Balances, beginning of year	9,724,482	9,724,482	9,724,482	-
Prior Year Encumbrances	<u>294,672</u>	<u>294,672</u>	<u>294,672</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 8,858,774</u>	<u>\$ 10,254,101</u>	<u>\$ 9,572,229</u>	<u>\$ (681,872)</u>

See Notes to the Required Supplementary Information.

CITY OF SIDNEY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
STREET REPAIR AND MAINTENANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:				
Intergovernmental revenues	\$ 979,649	979,649	\$ 988,198	\$ 8,549
Charges for services	-	-	831	831
Investment Income	2,300	2,300	5,751	3,451
Miscellaneous receipts and reimbursements	73,100	73,100	80,123	7,023
Total revenues	<u>1,055,049</u>	<u>1,055,049</u>	<u>1,074,903</u>	<u>19,854</u>
EXPENDITURES:				
Current:				
Street repair & maintenance	1,396,834	1,497,962	1,275,595	222,367
Total expenditures	<u>1,396,834</u>	<u>1,497,962</u>	<u>1,275,595</u>	<u>222,367</u>
Deficiency of revenues under expenditures	<u>(341,785)</u>	<u>(442,913)</u>	<u>(200,692)</u>	<u>242,221</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	50,000	50,000	50,000	-
Total other financing sources	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net change in fund balance	(291,785)	(392,913)	(150,692)	242,221
Fund Balances, beginning of year	491,959	491,959	491,959	-
Prior Year Encumbrances	106,428	106,428	106,428	-
Fund Balances, end of year	<u>\$ 306,602</u>	<u>\$ 205,474</u>	<u>\$ 447,695</u>	<u>\$ 242,221</u>

See Notes to the Required Supplementary Information.

CITY OF SIDNEY, OHIO
Notes to the Required Supplementary Information
For the Year Ended December 31, 2017

Basis of Budgeting

Basis of budgeting refers to when revenues and expenditures or expenses are recognized in the accounts. The City of Sidney's budget for all funds is prepared on a cash-encumbrance basis by which transactions are recorded when cash is received or disbursed, or when a commitment has been recorded as an encumbrance against an applicable appropriation. All annual appropriations lapse at year-end to the extent they have not been expended or lawfully encumbered. Fund balances shown are unencumbered cash balances. This basis is utilized for all interim financial statements issued during the year.

The basis of budgeting differs from the accounting principles generally accepted in the United States of America (GAAP) used for the City's year-end financial statements contained in the Comprehensive Annual Financial Report (CAFR). Under that basis of accounting, revenues are generally recognized when the obligation to the City arises; the budget basis, however, recognizes revenue only when cash has been received. In the CAFR, expenditures are generally recognized in the period in which they are incurred. Under the budget basis, expenditures are recognized when cash has been disbursed or when an encumbrance has been placed against an appropriation.

Unencumbered appropriations lapse at year end. State law provides that, generally, no contract, agreement or other obligation involving the expenditure of money shall be entered into unless the Finance Officer first certifies that the money required for such contract, agreement, obligation or expenditure is in the treasury, or is anticipated to come into the treasury, before the maturity of such contract. (O.R.C. 5705.41)

Budget Process

The policy of the City is to have the annual operating and capital budgets approved prior to January 1 of each year.

The City follows procedures prescribed by State law and local policy in establishing its budgets as follows:

1. About January 1, the City must submit to the County Budget Commission a statement, classified by fund, of estimated cash receipts for the year and beginning-of-year unencumbered fund balances. The County Budget Commission certifies these estimates and issues an Official Certificate of Estimated Resources, (the "Certificate") limiting the maximum amount the City may expend from a given fund during the year to the estimated resources available. The City may, from time to time throughout the year, request an amended Certificate to reflect updated resource estimates.
2. The *five-year financial plan* is updated on an annual basis, usually in September. The plan is prepared after receiving input from all departments. The plan shall include all major operating funds and all capital improvement funds of the City. The purpose of this plan is to:
 - a. Identify major policy issues for City Council consideration prior to the preparation of the annual budget;
 - b. establish capital project priorities and make advance preparation for the funding of projects within the five-year horizon;
 - c. make conservative financial projections for all major operating funds and all capital improvements to provide assurance that adequate funding exists for proposed projects and services;
 - d. identify financial trends in advance or in the early stages so that timely corrective action can be taken, if needed;
 - e. communicate the City's intermediate plans to the public and provide an opportunity for the public to offer input.
3. The *operating budget* is recommended to Council based upon the City Manager-approved requests submitted by each department. The City Manager acts as budget officer for the City and submits a proposed operating budget to the City Council on an annual basis. Public hearings are held to obtain taxpayer input. The Council enacts the budget through passage of an ordinance. All funds of the City have annual budgets legally adopted by the City Council.

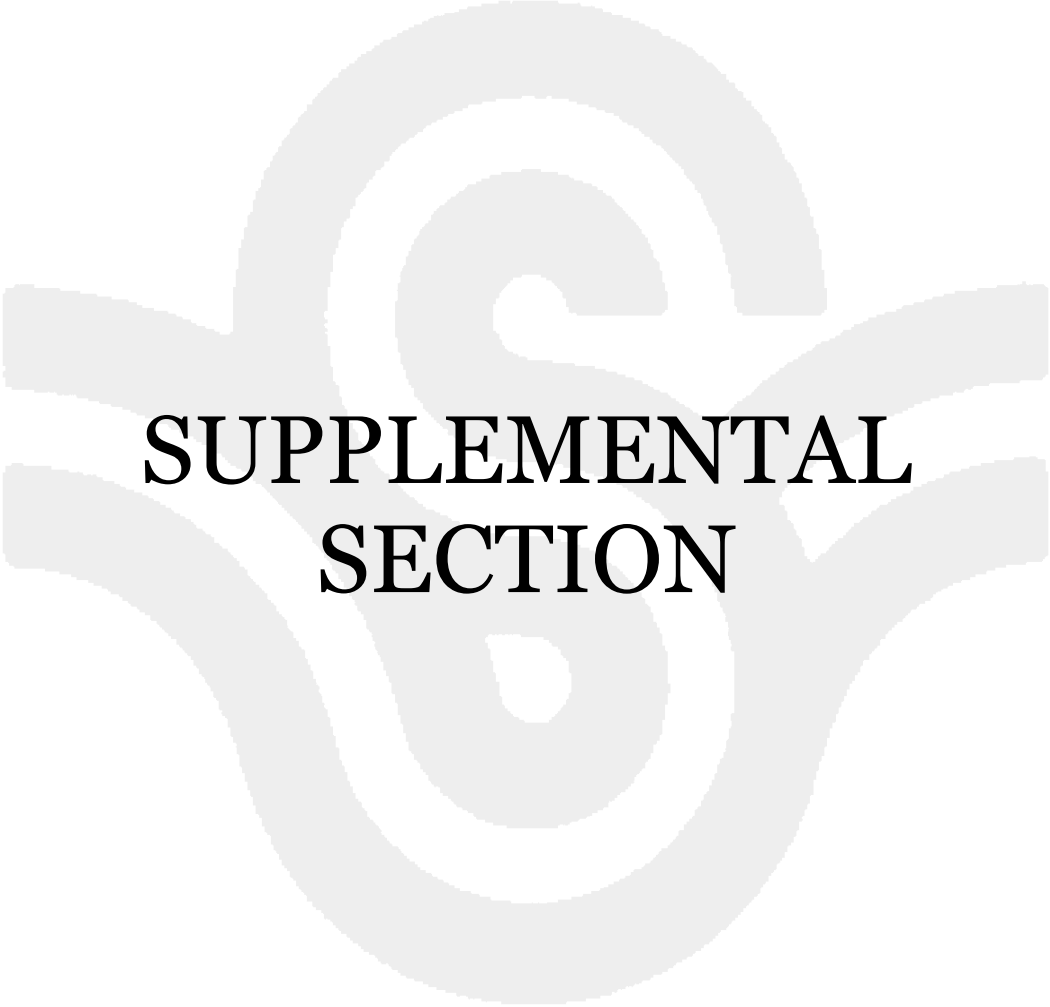
CITY OF SIDNEY, OHIO
Notes to the Required Supplementary Information
For the Year Ended December 31, 2017

4. *Modifications to the budget* may be made from time to time during the budget year. The Statement of Financial Policies provides the permissible methods of amending the budget.

Reconciliation of Budget Basis to GAAP Basis

The adjustments necessary to convert the results of operations for the year ended December 31, 2017, from the GAAP basis to the budget basis are as follows:

	<u>General Fund</u>	<u>Street Repair & Maintenance Fund</u>
Net change in fund balance - <i>GAAP Basis</i>	\$ (1,177,257)	\$ (37,971)
Increase / (decrease):		
Due to revenues	2,285,157	(2,284)
Due to expenditures	<u>(1,554,825)</u>	<u>(110,437)</u>
Net change in fund balance - Budget Basis	<u>\$ (446,925)</u>	<u>\$ (150,692)</u>



**SUPPLEMENTAL
SECTION**

CITY OF SIDNEY, OHIO

Fund Descriptions - Non-major Governmental Funds

Non-major Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

C.D.B.G. Fund. To account for state funds and federal funds passed through state agencies for community development activities.

C.D.B.G. Program Income Fund. To account for the income generated from C.D.B.G. grant programs. Funds must be used for grant-eligible activities.

C.D.B.G. Revolving Loan Fund. To account for loans and repayment of loans for businesses who qualify for low interest loans for economic development.

Cemetery Fund. To account for the operation and maintenance of the cemetery facilities.

Cemetery Maintenance Fund. To account for that portion of cemetery sales revenue committed by City policy to be held for the perpetual care of Graceland Cemetery.

Citizens Police Academy Grant Fund. To account for grant funds received from the Ohio Criminal Justice Department for the development of programs designed to improve public relations.

Convention and Visitors' Bureau Fund. To account for 25% of the funds received from the 6% lodging tax for the operation of a convention and visitors' bureau. The remaining 75% of the tax proceeds are accounted for in the General Fund.

County Auto License Fund. To account for county-levied motor vehicle registration fees restricted for street construction, maintenance and repair.

CRA Fund. To account for the annual fees paid by owners benefiting Community Reinvestment Area (CRA) tax abatement. This fee may be used to pay for expenses incurred in preparing the CRA annual report or expenses incurred by the tax incentive review committee.

Drug Law Enforcement Fund. To account for mandatory fines collected for drug offenses.

E-911 Wireless Fund. To account for funds collected by the State of Ohio from cell phone users and redistributed back to Ohio counties for use in implementation and maintenance of wireless 9-1-1 systems. The County is distributing 50% of those receipts to the City for the upkeep and maintenance of the wireless 9-1-1 system.

Enforcement & Education Fund. To account for financial resources used to educate and treat persons with alcohol related problems and to enhance law enforcement activities as a deterrent to the operation of motor vehicles while under the influence of alcohol.

F.E.M.A. Grant Fund. To account for funds received from Federal Emergency Management Association (FEMA).

Fire Loss Security Fund. To account for the holding of a portion of insurance proceeds from fire loss of private property, held as security against the cost of removing, securing or repairing the damaged structure.

Health Department Building Lease Fund. To account for the operation and maintenance of the building that is leased to the county health department.

CITY OF SIDNEY, OHIO

Non-major Special Revenue Funds (continued)

H.O.M.E. Program Income Fund. To account for income generated from HOME grant programs, primarily loans and repayments of loans made in HOME-funded housing projects. Funds must be used for grant-eligible activities.

Indigent Driver Alcohol Treatment Fund. To account for mandatory fines for DUI arrests that are used to treat drivers who cannot afford the rehabilitation.

Indigent Driver Interlock and Alcohol Monitoring Fund (Municipal Court). To account for additional court fees levied in accordance with Ohio Revised Code for the purpose of providing alcohol monitoring equipment for those cases that cannot afford to purchase it.

Justice Reinvestment Incentive Grant Fund - To account for funds received from the Ohio Department of Rehabilitation and Corrections for the reduction of recidivism and a change in probationers' cognizant behavior.

Law Enforcement Fund. To account for the proceeds from the confiscation of contraband.

Law Enforcement Diversion Grant Fund -- To account for funds received from the Ohio Attorney General Office for law enforcement diversion programs to address the opioid epidemic.

Mausoleum Maintenance Fund. To account for that portion of cemetery sales revenue committed by City policy to be held for the perpetual maintenance and repair of the mausoleum at Graceland Cemetery.

Municipal Court Computer Fund. To account for additional court fees levied in accordance with Ohio Revised Code for the sole purpose of procuring and maintaining computer systems for the office of the clerk of courts.

Municipal Court Special Projects Fund. To account for additional court fees levied in accordance with Ohio Revised Code for the purpose to acquire and pay for special projects of the court.

Neighborhood Stabilization Program Grant Fund. To account for funds received as part of the Regional Neighborhood Stabilization Program. The U.S. Department of Housing & Urban Development awarded funding to states and communities to address abandoned and foreclosed homes. Proceeds are to be used for eligible demolition and renovation projects in the City of Sidney.

Parking Enforcement Fund. Accounts for the operation of the parking system and related expenditures. The operating expenditures and capital improvements are supported by fines, customer charges, and additional funding, as necessary, from the General Fund.

Probation Grant Fund. To account for funds received from the Ohio Department of Rehabilitation and Corrections for the operation of the Municipal Court's probation department.

State Highway Fund. To account for the portion of the state gasoline tax and motor vehicle registration fees restricted for street maintenance and repair of state highways within the City.

TIF – Echo Fund. To account for the financial resources and expenditures related to the development of the Echo Business Center subdivision.

TIF – Kuther Rd Fund. To account for the financial resources and expenditures related to the development of the water and sewer infrastructure along Kuther Road.

TIF – Menards Fund. To account for the financial resources and expenditures related to the development of the southwest sanitary sewer.

**CITY OF SIDNEY, OHIO
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2017**

	Non-major Special Revenue Funds	Total Non-major Governmental Funds
ASSETS		
Pooled cash	\$ 516,858	\$ 516,858
Cash held by outside agent	21,061	21,061
Pooled investments	2,523,767	2,523,767
Receivables:		
Property taxes	151,678	151,678
Other taxes	4,828	4,828
Interest	6,848	6,848
Loans	694,998	694,998
Other	39,250	39,250
Receivables from other governments	51,374	51,374
Prepaid items	<u>2,868</u>	<u>2,868</u>
 Total assets	 <u>\$ 4,013,530</u>	 <u>\$ 4,013,530</u>
LIABILITIES		
Liabilities:		
Accounts payable	\$ 59,774	\$ 59,774
Salaries and benefits payable	<u>6,671</u>	<u>6,671</u>
Advances from other funds	43,750	43,750
 Total liabilities	 <u>110,195</u>	 <u>110,195</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	<u>1,030,645</u>	<u>1,030,645</u>
Total deferred inflows of resources	1,030,645	1,030,645
FUND BALANCES		
Nonspendable	2,868	2,868
Restricted	2,719,157	2,719,157
Committed	<u>150,665</u>	<u>150,665</u>
 Total fund balances	 <u>2,872,690</u>	 <u>2,872,690</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,013,530</u>	<u>\$ 4,013,530</u>

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

	Non-major Special Revenue Funds	Total Non-major Governmental Funds
	<u> </u>	<u> </u>
REVENUES:		
Local taxes	\$ 254,004	\$ 254,004
Intergovernmental revenues	762,826	762,826
Special assessments	1,215	1,215
Charges for services	337,661	337,661
Fines, licenses and permits	69,142	69,142
Investment income	45,227	45,227
Miscellaneous receipts and reimbursements	<u>141,369</u>	<u>141,369</u>
 Total revenues	 <u>1,611,444</u>	 <u>1,611,444</u>
EXPENDITURES:		
Current:		
Community development	344,285	344,285
Community environment	22,843	22,843
Fire	99,926	99,926
Health	214,528	214,528
Judicial	240,207	240,207
Police	56,273	56,273
Street repairs and maintenance	72,000	72,000
Capital outlay	255,723	255,723
Debt service:		
Principal	55,000	55,000
Interest	<u>25,425</u>	<u>25,425</u>
 Total expenditures	 <u>1,386,210</u>	 <u>1,386,210</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>225,234</u>	 <u>225,234</u>
OTHER FINANCING SOURCES:		
Transfers in	<u>140,000</u>	<u>140,000</u>
 Total other financing sources	 <u>140,000</u>	 <u>140,000</u>
 Net change in fund balance	 365,234	 365,234
 Fund balances, beginning of year	 <u>2,507,456</u>	 <u>2,507,456</u>
 Fund balances, end of year	 <u>\$ 2,872,690</u>	 <u>\$ 2,872,690</u>

**CITY OF SIDNEY, OHIO
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2017**

	C.D.B.G.	C.D.B.G. Program Income	C.D.B.G. Revolving Loan	Cemetery	Cemetery Maintenance	Citizens Police Academy Grant	Convention and Visitors' Bureau	County Auto License
ASSETS								
Pooled cash	\$ 35,707	\$ 2	\$ 9,488	\$ 26,742	\$ 130,580	\$ 17	\$ 4,585	\$ 16,390
Cash held by outside agent	-	-	-	-	-	-	-	21,061
Pooled investments	173,982	10	46,232	130,739	636,286	83	22,415	80,129
Receivables:								
Property taxes		-	-	-	-	-	-	-
Other taxes		-	-	-	-	-	4,828	-
Interest	750	-	199	-	2,745	-	-	-
Loans	694,998	-	-	-	-	-	-	-
Other	-	-	-	21,076	-	-	-	-
Receivables from other governments	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	402	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 905,437</u>	<u>\$ 12</u>	<u>\$ 55,919</u>	<u>\$ 178,959</u>	<u>\$ 769,611</u>	<u>\$ 100</u>	<u>\$ 31,828</u>	<u>\$ 117,580</u>
LIABILITIES								
Accounts payable	\$ 28,842	\$ -	\$ -	\$ 1,430	\$ 134	\$ -	\$ 27,000	\$ -
Salaries and benefits payable	-	-	-	3,978	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>28,842</u>	<u>-</u>	<u>-</u>	<u>5,408</u>	<u>134</u>	<u>-</u>	<u>27,000</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	<u>695,290</u>	<u>-</u>	<u>77</u>	<u>20,473</u>	<u>1,069</u>	<u>-</u>	<u>-</u>	<u>21,061</u>
Total deferred inflows of resources	<u>695,290</u>	<u>-</u>	<u>77</u>	<u>20,473</u>	<u>1,069</u>	<u>-</u>	<u>-</u>	<u>21,061</u>
FUND BALANCES								
Nonspendable	-	-	-	402	-	-	-	-
Restricted	181,305	12	55,842	152,676	768,408	100	4,828	96,519
Committed	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>181,305</u>	<u>12</u>	<u>55,842</u>	<u>153,078</u>	<u>768,408</u>	<u>100</u>	<u>4,828</u>	<u>96,519</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 905,437</u>	<u>\$ 12</u>	<u>\$ 55,919</u>	<u>\$ 178,959</u>	<u>\$ 769,611</u>	<u>\$ 100</u>	<u>\$ 31,828</u>	<u>\$ 117,580</u>

(continued)

**CITY OF SIDNEY, OHIO
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2017**

	CRA	Drug Law Enforcement	E-911 Wireless	Enforcement & Education	F.E.M.A. Grant	Fire Loss Security	Health Department Building Lease	H.O.M.E. Program Income
ASSETS								
Pooled cash	\$ 846	\$ 3,926	\$ 19,469	\$ 1,043	\$ 1	\$ 9,813	\$ 9,024	\$ 10,897
Cash held by outside agent	-	-	-	-	-	-	-	-
Pooled investments	4,134	19,192	95,188	5,104	8	47,974	44,119	53,096
Receivables:								
Property taxes	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	229
Loans	-	-	-	-	-	-	-	-
Other	-	-	-	109	-	-	-	-
Receivables from other governments	-	-	10,052	-	-	-	-	-
Prepaid items	-	-	2,466	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>2,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 4,980</u>	<u>\$ 23,118</u>	<u>\$ 127,175</u>	<u>\$ 6,256</u>	<u>\$ 9</u>	<u>\$ 57,787</u>	<u>\$ 53,143</u>	<u>\$ 64,222</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	-	89
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89</u>
FUND BALANCES								
Nonspendable	-	-	2,466	-	-	-	-	-
Restricted	4,980	23,118	124,709	6,256	9	57,787	-	64,133
Committed	-	-	-	-	-	-	53,143	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,143</u>	<u>-</u>
Total fund balances	<u>4,980</u>	<u>23,118</u>	<u>127,175</u>	<u>6,256</u>	<u>9</u>	<u>57,787</u>	<u>53,143</u>	<u>64,133</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,980</u>	<u>\$ 23,118</u>	<u>\$ 127,175</u>	<u>\$ 6,256</u>	<u>\$ 9</u>	<u>\$ 57,787</u>	<u>\$ 53,143</u>	<u>\$ 64,222</u>

(continued)

**CITY OF SIDNEY, OHIO
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2017**

	Indigent Driver Alcohol Treatment	Indigent Driver Interlock & Alcohol Monitoring	Justice Reinvestment Grant	Law Enforcement	Law Enforcement Diversion Grant	Mausoleum Maintenance	Municipal Court Computer	Municipal Court Special Projects
ASSETS								
Pooled cash	\$ 4,115	\$ 1,367	\$ 17,108	\$ 10,102	\$ 7,126	\$ 7,041	\$ 6,575	\$ 86,309
Cash held by outside agent	-	-	-	-	-	-	-	-
Pooled investments	20,118	6,682	83,645	49,389	34,838	34,308	32,143	421,972
Receivables:								
Property taxes	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	2,920	-	-
Loans	-	-	-	-	-	-	-	-
Other	742	-	-	-	3,327	1,396	2,533	8,916
Receivables from other governments	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
Total assets	<u>\$ 24,975</u>	<u>\$ 8,049</u>	<u>\$ 100,753</u>	<u>\$ 59,491</u>	<u>\$ 45,291</u>	<u>\$ 45,665</u>	<u>\$ 41,251</u>	<u>\$ 517,197</u>
LIABILITIES								
Accounts payable	\$ -	\$ 1,010	\$ -	\$ -	\$ 800	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	-	-	741	-	-	-
Advances from other funds	-	-	-	-	43,750	-	-	-
Total liabilities	<u>-</u>	<u>1,010</u>	<u>-</u>	<u>-</u>	<u>45,291</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	100,753	-	-	4,107	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>100,753</u>	<u>-</u>	<u>-</u>	<u>4,107</u>	<u>-</u>	<u>-</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	24,975	7,039	-	59,491	-	41,558	41,251	517,197
Committed	-	-	-	-	-	-	-	-
Total fund balances	<u>24,975</u>	<u>7,039</u>	<u>-</u>	<u>59,491</u>	<u>-</u>	<u>41,558</u>	<u>41,251</u>	<u>517,197</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 24,975</u>	<u>\$ 8,049</u>	<u>\$ 100,753</u>	<u>\$ 59,491</u>	<u>\$ 45,291</u>	<u>\$ 45,665</u>	<u>\$ 41,251</u>	<u>\$ 517,197</u>

(continued)

**CITY OF SIDNEY, OHIO
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2017**

	Neighborhood Stabilization Program Grant	Parking Enforcement	Probation Grant	State Highway	TIF - Echo	TIF - Kuther Rd	TIF - Menards	Non-major Special Revenue Funds Totals
ASSETS								
Pooled cash	\$ 37	\$ 16,467	\$ 750	\$ 245	\$ 4,443	\$ 12,237	\$ 64,406	\$ 516,858
Cash held by outside agent	-	-	-	-	-	-	-	21,061
Pooled investments	179	80,509	3,665	1,195	21,725	59,825	314,883	2,523,767
Receivables:								
Property taxes	-	-	-	-	5,209	22,135	124,334	151,678
Other taxes	-	-	-	-	-	-	-	4,828
Interest	-	-	-	5	-	-	-	6,848
Loans	-	-	-	-	-	-	-	694,998
Other	-	1,140	11	-	-	-	-	39,250
Receivables from other governments	-	-	-	41,322	-	-	-	51,374
Prepaid items	-	-	-	-	-	-	-	2,868
Total assets	<u>\$ 216</u>	<u>\$ 98,116</u>	<u>\$ 4,426</u>	<u>\$ 42,767</u>	<u>\$ 31,377</u>	<u>\$ 94,197</u>	<u>\$ 503,623</u>	<u>\$ 4,013,530</u>
LIABILITIES								
Accounts payable	\$ -	\$ 456	\$ 102	\$ -	\$ -	\$ -	\$ -	\$ 59,774
Salaries and benefits payable	-	108	1,844	-	-	-	-	6,671
Advances from other funds	-	-	-	-	-	-	-	43,750
Total liabilities	<u>-</u>	<u>564</u>	<u>1,946</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,195</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	30	-	36,018	5,209	22,135	124,334	1,030,645
Total deferred inflows of resources	<u>-</u>	<u>30</u>	<u>-</u>	<u>36,018</u>	<u>5,209</u>	<u>22,135</u>	<u>124,334</u>	<u>1,030,645</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	2,868
Restricted	216	-	2,480	6,749	26,168	72,062	379,289	2,719,157
Committed	-	97,522	-	-	-	-	-	150,665
Total fund balances	<u>216</u>	<u>97,522</u>	<u>2,480</u>	<u>6,749</u>	<u>26,168</u>	<u>72,062</u>	<u>379,289</u>	<u>2,872,690</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 216</u>	<u>\$ 98,116</u>	<u>\$ 4,426</u>	<u>\$ 42,767</u>	<u>\$ 31,377</u>	<u>\$ 94,197</u>	<u>\$ 503,623</u>	<u>\$ 4,013,530</u>

**CITY OF SIDNEY, OHIO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	C.D.B.G.	C.D.B.G. Program Income	C.D.B.G. Revolving Loan	Cemetery	Cemetery Maintenance	Citizens Police Academy Grant	Convention and Visitors' Bureau	County Auto License
REVENUES:								
Local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,143	\$ -
Intergovernmental revenues	385,001	-	-	-	-	4,673	-	99,964
Special Assessments	-	-	-	-	-	-	-	-
Charges for services	-	-	-	143,819	-	-	-	-
Fines, licenses and permits	-	-	-	-	-	-	-	-
Investment income	2,086	-	11,752	-	10,188	-	-	-
Miscellaneous receipts and reimbursements	-	-	-	1,247	-	-	-	-
Total revenues	<u>387,087</u>	<u>-</u>	<u>11,752</u>	<u>145,066</u>	<u>10,188</u>	<u>4,673</u>	<u>102,143</u>	<u>99,964</u>
EXPENDITURES:								
Current:								
Community development	216,056	-	-	-	-	-	102,865	-
Community environment	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Health	-	-	-	208,304	327	-	-	-
Judicial	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	6,920	-	-
Street repairs and maintenance	-	-	-	-	-	-	-	-
Capital outlay	123,649	-	-	2,403	-	-	-	102,568
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	<u>339,705</u>	<u>-</u>	<u>-</u>	<u>210,707</u>	<u>327</u>	<u>6,920</u>	<u>102,865</u>	<u>102,568</u>
Excess (deficiency) of revenues over (under) expenditures	<u>47,382</u>	<u>-</u>	<u>11,752</u>	<u>(65,641)</u>	<u>9,861</u>	<u>(2,247)</u>	<u>(722)</u>	<u>(2,604)</u>
OTHER FINANCING SOURCES:								
Transfers in	-	-	-	140,000	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	47,382	-	11,752	74,359	9,861	(2,247)	(722)	(2,604)
Fund balances, beginning of year	<u>133,923</u>	<u>12</u>	<u>44,090</u>	<u>78,719</u>	<u>758,547</u>	<u>2,347</u>	<u>5,550</u>	<u>99,123</u>
Fund balances, end of year	<u>\$ 181,305</u>	<u>\$ 12</u>	<u>\$ 55,842</u>	<u>\$ 153,078</u>	<u>\$ 768,408</u>	<u>\$ 100</u>	<u>\$ 4,828</u>	<u>\$ 96,519</u>

(continued)

**CITY OF SIDNEY, OHIO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	CRA	Drug Law Enforcement	E-911 Wireless	Enforcement & Education	F.E.M.A. Grant	Fire Loss Security	Health Department Building Lease	H.O.M.E. Program Income
REVENUES:								
Local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	94,419	-	-	-	-	-
Special Assessments	1,215	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines, licenses and permits	-	8,130	-	3,158	-	-	-	-
Investment income	-	-	-	-	-	-	-	20,193
Miscellaneous receipts and reimbursements	-	-	-	-	-	108,595	22,500	-
Total revenues	<u>1,215</u>	<u>8,130</u>	<u>94,419</u>	<u>3,158</u>	<u>-</u>	<u>108,595</u>	<u>22,500</u>	<u>20,193</u>
EXPENDITURES:								
Current:								
Community development	459	-	-	-	-	-	-	8
Community environment	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	99,926	-	-
Health	-	-	-	-	-	-	5,897	-
Judicial	-	-	-	-	-	-	-	-
Police	-	4,376	35,690	1,659	-	-	-	-
Street repairs and maintenance	-	-	-	-	-	-	-	-
Capital outlay	-	-	20,125	-	-	-	-	6,978
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	<u>459</u>	<u>4,376</u>	<u>55,815</u>	<u>1,659</u>	<u>-</u>	<u>99,926</u>	<u>5,897</u>	<u>6,986</u>
Excess (deficiency) of revenues over (under) expenditures	<u>756</u>	<u>3,754</u>	<u>38,604</u>	<u>1,499</u>	<u>-</u>	<u>8,669</u>	<u>16,603</u>	<u>13,207</u>
OTHER FINANCING SOURCES:								
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	756	3,754	38,604	1,499	-	8,669	16,603	13,207
Fund balances, beginning of year	<u>4,224</u>	<u>19,364</u>	<u>88,571</u>	<u>4,757</u>	<u>9</u>	<u>49,118</u>	<u>36,540</u>	<u>50,926</u>
Fund balances, end of year	<u>\$ 4,980</u>	<u>\$ 23,118</u>	<u>\$ 127,175</u>	<u>\$ 6,256</u>	<u>\$ 9</u>	<u>\$ 57,787</u>	<u>\$ 53,143</u>	<u>\$ 64,133</u>

(continued)

**CITY OF SIDNEY, OHIO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Indigent Driver Alcohol Treatment	Indigent Driver Interlock & Alcohol Monitoring	Justice Reinvestment Grant	Law Enforcement	Law Enforcement Diversion Grant	Mausoleum Maintenance	Municipal Court Computer	Municipal Court Special Projects
REVENUES:								
Local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-	3,327	-	-	-
Special Assessments	-	-	-	-	-	-	-	-
Charges for services	-	19,617	-	-	-	2,406	38,563	133,256
Fines, licenses and permits	18,068	-	-	12,988	-	-	-	-
Investment income	-	-	-	-	-	567	-	-
Miscellaneous receipts and reimbursements	-	-	-	1,147	-	-	-	7,181
Total revenues	<u>18,068</u>	<u>19,617</u>	<u>-</u>	<u>14,135</u>	<u>3,327</u>	<u>2,973</u>	<u>38,563</u>	<u>140,437</u>
EXPENDITURES:								
Current:								
Community development	-	-	-	-	-	-	-	-
Community environment	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-
Judicial	17,115	16,373	-	-	-	-	32,225	66,847
Police	-	-	-	4,301	3,327	-	-	-
Street repairs and maintenance	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	<u>17,115</u>	<u>16,373</u>	<u>-</u>	<u>4,301</u>	<u>3,327</u>	<u>-</u>	<u>32,225</u>	<u>66,847</u>
Excess (deficiency) of revenues over (under) expenditures	<u>953</u>	<u>3,244</u>	<u>-</u>	<u>9,834</u>	<u>-</u>	<u>2,973</u>	<u>6,338</u>	<u>73,590</u>
OTHER FINANCING SOURCES:								
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	953	3,244	-	9,834	-	2,973	6,338	73,590
Fund balances, beginning of year	<u>24,022</u>	<u>3,795</u>	<u>-</u>	<u>49,657</u>	<u>-</u>	<u>38,585</u>	<u>34,913</u>	<u>443,607</u>
Fund balances, end of year	<u>\$ 24,975</u>	<u>\$ 7,039</u>	<u>\$ -</u>	<u>\$ 59,491</u>	<u>\$ -</u>	<u>\$ 41,558</u>	<u>\$ 41,251</u>	<u>\$ 517,197</u>

(continued)

CITY OF SIDNEY, OHIO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Neighborhood Stabilization Program Grant	Parking Enforcement	Probation Grant	State Highway	TIF - Echo	TIF - Kuther Rd	TIF - Menards	Non-major Special Revenue Funds Totals
REVENUES:								
Local taxes	\$ -	\$ -	\$ -	\$ -	\$ 5,215	\$ 22,162	\$ 124,484	\$ 254,004
Intergovernmental revenues	-	-	103,693	71,749	-	-	-	762,826
Special Assessments	-	-	-	-	-	-	-	1,215
Charges for services	-	-	-	-	-	-	-	337,661
Fines, licenses and permits	-	26,798	-	-	-	-	-	69,142
Investment income	-	-	-	441	-	-	-	45,227
Miscellaneous receipts and reimbursements	-	-	699	-	-	-	-	141,369
Total revenues	<u>-</u>	<u>26,798</u>	<u>104,392</u>	<u>72,190</u>	<u>5,215</u>	<u>22,162</u>	<u>124,484</u>	<u>1,611,444</u>
EXPENDITURES:								
Current:								
Community development	-	-	-	-	1,230	2,000	21,667	344,285
Community environment	-	22,843	-	-	-	-	-	22,843
Fire	-	-	-	-	-	-	-	99,926
Health	-	-	-	-	-	-	-	214,528
Judicial	-	-	107,647	-	-	-	-	240,207
Police	-	-	-	-	-	-	-	56,273
Street repairs and maintenance	-	-	-	72,000	-	-	-	72,000
Capital outlay	-	-	-	-	-	-	-	255,723
Debt service:								
Principal	-	-	-	-	-	10,000	45,000	55,000
Interest	-	-	-	-	-	7,475	17,950	25,425
Total expenditures	<u>-</u>	<u>22,843</u>	<u>107,647</u>	<u>72,000</u>	<u>1,230</u>	<u>19,475</u>	<u>84,617</u>	<u>1,386,210</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>3,955</u>	<u>(3,255)</u>	<u>190</u>	<u>3,985</u>	<u>2,687</u>	<u>39,867</u>	<u>225,234</u>
OTHER FINANCING SOURCES:								
Transfers in	-	-	-	-	-	-	-	140,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,000</u>
Net change in fund balance	-	3,955	(3,255)	190	3,985	2,687	39,867	365,234
Fund balances, beginning of year	<u>216</u>	<u>93,567</u>	<u>5,735</u>	<u>6,559</u>	<u>22,183</u>	<u>69,375</u>	<u>339,422</u>	<u>2,507,456</u>
Fund balances, end of year	<u>\$ 216</u>	<u>\$ 97,522</u>	<u>\$ 2,480</u>	<u>\$ 6,749</u>	<u>\$ 26,168</u>	<u>\$ 72,062</u>	<u>\$ 379,289</u>	<u>\$ 2,872,690</u>

CITY OF SIDNEY, OHIO

Fund Descriptions – Non-major Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises for which 1) the intent of the government's legislative body is that goods or services provided to the general public on a continuing basis be financed or recovered primarily through user charges or 2) the government's legislative body has decided that periodic determination of net income is appropriate for accountability purposes.

Airport Fund. Accounts for the operation of the airport facility and related expenses, including capital improvement. The operating expenses and capital improvements are supported by customer charges and a subsidy, as necessary, from the General Fund.

Concession Stand Fund. Accounts for the operations of the concession stand and related expenses, including capital improvements.

Sidney Water Park Fund. Accounts for the operation of the public swimming pool and related expenses, including capital improvements. The operating expenses are financed through user charges while the capital improvements are subsidized by the General Fund.

Solid Waste Fund. Accounts for the operation of the solid waste collection system and related expenses, including capital improvements. The operations are financed through user charges.

Transportation Fund. Accounts for the operation and maintenance of the Shelby Public Transit (formerly Dial-A-Ride) service, and related expenses, including capital improvement. The operating expenses and capital improvements are supported by customer charges and governmental grants. Any remaining funding is split 65% subsidy from the General Fund and 35% subsidy from Shelby County.

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

	Airport	Concession Stand	Sidney Water Park	Solid Waste	Transportation	Enterprise Funds Totals
ASSETS						
Current assets:						
Pooled cash	\$ 54,699	\$ 1,286	\$ 11,254	\$ 25,759	\$ 49,830	142,828
Pooled investments	267,425	6,287	55,023	125,937	243,614	698,286
Receivables:						
Accounts	1,195	-	-	134,675	44,422	180,292
Other	1	2	16	1	92	112
Receivables from other governments					99,679	99,679
Inventory	29,355	-	-	-	-	29,355
Prepaid items	2,119	75	60	-	1,109	3,363
Total current assets	<u>354,794</u>	<u>7,650</u>	<u>66,353</u>	<u>286,372</u>	<u>438,746</u>	<u>1,153,915</u>
Noncurrent assets:						
Capital assets:						
Capital assets not subject to depreciation:						
Land	1,004,351	-	-	-	55,000	1,059,351
Construction in progress	59,903	-	-	-	5,065	64,968
Capital assets net of accumulated depreciation	<u>4,363,555</u>	<u>3,248</u>	<u>804,768</u>	<u>-</u>	<u>1,336,020</u>	<u>6,507,591</u>
Total noncurrent assets	<u>5,427,809</u>	<u>3,248</u>	<u>804,768</u>	<u>-</u>	<u>1,396,085</u>	<u>7,631,910</u>
Total assets	<u>\$ 5,782,603</u>	<u>\$ 10,898</u>	<u>\$ 871,121</u>	<u>\$ 286,372</u>	<u>\$ 1,834,831</u>	<u>\$ 8,785,825</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension	1,840	7,491	49,025	3,292	280,082	341,730
Total deferred outflows of resources	<u>1,840</u>	<u>7,491</u>	<u>49,025</u>	<u>3,292</u>	<u>280,082</u>	<u>341,730</u>
Total assets & deferred outflows of resources and net position	<u>\$ 5,784,443</u>	<u>\$ 18,389</u>	<u>\$ 920,146</u>	<u>\$ 289,664</u>	<u>\$ 2,114,913</u>	<u>\$ 9,127,555</u>
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 13,860	\$ -	\$ 487	\$ 123,848	\$ 3,346	141,541
Salaries and benefits payable	108	-	-	161	12,953	13,222
Compensated absences	60	-	-	41	2,555	2,656
Refundable deposits	290	-	-	-	-	290
Unearned revenue	5,420	-	-	215,873	-	221,293
Total current liabilities	<u>19,738</u>	<u>-</u>	<u>487</u>	<u>339,923</u>	<u>18,854</u>	<u>379,002</u>
Noncurrent liabilities:						
Net pension liability	5,103	15,204	116,171	8,614	687,823	832,915
Compensated absences	-	-	-	468	32,332	32,800
Total noncurrent liabilities	<u>5,103</u>	<u>15,204</u>	<u>116,171</u>	<u>9,082</u>	<u>720,155</u>	<u>865,715</u>
Total liabilities	<u>24,841</u>	<u>15,204</u>	<u>116,658</u>	<u>349,005</u>	<u>739,009</u>	<u>1,244,717</u>
DEFERRED INFLOWS OF RESOURCES						
Pension	79	244	1,791	130	10,477	12,721
Total deferred inflows of resources	<u>79</u>	<u>244</u>	<u>1,791</u>	<u>130</u>	<u>10,477</u>	<u>12,721</u>
NET POSITION						
Net investment in capital assets	5,427,809	3,248	804,768	-	1,396,085	7,631,910
Unrestricted	331,714	(307)	(3,071)	(59,471)	(30,658)	238,207
Total net position	<u>5,759,523</u>	<u>2,941</u>	<u>801,697</u>	<u>(59,471)</u>	<u>1,365,427</u>	<u>7,870,117</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 5,784,443</u>	<u>\$ 18,389</u>	<u>\$ 920,146</u>	<u>\$ 289,664</u>	<u>\$ 2,114,913</u>	<u>\$ 9,127,555</u>

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

	Airport	Concession Stand	Sidney Water Park	Solid Waste	Transportation	Non-major Enterprise Funds Totals
OPERATING REVENUES:						
Charges for services	\$ 270,657	\$ 20,261	\$ 57,692	\$ 1,629,976	\$ 233,621	\$ 2,212,207
Other revenue	<u>17,917</u>	<u>91</u>	<u>1,541</u>	<u>84</u>	<u>8,114</u>	<u>27,747</u>
Total operating revenues	<u>288,574</u>	<u>20,352</u>	<u>59,233</u>	<u>1,630,060</u>	<u>241,735</u>	<u>2,239,954</u>
OPERATING EXPENSES:						
Personal services	4,347	13,030	97,182	7,857	615,768	738,184
Operations and maintenance	347,678	13,494	68,645	1,605,056	272,388	2,307,261
Depreciation	<u>218,221</u>	<u>168</u>	<u>31,840</u>	<u>-</u>	<u>134,466</u>	<u>384,695</u>
Total operating expenses	<u>570,246</u>	<u>26,692</u>	<u>197,667</u>	<u>1,612,913</u>	<u>1,022,622</u>	<u>3,430,140</u>
Operating loss	<u>(281,672)</u>	<u>(6,340)</u>	<u>(138,434)</u>	<u>17,147</u>	<u>(780,887)</u>	<u>(1,190,186)</u>
NONOPERATING REVENUE:						
Intergovernmental	-	-	-	-	482,658	482,658
Contributions	-	-	4,840	-	250	5,090
Gain on disposal of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,605</u>	<u>11,605</u>
Total nonoperating revenue	<u>-</u>	<u>-</u>	<u>4,840</u>	<u>-</u>	<u>494,513</u>	<u>499,353</u>
Loss before transfers	<u>(281,672)</u>	<u>(6,340)</u>	<u>(133,594)</u>	<u>17,147</u>	<u>(286,374)</u>	<u>(690,833)</u>
Capital grants & contributions	-	-	-	-	110,205	110,205
Transfers in	<u>45,000</u>	<u>-</u>	<u>80,000</u>	<u>-</u>	<u>84,616</u>	<u>209,616</u>
Change in net position	<u>(236,672)</u>	<u>(6,340)</u>	<u>(53,594)</u>	<u>17,147</u>	<u>(91,553)</u>	<u>(371,012)</u>
Net position - beginning	<u>5,996,195</u>	<u>9,281</u>	<u>855,291</u>	<u>(76,618)</u>	<u>1,456,980</u>	<u>8,241,129</u>
Net position - ending	<u>\$ 5,759,523</u>	<u>\$ 2,941</u>	<u>\$ 801,697</u>	<u>\$ (59,471)</u>	<u>\$ 1,365,427</u>	<u>\$ 7,870,117</u>

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

	Airport	Concession Stand	Sidney Water Park	Solid Waste	Transportation	Non-major Enterprise Funds Totals
Cash flows from operating activities:						
Receipts from customers and users	\$ 302,748	\$ 20,352	\$ 59,233	\$ 1,617,758	\$ 214,261	\$ 2,214,352
Receipts from interfund services	208	3,445	8,832	-	25,894	38,379
Payments to suppliers	(311,600)	(9,330)	(54,558)	(1,597,983)	(65,981)	(2,039,452)
Payments to employees	(3,849)	(14,520)	(91,069)	(6,678)	(559,482)	(675,598)
Payments for interfund services provided (used)	(22,763)	(4,177)	(14,166)	(136,522)	(207,135)	(384,763)
Net cash provided by (used for) operating activities	(35,256)	(4,230)	(91,728)	(123,425)	(592,443)	(847,082)
Cash flows from noncapital financing activities:						
Transfers in	45,000	-	80,000	-	84,616	209,616
Intergovernmental	-	-	-	-	589,025	589,025
Contributions	-	-	4,840	-	250	5,090
Net cash provided by noncapital financing activities	45,000	-	84,840	-	673,891	803,731
Cash flows from capital and related financing activities:						
Proceeds from sale of capital assets	-	-	-	-	11,605	11,605
Acquisition of capital assets	(18,421)	-	-	-	(24,067)	(42,488)
Capital contributions	183,030	-	-	-	107,283	290,313
Net cash provided by (used for) capital and related financing activities	164,609	-	-	-	94,821	259,430
Cash flows from investing activities:						
Proceeds from sales and maturities of investments	(2,297)	8,656	44,245	213,856	(20,330)	244,130
Purchase of investments	(155,806)	(6,211)	(45,140)	(136,256)	(136,598)	(480,011)
Net cash provided by investing activities	(158,103)	2,445	(895)	77,600	(156,928)	(235,881)
Net decrease in pooled cash	16,250	(1,785)	(7,783)	(45,825)	19,341	(19,802)
Pooled cash, beginning of year	38,449	3,071	19,037	71,584	30,489	162,630
Pooled cash, end of year	\$ 54,699	\$ 1,286	\$ 11,254	\$ 25,759	\$ 49,830	\$ 142,828
Reconciliation of operating loss to net cash used by operating activities:						
Operating income (loss)	\$ (281,672)	\$ (6,340)	\$ (138,434)	\$ 17,147	\$ (780,887)	\$ (1,190,186)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:						
Depreciation	218,221	168	31,840	-	134,466	384,695
Change in assets and liabilities:						
Accounts receivable	10,673	-	-	(18,057)	(29,529)	(36,913)
Other receivables	-	-	10	1	2,055	2,066
Due from other funds	208	3,445	8,822	-	25,894	38,369
Prepaid items	-	-	8	-	2,156	2,164
Inventory	4,442	-	-	-	-	4,442
Change in deferred outflows of resources - pension	(87)	(1,764)	(10,939)	(722)	(64,453)	(77,965)
Change in assets and liabilities:						
Accounts payable	8,873	(13)	(87)	(129,344)	(2,884)	(123,455)
Salaries and benefits payable and compensated absences	51	-	-	(35)	(6,244)	(6,228)
Due to other funds	-	-	-	(105)	-	(105)
Unearned revenue	3,501	-	-	5,754	-	9,255
Net pension liability	551	345	17,353	1,947	128,351	148,547
Change in deferred inflows of resources - pension	(17)	(71)	(301)	(11)	(1,368)	(1,768)
Net cash provided by (used for) operating activities	\$ (35,256)	\$ (4,230)	\$ (91,728)	\$ (123,425)	\$ (592,443)	\$ (847,082)
Noncash investing, capital and related financing activities:						
Contributions of capital assets from other governments	\$ -	\$ -	\$ -	\$ -	\$ 35,412	\$ 35,412
Prior year purchase of equipment on account	\$ 12,511	\$ -	\$ -	\$ -	\$ -	\$ 12,511

CITY OF SIDNEY, OHIO

Fund Descriptions – Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Garage/Fleet Operations Fund. To account for the operation of the municipal garage. This activity is funded by charges to City departments that use this service.

Information Technology Fund. To account for the costs of purchasing and maintaining the City's computer and phone systems and the allocation of those costs to the using departments on a cost-reimbursement basis.

Revenue Collections Fund. To account for the operation of the City's centralized income tax and utility billing and collections department. This activity is funded by charges to the City departments for which the monies are collected.

Self-Insurance Fund. To account for the employees' health insurance plan, including the payment of insurance premiums and claims. The fund is exclusively financed by premiums paid by City employees and from various operating funds of the City.

Service Center Building Fund. To account for the operation of the Service Center building. This activity is funded by charges to City departments that use these services.

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

	Garage/ Fleet Operations	Information Technology	Revenue Collections	Self Insurance	Service Center Building	Internal Service Totals
ASSETS						
Current assets:						
Pooled cash	\$ 10,178	\$ 73,588	\$ 10,028	\$ -	\$ 12,512	\$ 106,306
Cash				1,126,550	-	1,126,550
Pooled investments	49,761	359,777	49,027		61,173	519,738
Receivables (net):					-	
Other	37	54	63		-	154
Inventory	8,434	820	-		-	9,254
Prepaid items	2,011	90,512	564	-	761	93,848
Total current assets	<u>70,421</u>	<u>524,751</u>	<u>59,682</u>	<u>1,126,550</u>	<u>74,446</u>	<u>1,855,850</u>
Noncurrent assets:						
Capital assets, net of accumulated depreciation	<u>32,795</u>	<u>254,875</u>	<u>3,401</u>	<u>-</u>	<u>396,459</u>	<u>687,530</u>
Total noncurrent assets	<u>32,795</u>	<u>254,875</u>	<u>3,401</u>	<u>-</u>	<u>396,459</u>	<u>687,530</u>
Total assets	<u>\$ 103,216</u>	<u>\$ 779,626</u>	<u>\$ 63,083</u>	<u>\$ 1,126,550</u>	<u>\$ 470,905</u>	<u>\$ 2,543,380</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension	<u>116,300</u>	<u>180,871</u>	<u>196,093</u>	<u>-</u>	<u>-</u>	<u>493,264</u>
Total deferred outflows of resources	<u>\$ 116,300</u>	<u>\$ 180,871</u>	<u>\$ 196,093</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 493,264</u>
Total assets & deferred outflows of resources and net position	<u>\$ 219,516</u>	<u>\$ 960,497</u>	<u>\$ 259,176</u>	<u>\$ 1,126,550</u>	<u>\$ 470,905</u>	<u>\$ 3,036,644</u>
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 14,532	\$ 94,244	\$ 6,115	\$ 451,458	\$ 3,613	\$ 569,962
Salaries and benefits payable	5,892	9,958	10,604	-	-	26,454
Claims payable	-	-		170,278	-	170,278
Compensated absences	961	504	3,734	-	-	5,199
Total current liabilities	<u>21,385</u>	<u>104,706</u>	<u>20,453</u>	<u>621,736</u>	<u>3,613</u>	<u>771,893</u>
Noncurrent liabilities:						
Net pension liability	304,477	408,078	503,677	-	-	1,216,232
Compensated absences	23,615	15,495	64,131	-	-	103,241
Total noncurrent liabilities	<u>328,092</u>	<u>423,573</u>	<u>567,808</u>	<u>-</u>	<u>-</u>	<u>1,319,473</u>
Total liabilities	<u>349,477</u>	<u>528,279</u>	<u>588,261</u>	<u>621,736</u>	<u>3,613</u>	<u>2,091,366</u>
DEFERRED INFLOWS OF RESOURCES						
Pension	<u>4,584</u>	<u>6,047</u>	<u>7,560</u>	<u>-</u>	<u>-</u>	<u>18,191</u>
Total deferred inflows of resources	<u>4,584</u>	<u>6,047</u>	<u>7,560</u>	<u>-</u>	<u>-</u>	<u>18,191</u>
NET POSITION						
Net investment in capital assets	32,795	254,875	3,401	-	396,459	687,530
Unrestricted	<u>(167,340)</u>	<u>171,296</u>	<u>(340,046)</u>	<u>504,814</u>	<u>70,833</u>	<u>239,557</u>
Total net position	<u>(134,545)</u>	<u>426,171</u>	<u>(336,645)</u>	<u>504,814</u>	<u>467,292</u>	<u>927,087</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 219,516</u>	<u>\$ 960,497</u>	<u>\$ 259,176</u>	<u>\$ 1,126,550</u>	<u>\$ 470,905</u>	<u>\$ 3,036,644</u>

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

	Garage/Fleet Operations	Information Technology	Revenue Collections	Self Insurance	Service Center Building	Internal Service Totals
OPERATING REVENUES:						
Charges for services	\$ 688,053	\$ 840,443	\$ 581,661	\$ 2,206,706	\$ 153,201	\$ 4,470,064
Other revenue	<u>5,024</u>	<u>3,297</u>	<u>4,478</u>	<u>-</u>	<u>108</u>	<u>12,907</u>
Total operating revenues	<u>693,077</u>	<u>843,740</u>	<u>586,139</u>	<u>2,206,706</u>	<u>153,309</u>	<u>4,482,971</u>
OPERATING EXPENSES:						
Personal services	306,941	379,272	489,664	-	-	1,175,877
Operations and maintenance	449,871	389,703	161,790	567,395	76,081	1,644,840
Claims	-	-	-	1,621,021	-	1,621,021
Depreciation	<u>8,692</u>	<u>62,170</u>	<u>1,257</u>	<u>-</u>	<u>49,469</u>	<u>121,588</u>
Total operating expenses	<u>765,504</u>	<u>831,145</u>	<u>652,711</u>	<u>2,188,416</u>	<u>125,550</u>	<u>4,563,326</u>
Operating income (loss)	<u>(72,427)</u>	<u>12,595</u>	<u>(66,572)</u>	<u>18,290</u>	<u>27,759</u>	<u>(80,355)</u>
NONOPERATING REVENUES:						
Investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,315</u>	<u>-</u>	<u>6,315</u>
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,315</u>	<u>-</u>	<u>6,315</u>
Income (loss) before capital contributions and transfers	<u>(72,427)</u>	<u>12,595</u>	<u>(66,572)</u>	<u>24,605</u>	<u>27,759</u>	<u>(74,040)</u>
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,531)</u>	<u>(23,531)</u>
Change in net position	<u>(72,427)</u>	<u>12,595</u>	<u>(66,572)</u>	<u>24,605</u>	<u>4,228</u>	<u>(97,571)</u>
Net position - beginning	<u>(62,118)</u>	<u>413,576</u>	<u>(270,073)</u>	<u>480,209</u>	<u>463,064</u>	<u>1,024,658</u>
Net position - ending	<u>\$ (134,545)</u>	<u>\$ 426,171</u>	<u>\$ (336,645)</u>	<u>\$ 504,814</u>	<u>\$ 467,292</u>	<u>\$ 927,087</u>

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

	Garage/ Fleet Operations	Information Technology	Revenue Collections	Self Insurance	Service Center Building	Internal Service Totals
Cash flows from operating activities:						
Receipts from customers and users	\$ 5,024	\$ 85,434	\$ 4,478	\$ -	\$ -	\$ 94,936
Receipts from interfund services	688,083	767,108	581,716	2,206,706	153,309	4,396,922
Payments to suppliers	(394,986)	(371,564)	(116,172)	(567,395)	(70,421)	(1,520,538)
Payments to employees	(265,212)	(334,024)	(413,986)	-	-	(1,013,222)
Payments for claims	-	-	-	(1,154,976)	-	(1,154,976)
Payments for interfund services used	(44,525)	(1,349)	(49,911)	-	(9,683)	(105,468)
Net cash provided by operating activities	(11,616)	145,605	6,125	484,335	73,205	697,654
Cash flows from capital and related financing activities:						
Acquisition of capital assets	-	(110,239)	(1,886)	-	(96,453)	(208,578)
Net cash used for capital and related financing activities	-	(110,239)	(1,886)	-	(96,453)	(208,578)
Cash flows from investing activities:						
Proceeds from sales and maturities of investments	45,647	205,221	28,572	-	65,494	344,934
Purchase of investments	(42,471)	(270,555)	(37,046)	-	(54,955)	(405,027)
Interest on investments	-	-	-	6,315	-	6,315
Net cash provided by investing activities	3,176	(65,334)	(8,474)	6,315	10,539	(53,778)
Net decrease in pooled cash	(8,440)	(29,968)	(4,235)	490,650	(12,709)	435,298
Pooled cash, beginning of year	18,618	103,556	14,263	635,900	25,221	797,558
Pooled cash, end of year	\$ 10,178	\$ 73,588	\$ 10,028	\$ 1,126,550	\$ 12,512	\$ 1,232,856
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (72,427)	\$ 12,595	\$ (66,572)	\$ 18,290	\$ 27,759	\$ (80,355)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	8,692	62,170	1,257	-	49,469	121,588
Change in assets:						
Other receivables	30	32	55	-	-	117
Due from other funds	-	8,770	-	-	-	8,770
Prepaid items	124	16,101	20	-	(6)	16,239
Inventory	4,424	667	-	-	-	5,091
Change in deferred outflows of resources - pension	(24,984)	(65,952)	(46,809)	-	-	(137,745)
Change in liabilities:						
Accounts & claims payable	8,801	22	(169)	466,045	(4,017)	470,682
Salaries and benefits payable and compensated absences	(403)	1,557	6,781	-	-	7,935
Due to other funds	(2,989)	-	(4,144)	-	-	(7,133)
Net pension liability	67,548	109,909	116,346	-	-	293,803
Change in deferred inflows of resources - pension	(432)	(266)	(640)	-	-	(1,338)
Net cash provided by operating activities	\$ (11,616)	\$ 145,605	\$ 6,125	\$ 484,335	\$ 73,205	\$ 697,654
Noncash investing, capital and related financing activities:						
Purchase of equipment on account	\$ -	\$ 72,401	\$ -	\$ -	\$ -	\$ 72,401
Prior year purchase of equipment on account	\$ -	\$ 11,900	\$ -	\$ -	\$ -	\$ 11,900
Contributions of capital assets to governmental activities	\$ -	\$ -	\$ -	\$ -	\$ 23,531	\$ 23,531

CITY OF SIDNEY, OHIO

Fund Descriptions – Fiduciary Funds

Custodial Funds

Custodial funds are used to account for assets held on behalf of other parties.

Medical Reimbursement Fund. To account for employee payroll withholdings designated for employees' medical reimbursement accounts established under a Section 125 Cafeteria Plan.

Municipal Court Fund. To account for assets received and disbursed by the Municipal Court as agent and custodian relative to civil or criminal court matters.

Port Jefferson Fund. To account for funds collected on behalf of the Village of Port Jefferson. These funds are collected with sewer bills from residents of the Village.

River Clean Up Fund. To account for funds collected and disbursed on behalf of the Upper Great Miami River Watershed Protection Project.

Unclaimed Funds Trust Fund. To account for outstanding checks not cashed within a specified time.

Private-Purpose Trust Funds

Private purpose funds are used to account for a trust arrangement where specific benefits accrue to specific individuals.

B. Bennett Flower Trust Fund. To account for the purchase and placement of flowers upon the monument of stated Grantor's for specific holidays at the Graceland Cemetery until distribution amount is exhausted.

C. Truster Flower Trust Fund. To account for the purchase and placement of flowers upon the monument of Grantor and Grantor's sister at Memorial Day at the Graceland Cemetery until distribution amount is exhausted.

Ike Family Mausoleum Fund. To account for the disbursement to the Ike family for maintenance and repairs to their private mausoleum.

CITY OF SIDNEY, OHIO
COMBINING STATEMENT OF NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2017

	Municipal Court	Port Jefferson	River Clean-Up	Unclaimed Funds	Custodial Funds Totals
ASSETS					
Pooled cash	\$ -	\$ 1,511	\$ 5,859	\$ 1,694	\$ 9,064
Pooled investments	-	7,389	28,644	8,282	44,315
Cash held by outside agent	232,337	-	-	-	232,337
Accounts Receivable	-	21,955	-	-	21,955
Prepaid Expenses	-	-	18	-	18
	<u>-</u>	<u>-</u>	<u>18</u>	<u>-</u>	<u>18</u>
Total assets	<u>\$ 232,337</u>	<u>\$ 30,855</u>	<u>\$ 34,521</u>	<u>\$ 9,976</u>	<u>\$ 307,689</u>
LIABILITIES					
Payable to other governments	<u>111,370</u>	<u>6,437</u>	<u>-</u>	<u>-</u>	<u>117,807</u>
Total liabilities	<u>\$ 111,370</u>	<u>\$ 6,437</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,807</u>
NET POSITION					
Restricted for:					
Individuals & organizations & other governments	<u>\$ 120,967</u>	<u>\$ 24,418</u>	<u>34,521</u>	<u>\$ 9,976</u>	<u>\$ 189,882</u>
Total Net position	<u>\$ 120,967</u>	<u>\$ 24,418</u>	<u>\$ 34,521</u>	<u>\$ 9,976</u>	<u>\$ 189,882</u>

CITY OF SIDNEY, OHIO
COMBINING STATEMENT OF CHANGES IN NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Municipal Court	Port Jefferson	River Clean-Up	Unclaimed Funds	Custodial Funds Totals
ADDITIONS					
Charges for services	\$ -	\$ 86,513	\$ -	\$ -	\$ 86,513
Court costs & fines	2,256,041	-	-	-	2,256,041
Contributions	-	-	5,123	-	5,123
Unclaimed refunds	-	-	-	2,469	2,469
Total Additions	<u>2,256,041</u>	<u>86,513</u>	<u>5,123</u>	<u>2,469</u>	<u>2,350,146</u>
DEDUCTIONS					
Judgement costs & bond reimbursements	1,061,450	-	-	-	1,061,450
Payments to other governments	1,192,202	74,127	-	-	1,266,329
Claimed refunds	-	-	-	27	27
Clean-up expenses	-	-	9,694	-	9,694
Total Deductions	<u>2,253,652</u>	<u>74,127</u>	<u>9,694</u>	<u>27</u>	<u>2,337,500</u>
Change in net position	2,389	12,386	(4,571)	2,442	12,646
Net position, beginning of year (restated)	<u>118,578</u>	<u>12,032</u>	<u>39,092</u>	<u>7,534</u>	<u>177,236</u>
Net position, end of year	<u>\$ 120,967</u>	<u>\$ 24,418</u>	<u>\$ 34,521</u>	<u>\$ 9,976</u>	<u>\$ 189,882</u>

**CITY OF SIDNEY, OHIO
 COMBINING STATEMENT OF NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 DECEMBER 31, 2017**

	<u>B. Bennett Flower Trust</u>	<u>C.Truster Flower Trust</u>	<u>Ike Family Mausoleum Trust</u>	<u>Private-Purpose Trust Funds Totals</u>
ASSETS				
Pooled cash	\$ 419	\$ 458	\$ 735	\$ 1,612
Pooled investments	2,039	2,233	3,586	7,858
Interest receivable	<u>9</u>	<u>10</u>	<u>15</u>	<u>34</u>
 Total assets	 <u>\$ 2,467</u>	 <u>\$ 2,701</u>	 <u>\$ 4,336</u>	 <u>\$ 9,504</u>
LIABILITIES				
Accounts payable	<u>307</u>	<u>-</u>	<u>-</u>	<u>307</u>
Total liabilities	<u>\$ 307</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 307</u>
NET POSITION				
Restricted for:				
Individuals & organizations & other governments	<u>2,160</u>	<u>2,701</u>	<u>4,336</u>	<u>9,197</u>
Total Net position	<u>\$ 2,160</u>	<u>\$ 2,701</u>	<u>\$ 4,336</u>	<u>\$ 9,197</u>

CITY OF SIDNEY, OHIO
COMBINING STATEMENT OF CHANGES IN NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	B. Bennett Flower Trust	C. Truster Flower Trust	Ike Family Mausoleum Trust	Private-Purpose Trust Funds Totals
ADDITIONS				
Investment income	\$ 35	\$ 38	\$ 60	\$ 133
Total Additions	<u>35</u>	<u>38</u>	<u>60</u>	<u>133</u>
DEDUCTIONS				
Purchase of flowers	<u>613</u>	<u>66</u>	<u>-</u>	<u>679</u>
Total Deductions	<u>613</u>	<u>66</u>	<u>-</u>	<u>679</u>
Change in net position	(578)	(28)	60	(546)
Net position, beginning of year	<u>2,738</u>	<u>2,729</u>	<u>4,276</u>	<u>9,743</u>
Net position, end of year	<u>\$ 2,160</u>	<u>\$ 2,701</u>	<u>\$ 4,336</u>	<u>\$ 9,197</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Local taxes	\$ 14,276,101	\$ 12,711,948	\$ (1,564,153)
Intergovernmental revenues	592,632	591,387	(1,245)
Special assessments	243,300	250,071	6,771
Charges for services	1,127,862	1,142,192	14,330
Fines, licenses and permits	374,108	384,428	10,320
Investment income	80,000	135,502	55,502
Miscellaneous receipts and reimbursements	1,664,329	1,816,638	152,309
Total revenues	18,358,332	17,032,166	(1,326,166)
EXPENDITURES:			
Current:			
General government			
City Council			
Personal services	70,450	70,234	216
Contractual, materials and other	42,956	36,540	6,416
City Administration			
Personal services	285,270	284,217	1,053
Contractual, materials and other	29,502	27,179	2,323
Finance			
Personal services	390,340	388,001	2,339
Contractual, materials and other	149,020	147,148	1,872
Law Director			
Personal services	107,962	106,917	1,045
Contractual, materials and other	8,561	7,080	1,481
Personnel			
Personal services	193,690	192,323	1,367
Contractual, materials and other	228,687	210,035	18,652
County Auditor Deductions			
Contractual, materials and other	108,876	105,724	3,152
Purchasing			
Personal services	20,550	20,238	312
Contractual, materials and other	16,877	11,622	5,255
City Hall			
Contractual, materials and other	147,439	133,502	13,937
Miscellaneous			
Personal services	250,000	168,189	81,811
Contractual, materials and other	857,638	793,876	63,762
Total general government	2,907,818	2,702,825	204,993

(continued)

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
Police			
Police Services			
Personal services	5,018,693	4,945,667	73,026
Contractual, materials and other	924,481	839,566	84,915
Street Lighting Department			
Contractual, materials and other	220,000	218,587	1,413
Total police	<u>6,163,174</u>	<u>6,003,820</u>	<u>159,354</u>
Fire			
Fire Services			
Personal services	4,298,771	4,222,321	76,450
Contractual, materials and other	783,399	725,228	58,171
Total fire	<u>5,082,170</u>	<u>4,947,549</u>	<u>134,621</u>
Judicial			
Municipal Court			
Personal services	1,031,178	1,010,418	20,760
Contractual, materials and other	324,138	314,413	9,725
Total judicial	<u>1,355,316</u>	<u>1,324,831</u>	<u>30,485</u>
Community environment			
Building Inspection			
Personal services	95,790	95,210	580
Contractual, materials and other	16,309	13,499	2,810
Engineering			
Personal services	285,995	280,932	5,063
Contractual, materials and other	85,376	66,221	19,155
Code Enforcement			
Personal services	88,190	87,157	1,033
Contractual, materials and other	42,695	41,502	1,193
Total community environment	<u>614,355</u>	<u>584,521</u>	<u>29,834</u>
Community development			
Community Planning & Development			
Personal services	171,130	159,447	11,683
Contractual, materials and other	38,315	33,824	4,491
Total community development	<u>209,445</u>	<u>193,271</u>	<u>16,174</u>

(continued)

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
Parks and recreation			
Parks & Recreation - Administration			
Personal services	119,790	118,286	1,504
Contractual, materials and other	38,536	36,044	2,492
Parks & Recreation - Programs			
Personal services	95,490	93,860	1,630
Contractual, materials and other	67,495	56,825	10,670
Parks & Public Grounds			
Personal services	617,090	604,279	12,811
Contractual, materials and other	349,868	315,647	34,221
Urban Forest			
Contractual, materials and other	71,722	69,690	2,032
Senior Center			
Contractual, materials and other	31,500	28,027	3,473
Total parks and recreation	<u>1,391,491</u>	<u>1,322,658</u>	<u>68,833</u>
Total expenditures	<u>17,723,769</u>	<u>17,079,475</u>	<u>644,294</u>
Excess (deficiency) of revenues over (under) expenditures	<u>634,563</u>	<u>(47,309)</u>	<u>(681,872)</u>
OTHER FINANCING SOURCES (USES):			
Transfers out	<u>(399,616)</u>	<u>(399,616)</u>	<u>-</u>
Total other financing uses	<u>(399,616)</u>	<u>(399,616)</u>	<u>-</u>
Net change in fund balance	<u>234,947</u>	<u>(446,925)</u>	<u>(681,872)</u>
Fund Balances, beginning of year	9,724,482	9,724,482	-
Prior Year Encumbrances	294,672	294,672	-
Fund Balances, end of year	<u>\$ 10,254,101</u>	<u>\$ 9,572,229</u>	<u>\$ (681,872)</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
STREET REPAIR AND MAINTENANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Intergovernmental revenues	\$ 979,649	\$ 988,198	\$ 8,549
Charges for services	-	831	831
Investment Income	2,300	5,751	3,451
Miscellaneous receipts and reimbursements	73,100	80,123	7,023
Total revenues	1,055,049	1,074,903	19,854
EXPENDITURES:			
Current:			
Street repair & maintenance			
Personal services	581,620	520,236	61,384
Contractual, materials and other	916,342	755,359	160,983
Total expenditures	1,497,962	1,275,595	222,367
Deficiency of revenues under expenditures	(442,913)	(200,692)	242,221
OTHER FINANCING SOURCES (USES):			
Transfers in	50,000	50,000	-
Total other financing sources	50,000	50,000	-
Net change in fund balance	(392,913)	(150,692)	242,221
Fund Balances, beginning of year	491,959	491,959	-
Prior Year Encumbrances	106,428	106,428	-
Fund Balances, end of year	<u>\$ 205,474</u>	<u>\$ 447,695</u>	<u>\$ 242,221</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
C.D.B.G. FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Intergovernmental revenue	\$ 281,960	\$ 385,001	\$ 103,041
Investment income	-	1,825	1,825
Total revenues	<u>281,960</u>	<u>386,826</u>	<u>104,866</u>
EXPENDITURES:			
Current:			
Community development			
Personal services	8,017	8,017	-
Contractual, materials and other	458,464	408,504	49,960
Total expenditures	<u>466,481</u>	<u>416,521</u>	<u>49,960</u>
Deficiency of revenues under expenditures	(184,521)	(29,695)	154,826
Fund Balances, beginning of year	(116,657)	(116,657)	-
Prior Year Encumbrances	281,960	281,960	-
Fund Balances, end of year	<u>\$ (19,218)</u>	<u>\$ 135,608</u>	<u>\$ 154,826</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
C.D.B.G. REVOLVING LOAN FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Investment income	\$ 10,009	\$ 12,702	\$ 2,693
Total revenues	<u>10,009</u>	<u>12,702</u>	<u>2,693</u>
EXPENDITURES:			
Current:			
Community development			
Contractual, materials and other	40,000	-	40,000
Total expenditures	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Excess (deficiency) of revenues over (under) expenditures	(29,991)	12,702	42,693
Fund Balances, beginning of year	43,173	43,173	-
Fund Balances, end of year	<u>\$ 13,182</u>	<u>\$ 55,875</u>	<u>\$ 42,693</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
C.D.B.G. PROGRAM INCOME FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:	\$ 1	\$ -	\$ (1)
EXPENDITURES:	-	-	-
Net change in fund balance	1	-	(1)
Fund Balances, beginning of year	12	12	-
Fund Balances, end of year	<u>\$ 13</u>	<u>\$ 12</u>	<u>\$ (1)</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
CEMETERY FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Charges for services	\$ 93,100	\$ 143,738	\$ 50,638
Miscellaneous receipts and reimbursements	2,500	1,247	(1,253)
Total revenues	<u>95,600</u>	<u>144,985</u>	<u>49,385</u>
EXPENDITURES:			
Current:			
Health			
Personal services	165,730	146,717	19,013
Contractual, materials and other	74,448	64,848	9,600
Total expenditures	<u>240,178</u>	<u>211,565</u>	<u>28,613</u>
Deficiency of revenues under expenditures	<u>(144,578)</u>	<u>(66,580)</u>	<u>77,998</u>
OTHER FINANCING SOURCES:			
Transfers in	140,000	140,000	-
Total other financing sources	<u>140,000</u>	<u>140,000</u>	<u>-</u>
Net change in fund balance	(4,578)	73,420	77,998
Fund Balances, beginning of year	81,723	81,723	-
Prior Year Encumbrances	683	683	-
Fund Balances, end of year	<u>\$ 77,828</u>	<u>\$ 155,826</u>	<u>\$ 77,998</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
CEMETERY MAINTENANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Investment income	5,500	8,867	3,367
Total revenues	5,500	8,867	3,367
EXPENDITURES:			
Current:			
Health			
Contractual, materials and other	500	321	179
Total expenditures	500	321	179
Excess of revenues over expenditures	5,000	8,546	3,546
Fund Balances, beginning of year	760,450	760,450	-
Fund Balances, end of year	<u>\$ 765,450</u>	<u>\$ 768,996</u>	<u>\$ 3,546</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
CITIZEN POLICE ACADEMY GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Intergovernmental revenues	\$ 8,127	\$ 7,613	\$ (514)
Total revenues	8,127	7,613	(514)
EXPENDITURES:			
Current:			
Police			
Personal services	3,573	3,573	-
Contractual, materials and other	5,586	5,585	1
Total expenditures	9,159	9,158	1
Deficiency of revenues under expenditures	(1,032)	(1,545)	(513)
Fund Balances, beginning of year	(555)	(555)	-
Prior Year Encumbrances	2,200	2,200	-
Fund Balances, end of year	<u>\$ 613</u>	<u>\$ 100</u>	<u>\$ (513)</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
CONVENTION AND VISITORS' BUREAU FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Local taxes	\$ 97,927	\$ 102,865	\$ 4,938
Total revenues	<u>97,927</u>	<u>102,865</u>	<u>4,938</u>
EXPENDITURES:			
Current:			
Community development			
Contractual, materials and other	92,500	92,500	-
Total expenditures	<u>92,500</u>	<u>92,500</u>	<u>-</u>
Excess of revenues under expenditures	5,427	10,365	4,938
Fund Balances, beginning of year	16,636	16,636	-
Fund Balances, end of year	<u>\$ 22,063</u>	<u>\$ 27,001</u>	<u>\$ 4,938</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
COUNTY AUTO LICENSE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Intergovernmental revenue	\$ 104,637	\$ 99,964	\$ (4,673)
Total revenues	<u>104,637</u>	<u>99,964</u>	<u>(4,673)</u>
EXPENDITURES:			
Current:			
Street repair & maintenance			
Contractual, materials and other	104,637	104,637	-
Total expenditures	<u>104,637</u>	<u>104,637</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	(4,673)	(4,673)
Fund Balances, beginning of year	99,123	99,123	-
Fund Balances, end of year	<u>\$ 99,123</u>	<u>\$ 94,450</u>	<u>\$ (4,673)</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
CRA FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Final Budget</u>	<u>Actual Including Encumbrances</u>	<u>Variance from Final Budget</u>
REVENUES:			
Special assessments	\$ 1,175	\$ 1,215	\$ 40
Total Revenues	<u>1,175</u>	<u>1,215</u>	<u>40</u>
EXPENDITURES:			
Current:			
Community development			
Personal services	<u>460</u>	<u>460</u>	<u>-</u>
Total expenditures	<u>460</u>	<u>460</u>	<u>-</u>
Excess of revenues over expenditures	715	755	40
Fund Balances, beginning of year	4,225	4,225	-
Fund Balances, end of year	<u>\$ 4,940</u>	<u>\$ 4,980</u>	<u>\$ 40</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
DRUG LAW ENFORCEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Final Budget</u>	<u>Actual Including Encumbrances</u>	<u>Variance from Final Budget</u>
REVENUES:			
Fines, licenses and permits	\$ 8,800	\$ 8,130	\$ (670)
Total revenues	<u>8,800</u>	<u>8,130</u>	<u>(670)</u>
EXPENDITURES:			
Current:			
Police			
Personal services	6,050	-	6,050
Contractual, materials and other	<u>12,000</u>	<u>4,376</u>	<u>7,624</u>
Total expenditures	<u>18,050</u>	<u>4,376</u>	<u>13,674</u>
Excess (deficiency) of revenues over (under) expenditures	(9,250)	3,754	13,004
Fund Balances, beginning of year	19,364	19,364	-
Fund Balances, end of year	<u>\$ 10,114</u>	<u>\$ 23,118</u>	<u>\$ 13,004</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
E-911 WIRELESS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Intergovernmental revenues	\$ 50,000	\$ 84,367	\$ 34,367
Total revenues	<u>50,000</u>	<u>84,367</u>	<u>34,367</u>
EXPENDITURES:			
Current:			
Police			
Contractual, materials and other	55,817	55,815	2
Total expenditures	<u>55,817</u>	<u>55,815</u>	<u>2</u>
Excess (deficiency) of revenues over (under) expenditures	(5,817)	28,552	34,369
Fund Balances, beginning of year	86,105	86,105	-
Prior Year Encumbrances	-	-	-
Fund Balances, end of year	<u>\$ 80,288</u>	<u>\$ 114,657</u>	<u>\$ 34,369</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
ENFORCEMENT & EDUCATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Fines, licenses and permits	\$ 3,800	\$ 3,154	\$ (646)
Total revenues	<u>3,800</u>	<u>3,154</u>	<u>(646)</u>
EXPENDITURES:			
Current:			
Police			
Personal services	4,265	2,076	2,189
Contractual, materials and other	300	-	300
Total expenditures	<u>4,565</u>	<u>2,076</u>	<u>2,489</u>
Excess (deficiency) of revenues over (under) expenditures	(765)	1,078	1,843
Fund Balances, beginning of year	5,069	5,069	-
Fund Balances, end of year	<u>\$ 4,304</u>	<u>\$ 6,147</u>	<u>\$ 1,843</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
F.E.M.A. GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:	\$ -	\$ -	\$ -
EXPENDITURES:	-	-	-
Net change in fund balance	-	-	-
Fund Balances, beginning of year	9	9	-
Fund Balances, end of year	<u>\$ 9</u>	<u>\$ 9</u>	<u>\$ -</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
FIRE LOSS SECURITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Miscellaneous receipts and reimbursements	\$ 108,595	\$ 108,594	\$ (1)
Total Revenues	<u>108,595</u>	<u>108,594</u>	<u>(1)</u>
EXPENDITURES:			
Current:			
Fire Services			
Contractual, materials and other	157,713	99,926	57,787
Total expenditures	<u>157,713</u>	<u>99,926</u>	<u>57,787</u>
Excess (deficiency) of revenues over (under) expenditures	(49,118)	8,668	57,786
Fund Balances, beginning of year	49,118	49,118	-
Fund Balances, end of year	<u>\$ -</u>	<u>\$ 57,786</u>	<u>\$ 57,786</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
HEALTH DEPARTMENT BUILDING LEASE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Miscellaneous receipts and reimbursements	\$ 22,500	\$ 22,500	\$ -
Total revenues	<u>22,500</u>	<u>22,500</u>	<u>-</u>
EXPENDITURES:			
Current:			
Health			
Contractual, materials and other	10,841	5,897	4,944
Total expenditures	<u>10,841</u>	<u>5,897</u>	<u>4,944</u>
Excess of revenues over expenditures	11,659	16,603	4,944
Fund Balances, beginning of year	33,394	33,394	-
Prior Year Encumbrances	3,146	3,146	-
Fund Balances, end of year	<u>\$ 48,199</u>	<u>\$ 53,143</u>	<u>\$ 4,944</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
H.O.M.E. PROGRAM INCOME FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Investment income	\$ 400	\$ 20,049	\$ 19,649
Total revenues	<u>400</u>	<u>20,049</u>	<u>19,649</u>
EXPENDITURES:			
Current:			
Community development			
Contractual, materials and other	76,416	34,153	42,263
Total expenditures	<u>76,416</u>	<u>34,153</u>	<u>42,263</u>
Deficiency of revenues under expenditures	(76,016)	(14,104)	61,912
Fund Balances, beginning of year	55,140	55,140	-
Prior Year Encumbrances	22,916	22,916	-
Fund Balances, end of year	<u>\$ 2,040</u>	<u>\$ 63,952</u>	<u>\$ 61,912</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
INDIGENT DRIVER ALCOHOL TREATMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Fines, licenses and permits	\$ 13,000	\$ 18,150	\$ 5,150
Total revenues	<u>13,000</u>	<u>18,150</u>	<u>5,150</u>
EXPENDITURES:			
Current:			
Judicial			
Contractual, materials and other	<u>36,000</u>	<u>21,143</u>	<u>14,857</u>
Total expenditures	<u>36,000</u>	<u>21,143</u>	<u>14,857</u>
Deficiency of revenues under expenditures	(23,000)	(2,993)	20,007
Fund Balances, beginning of year	<u>27,226</u>	<u>27,226</u>	-
Fund Balances, end of year	<u>\$ 4,226</u>	<u>\$ 24,233</u>	<u>\$ 20,007</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
INDIGENT DRIVER INTERLOCK & ALCOHOL MONITORING FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Fines, licenses and permits	\$ 14,000	\$ 20,325	\$ 6,325
Total revenues	<u>14,000</u>	<u>20,325</u>	<u>6,325</u>
EXPENDITURES:			
Current:			
Judicial			
Contractual, materials and other	<u>15,400</u>	<u>15,364</u>	<u>36</u>
Total expenditures	<u>15,400</u>	<u>15,364</u>	<u>36</u>
Excess (deficiency) of revenues over (under) expenditures	(1,400)	4,961	6,361
Fund Balances, beginning of year	<u>3,087</u>	<u>3,087</u>	-
Fund Balances, end of year	<u>\$ 1,687</u>	<u>\$ 8,048</u>	<u>\$ 6,361</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
JUSTICE REINVESTMENT INCENTIVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Intergovernmental revenues	\$ -	\$ 100,753	\$ 100,753
Total Revenues	-	100,753	100,753
EXPENDITURES:	-	-	-
Net change in fund balance	-	100,753	100,753
Fund Balances, beginning of year	-	-	-
Fund Balances, end of year	\$ -	\$ 100,753	\$ 100,753

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
LAW ENFORCEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Fines, licenses and permits	\$ 2,000	\$ 12,988	\$ 10,988
Miscellaneous receipts and reimbursements	-	1,147	1,147
Total Revenues	2,000	14,135	12,135
EXPENDITURES:			
Current:			
Police			
Contractual, materials and other	28,650	4,301	24,349
Total Expenditures	28,650	4,301	24,349
Excess (deficiency) of revenues over (under) expenditures	(26,650)	9,834	36,484
Fund Balances, beginning of year	49,657	49,657	-
Fund Balances, end of year	\$ 23,007	\$ 59,491	\$ 36,484

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
LAW ENFORCEMENT DIVERSION FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:	\$ -	\$ -	\$ -
EXPENDITURES:			
Current:			
Police			
Personal services	1,786	1,786	-
Total Expenditures	1,786	1,786	-
Deficiency of revenues under expenditures	(1,786)	(1,786)	-
Fund Balances, beginning of year	-	-	-
Fund Balances, end of year	\$ (1,786)	\$ (1,786)	\$ -

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
MAUSOLEUM MAINTENANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Charges for services	\$ -	\$ 2,324	\$ 2,324
Investment income	300	464	164
Total revenues	300	2,788	2,488
EXPENDITURES:	-	-	-
Excess of revenues over expenditures	300	2,788	2,488
Fund Balances, beginning of year	38,675	38,675	-
Fund Balances, end of year	\$ 38,975	\$ 41,463	\$ 2,488

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
MUNICIPAL COURT COMPUTER FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Charges for services	\$ 39,200	\$ 38,645	\$ (555)
Total Revenues	39,200	38,645	(555)
EXPENDITURES:			
Current:			
Judicial			
Contractual, materials and other	41,559	32,225	9,334
Total expenditures	41,559	32,225	9,334
Excess (deficiency) of revenues over (under) expenditures	(2,359)	6,420	8,779
Fund Balances, beginning of year	32,298	32,298	-
Fund Balances, end of year	\$ 29,939	\$ 38,718	\$ 8,779

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
MUNICIPAL COURT SPECIAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Fines, licenses and permits	\$ 135,350	\$ 132,868	\$ (2,482)
Miscellaneous receipts and reimbursements	-	7,181	7,181
Total revenues	135,350	140,049	4,699
EXPENDITURES:			
Current:			
Judicial			
Personal services	45,920	23,623	22,297
Contractual, materials and other	164,874	69,177	95,697
Total expenditures	210,794	92,800	117,994
Excess (deficiency) of revenues over (under) expenditures	(75,444)	47,249	122,693
Fund Balances, beginning of year	409,207	409,207	-
Prior Year Encumbrances	44,245	44,245	-
Fund Balances, end of year	\$ 378,008	\$ 500,701	\$ 122,693

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
NEIGHBORHOOD STABILIZATION PROGRAM GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Intergovernmental revenues	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:			
Current:			
Community development			
Contractual, materials and other	216	216	-
Total expenditures	<u>216</u>	<u>216</u>	<u>-</u>
Deficiency of revenues under expenditures	(216)	(216)	-
Fund Balances, beginning of year	-	-	-
Prior Year Encumbrances	216	216	-
Fund Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
PARKING ENFORCEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Fines, licenses and permits	\$ 24,273	\$ 25,868	\$ 1,595
Total revenues	<u>24,273</u>	<u>25,868</u>	<u>1,595</u>
EXPENDITURES:			
Current:			
Community Environment			
Personal services	12,400	8,571	3,829
Contractual, materials and other	14,674	14,155	519
Total expenditures	<u>27,074</u>	<u>22,726</u>	<u>4,348</u>
Excess (deficiency) of revenues over (under) expenditures	(2,801)	3,142	5,943
Fund Balances, beginning of year	93,396	93,396	-
Fund Balances, end of year	<u>\$ 90,595</u>	<u>\$ 96,538</u>	<u>\$ 5,943</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
PROBATION GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Intergovernmental revenues	\$ 129,779	\$ 103,693	\$ (26,086)
Miscellaneous receipts and reimbursements	-	699	699
Total revenues	<u>129,779</u>	<u>104,392</u>	<u>(25,387)</u>
EXPENDITURES:			
Current:			
Judicial			
Personal services	104,630	93,005	11,625
Contractual, materials and other	<u>26,893</u>	<u>22,054</u>	<u>4,839</u>
Total expenditures	<u>131,523</u>	<u>115,059</u>	<u>16,464</u>
Deficiency of revenues under expenditures	(1,744)	(10,667)	(8,923)
Fund Balances, beginning of year	8,179	8,179	-
Prior Year Encumbrances	5,250	5,250	-
Fund Balances, end of year	<u>\$ 11,685</u>	<u>\$ 2,762</u>	<u>\$ (8,923)</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
STATE HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Intergovernmental revenues	\$ 72,800	\$ 71,657	\$ (1,143)
Investment income	<u>200</u>	<u>439</u>	<u>239</u>
Total revenues	<u>73,000</u>	<u>72,096</u>	<u>(904)</u>
EXPENDITURES:			
Current:			
Street repair & maintenance			
Contractual, materials and other	<u>72,000</u>	<u>72,000</u>	<u>-</u>
Total expenditures	<u>72,000</u>	<u>72,000</u>	<u>-</u>
Excess of revenues over expenditures	1,000	96	(904)
Fund Balances, beginning of year	1,348	1,348	-
Fund Balances, end of year	<u>\$ 2,348</u>	<u>\$ 1,444</u>	<u>\$ (904)</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
TIF - ECHO FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Local Taxes	\$ 5,196	\$ 5,215	\$ 19
Total revenues	<u>5,196</u>	<u>5,215</u>	<u>19</u>
EXPENDITURES:			
Current:			
Community development			
Contractual, materials and other	<u>1,230</u>	<u>1,230</u>	<u>-</u>
Total expenditures	<u>1,230</u>	<u>1,230</u>	<u>-</u>
Excess of revenues over expenditures	3,966	3,985	19
Fund Balances, beginning of year	<u>22,183</u>	<u>22,183</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 26,149</u>	<u>\$ 26,168</u>	<u>\$ 19</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
TIF -KUTHER ROAD FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Local taxes	\$ 22,083	\$ 22,162	\$ 79
Total revenues	<u>22,083</u>	<u>22,162</u>	<u>79</u>
EXPENDITURES:			
Current:			
Community development			
Contractual, materials and other	<u>19,475</u>	<u>19,475</u>	<u>-</u>
Total expenditures	<u>19,475</u>	<u>19,475</u>	<u>-</u>
Excess of revenues over expenditures	2,608	2,687	79
Fund Balances, beginning of year	<u>69,375</u>	<u>69,375</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 71,983</u>	<u>\$ 72,062</u>	<u>\$ 79</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
TIF -MENARDS FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Local Taxes	\$ 124,043	\$ 124,484	\$ 441
Total revenues	<u>124,043</u>	<u>124,484</u>	<u>441</u>
EXPENDITURES:			
Current:			
Community development			
Contractual, materials and other	<u>84,617</u>	<u>84,617</u>	<u>-</u>
Total expenditures	<u>84,617</u>	<u>84,617</u>	<u>-</u>
Excess of revenues over expenditures	39,426	39,867	441
Fund Balances, beginning of year	<u>339,422</u>	<u>339,422</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 378,848</u>	<u>\$ 379,289</u>	<u>\$ 441</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Final Budget	Actual Including Encumbrances	Variance from Final Budget
REVENUES:			
Local taxes	\$ 3,525,031	\$ 3,132,407	\$ (392,624)
Intergovernmental revenues	2,153,861	1,850,866	(302,995)
Special assessments	50,000	145,513	95,513
Miscellaneous receipts and reimbursements	<u>112,137</u>	<u>108,287</u>	<u>(3,850)</u>
Total revenues	<u>5,841,029</u>	<u>5,237,073</u>	<u>(603,956)</u>
EXPENDITURES:			
Capital Outlay:			
Contractual, materials and other	<u>8,156,315</u>	<u>6,400,238</u>	<u>1,756,077</u>
Total expenditures	<u>8,156,315</u>	<u>6,400,238</u>	<u>1,756,077</u>
Deficiency of revenues under expenditures	<u>(2,315,286)</u>	<u>(1,163,165)</u>	<u>1,152,121</u>
OTHER FINANCING SOURCES (USES):			
Capital contributions	18,550	-	(18,550)
Sale of asset	15,000	19,555	4,555
Loan proceeds	<u>-</u>	<u>157,000</u>	<u>157,000</u>
Total other financing sources	<u>33,550</u>	<u>176,555</u>	<u>143,005</u>
Net change in fund balance	(2,281,736)	(986,610)	1,295,126
Fund Balances, beginning of year	876,951	876,951	-
Prior Year Encumbrances	<u>1,803,064</u>	<u>1,803,064</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 398,279</u>	<u>\$ 1,693,405</u>	<u>\$ 1,295,126</u>

CITY OF SIDNEY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY (NON-GAAP) BASIS
AT LEGAL LEVEL OF BUDGETARY CONTROL
MUNICIPAL EARNED INCOME TAX FOR STREET CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Final Budget</u>	<u>Actual Including Encumbrances</u>	<u>Variance from Final Budget</u>
REVENUES:			
Local taxes	\$ 2,703,222	\$ 2,402,385	\$ (300,837)
Total revenues	<u>2,703,222</u>	<u>2,402,385</u>	<u>(300,837)</u>
EXPENDITURES:			
Capital Outlay:			
Contractual, materials and other	<u>4,049,759</u>	<u>3,243,919</u>	<u>805,840</u>
Total expenditures	<u>4,049,759</u>	<u>3,243,919</u>	<u>805,840</u>
Deficiency of revenues under expenditures	(1,346,537)	(841,534)	505,003
Fund Balances, beginning of year	1,436,656	1,436,656	-
Prior Year Encumbrances	<u>549,759</u>	<u>549,759</u>	<u>-</u>
Fund Balances, end of year	<u>\$ 639,878</u>	<u>\$ 1,144,881</u>	<u>\$ 505,003</u>



STATISTICAL SECTION

CITY OF SIDNEY, OHIO
Statistical Section
December 31, 2017

This part of the City of Sidney’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 City’s overall financial health.

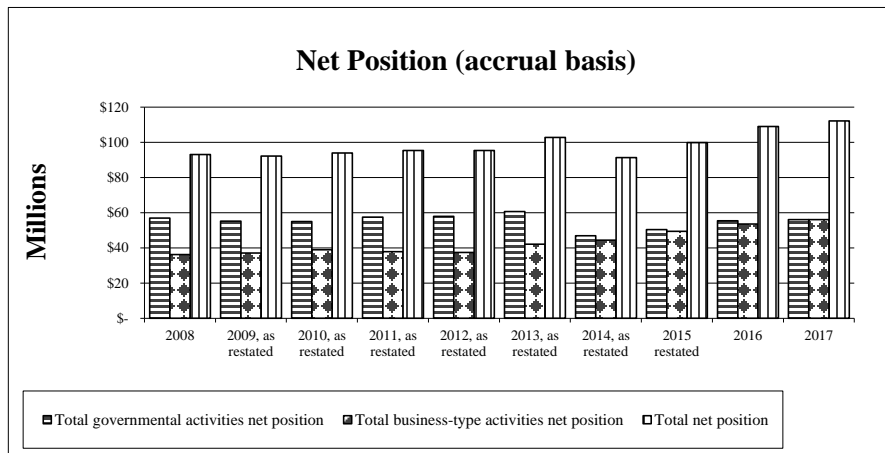
<u>Contents</u>	<u>Page</u>
Financial Trends (Schedules 1 – 4) These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	118 – 122
Revenue Capacity (Schedules 5 – 6) These schedules contain information to help the reader assess the City’s most significant local revenue source, the municipal income tax.	123 – 124
Debt Capacity (Schedules 7 - 10) These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	125– 128
Economic and Demographic Information (Schedules 11 – 12) These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place.	129 – 130
Operating Information (Schedules 13 – 15) These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	131 – 133

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF SIDNEY, OHIO
NET POSITION BY CATEGORY
LAST TEN FISCAL YEARS**

	Year Ended December 31,									
	2008	2009, as restated	2010, as restated	2011, as restated	2012, as restated	2013, as restated	2014, as restated	2015 restated	2016	2017
Governmental activities										
Net investments in capital assets	43,433,659	45,610,506	44,608,862	46,814,752	46,484,983	47,228,659	46,471,032	48,421,398	52,535,603	56,673,279
Restricted for:										
Other purposes	1,042,116	1,641,658	1,782,614	3,116,853	3,273,154	3,521,730	3,922,451	6,070,942	6,221,211	5,459,700
Unrestricted	12,449,516	7,917,041	8,591,834	7,609,599	8,197,220	9,917,661	(3,493,089)	(4,047,311)	(3,307,733)	(6,037,064)
Total governmental activities net position	56,925,291	55,169,205	54,983,310	57,541,204	57,955,357	60,668,050	46,900,394	50,445,029	55,449,081	56,095,915
Business-type activities										
Net investments in capital assets	31,074,156	31,619,476	34,273,069	33,450,981	32,434,937	36,286,139	37,688,256	39,086,912	40,496,079	41,249,363
Restricted	160,420	-	-	-	-	-	-	-	-	-
Unrestricted	4,928,706	5,458,953	4,722,342	4,368,997	4,961,412	5,858,713	6,725,423	10,282,346	13,046,114	14,848,214
Total business-type activities net position	36,163,282	37,078,429	38,995,411	37,819,978	37,396,349	42,144,852	44,413,679	49,369,258	53,542,193	56,097,577
Total										
Net investments in capital assets	74,507,815	77,229,982	78,881,931	80,265,733	78,919,920	83,514,798	84,159,288	87,508,310	93,031,682	97,922,642
Restricted for:										
Other purposes	1,202,536	1,641,658	1,782,614	3,116,853	3,273,154	3,521,730	3,922,451	6,070,942	6,221,211	5,459,700
Unrestricted	17,378,222	13,375,994	13,314,176	11,978,596	13,158,632	15,776,374	3,232,334	6,235,035	9,738,381	8,811,150
Total net position	\$ 93,088,573	\$ 92,247,634	\$ 93,978,721	\$ 95,361,182	\$ 95,351,706	\$ 102,812,902	\$ 91,314,073	\$ 99,814,287	\$ 108,991,274	\$ 112,193,492

Note: Accounting standards require that the net position be reported in three components in the financial statements: net investments in capital assets; restricted; and unrestricted. Net position is considered restricted when (1) an external party, such as the state or federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the City.



Note: The following restatements of prior years' balances are reflected in the above schedule:

- Change of transportation and stormwater management funds from governmental activities to business-type activities for 2006
- Change in classification between restricted and unrestricted net position for 2009 and 2010
- Change in accounting principle for GASB Statement No. 65, prior period adjustment for deferred gain on current refunding, and classification amongst net investments in capital assets, restricted and unrestricted net position as well as a reclassification for 2011 between program revenues and other taxes - prior year balances have not been restated
- Correction of water capital asset, stormwater and water receivable, and stormwater unearned revenue in 2012.
- Correction of sewer capitalized interest in 2013.
- Change in accounting principle of GASB Statement No. 68 for 2014, - prior year balances have not been restated
- Correction of GASB Statement No. 68 for 2015

CITY OF SIDNEY, OHIO
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS

Schedule 2

	Year Ended December 31,									
	2008	2009	2010	2011, as restated	2012, as restated	2013, as restated	2014, as restated	2015, as restated	2016	2017
Expenses										
Governmental activities:										
Basic utility services	24,630	134,047	73,127	-	54,751	-	101,582	384,464	249,527	62,738
Community development	735,153	339,155	924,429	833,892	690,046	674,110	467,887	533,433	1,005,925	770,341
Community environment	1,152,583	1,167,276	1,301,521	783,027	704,322	522,557	572,458	568,221	620,135	662,270
Fire	4,656,979	4,523,985	4,334,589	4,635,651	4,636,484	4,831,041	5,028,715	5,543,595	5,711,785	5,762,909
General government	1,842,173	1,314,285	928,165	822,047	1,043,097	1,280,552	1,222,533	1,135,011	1,112,992	1,404,493
Health	239,068	375,100	197,366	188,091	200,968	212,134	211,378	246,323	229,048	316,082
Judicial	1,588,281	1,636,905	1,563,723	1,638,942	1,574,631	1,644,204	1,701,791	1,652,162	1,851,709	1,854,514
Parks and recreation	1,670,604	1,504,878	1,388,202	1,365,458	1,488,367	1,453,956	1,464,155	1,483,180	1,572,667	1,659,861
Police	6,389,260	6,271,553	6,142,034	5,995,394	5,947,129	5,878,916	6,069,441	6,194,921	6,381,987	6,936,647
Public transportation	-	-	-	-	5,643	-	-	-	41,509	4,778
Street repair & maintenance	3,308,905	3,093,966	3,324,839	3,420,370	3,275,490	3,501,798	3,233,573	3,236,098	3,565,336	3,713,373
Bond issuance cost	-	-	-	-	-	14,234	-	-	-	-
Interest on long-term debt	386,824	364,625	353,017	321,257	295,729	291,005	161,053	147,997	134,274	120,023
Total governmental activities expenses	21,994,460	20,725,775	20,531,012	20,004,129	19,916,657	20,304,507	20,234,566	21,125,405	22,476,894	23,268,029
Business-type activities:										
Sewer	3,812,880	3,864,227	3,724,801	3,631,479	3,473,960	3,915,727	4,139,110	4,163,735	4,211,321	4,896,273
Solid Waste	1,002,412	1,085,937	1,146,766	1,188,726	1,233,201	1,346,774	1,362,006	1,421,630	1,549,248	1,623,902
Stormwater	538,199	579,263	561,378	543,603	568,224	491,391	524,541	574,465	588,053	633,629
Water	3,581,450	3,219,126	3,400,452	3,760,888	3,876,533	3,838,381	3,791,600	3,713,584	3,984,823	4,771,136
Other business-type activities	1,433,523	1,414,485	1,492,936	1,522,638	1,598,795	1,554,138	1,576,068	1,609,157	1,680,619	1,829,707
Total business-type activities expenses	10,368,464	10,163,038	10,326,333	10,647,334	10,750,713	11,146,411	11,393,325	11,482,571	12,014,064	13,754,647
Total Expenses	32,362,924	30,888,813	30,857,345	30,651,463	30,667,370	31,450,918	31,627,891	32,607,976	34,490,958	37,022,676
Program Revenues **										
Governmental activities:										
Basic utility services	14,503	-	-	-	-	-	-	-	-	-
Community development	465,771	125,651	596,581	457,017	405,217	632,825	389,547	350,151	575,384	602,124
Community environment	114,375	105,499	86,795	63,674	89,396	87,860	79,255	96,715	114,174	113,002
Fire	389,990	443,174	751,523	561,125	637,602	555,901	700,607	702,442	767,796	744,983
General government	882	-	-	-	1,578	-	-	-	-	4,273
Health	139,266	101,170	115,009	144,307	133,823	152,802	122,172	145,303	156,342	152,613
Judicial	857,705	867,504	804,453	831,903	883,356	926,900	916,951	932,008	883,270	876,168
Parks and recreation	111,888	199,613	259,480	191,588	206,674	119,649	173,419	123,973	233,008	80,931
Police	487,553	379,701	420,134	410,885	404,573	434,230	335,842	352,453	356,665	439,709
Public safety	-	-	-	-	-	-	-	-	-	-
Public transportation	-	-	-	-	-	-	-	-	-	-
Street repair & maintenance	1,858,465	3,459,464	1,842,707	3,999,963	1,683,455	3,189,712	1,547,509	1,874,992	3,163,261	3,136,968
Total governmental activities program revenues	4,440,398	5,681,776	4,876,682	6,660,462	4,445,674	6,099,879	4,265,302	4,578,037	6,249,900	6,150,771
Business-type activities:										
Sewer	3,321,692	3,399,951	3,259,769	3,260,279	3,361,223	5,724,273	6,706,435	6,393,250	5,932,595	6,108,605
Solid Waste	1,016,660	974,202	1,094,019	1,140,751	1,205,710	1,325,314	1,388,994	1,457,325	1,556,991	1,629,976
Stormwater	316,988	403,100	318,396	345,438	344,723	350,623	378,838	382,292	424,341	402,483
Water	3,454,995	4,050,081	5,721,059	3,448,378	3,480,586	4,148,898	4,988,388	5,615,833	6,003,745	6,431,529
Other business-type activities	1,832,099	1,925,899	1,302,550	1,213,749	1,641,873	3,564,226	1,491,235	1,497,852	1,532,473	1,180,185
Total business-type activities program revenues	9,942,434	10,753,233	11,695,793	9,408,595	10,034,115	15,113,334	14,953,890	15,346,552	15,450,145	15,752,778

**CITY OF SIDNEY, OHIO
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

Schedule 2

	Year Ended December 31,									
	2008	2009	2010	2011, as restated	2012, as restated	2013, as restated	2014, as restated	2015, as restated	2016	2017
Net (Expense) Revenue ^(a)										
Governmental activities:										
Basic utility services	(10,127)	(134,047)	(73,127)	-	(54,751)	-	(101,582)	(384,464)	(249,527)	(62,738)
Community environment	(269,382)	-	-	-	-	-	(78,340)	(183,282)	-	(168,217)
Community development	-	(213,504)	(327,848)	(376,875)	(284,829)	(41,285)	-	-	(430,541)	-
Community environment	(1,038,208)	(1,061,777)	(1,214,726)	(719,353)	(614,926)	(434,697)	(493,203)	(471,506)	(505,961)	(549,268)
Fire	(4,266,989)	(4,080,811)	(3,583,066)	(4,074,526)	(3,998,882)	(4,275,140)	(4,328,108)	(4,841,153)	(4,943,989)	(5,017,926)
General government	(1,841,291)	(1,314,285)	(928,165)	(822,047)	(1,041,519)	(1,280,552)	(1,222,533)	(1,135,011)	(1,112,992)	(1,400,220)
Health	(99,802)	(273,930)	(82,357)	(43,784)	(67,145)	(59,332)	(89,206)	(101,020)	(72,706)	(163,469)
Judicial	(730,576)	(769,401)	(759,270)	(807,039)	(691,275)	(717,304)	(784,840)	(720,154)	(968,439)	(978,346)
Parks and recreation	(1,558,716)	(1,305,265)	(1,128,722)	(1,173,870)	(1,281,693)	(1,334,307)	(1,290,736)	(1,359,207)	(1,339,659)	(1,578,930)
Public safety	(5,901,707)	-	-	-	-	-	(5,733,599)	(5,842,468)	-	(6,496,938)
Police	-	(5,891,852)	(5,721,900)	(5,584,509)	(5,542,556)	(5,444,686)	-	-	(6,025,322)	-
Transportation										
Public transportation	(1,450,440)	-	-	-	(5,643)	-	(1,686,064)	(1,361,106)	(41,509)	(4,778)
Street repair & maintenance	-	365,498	(1,482,132)	579,593	(1,592,035)	(312,086)	-	-	(402,075)	(576,405)
Bond issuance costs	-	-	-	-	-	(14,234)	-	-	-	-
Interest on long-term debt	(386,824)	(364,625)	(353,017)	(321,257)	(295,729)	(291,005)	(161,053)	(147,997)	(134,274)	(120,023)
Total governmental activities	<u>(17,554,062)</u>	<u>(15,043,999)</u>	<u>(15,654,330)</u>	<u>(13,343,667)</u>	<u>(15,470,983)</u>	<u>(14,204,628)</u>	<u>(15,969,264)</u>	<u>(16,547,368)</u>	<u>(16,226,994)</u>	<u>(17,117,258)</u>
Business-type activities:										
Sewer	(491,188)	(464,276)	(465,032)	(371,200)	(112,737)	1,808,546	2,567,325	2,229,515	1,721,274	1,212,332
Solid Waste	14,248	(111,735)	(52,747)	(47,975)	(27,491)	833,923	26,988	882,860	7,743	6,074
Stormwater	(221,211)	(176,163)	(242,982)	(198,165)	(223,501)	(996,151)	(145,703)	(1,039,338)	(163,712)	(231,146)
Water	(126,455)	830,955	2,320,607	(312,510)	(395,947)	310,517	1,196,788	1,902,249	2,018,922	1,660,393
Other business-type activities	<u>398,576</u>	<u>511,414</u>	<u>(190,386)</u>	<u>(308,889)</u>	<u>43,078</u>	<u>2,010,088</u>	<u>(84,833)</u>	<u>(111,305)</u>	<u>(148,146)</u>	<u>(649,522)</u>
Total business-type activities	<u>(426,030)</u>	<u>590,195</u>	<u>1,369,460</u>	<u>(1,238,739)</u>	<u>(716,598)</u>	<u>3,966,923</u>	<u>3,560,565</u>	<u>3,863,981</u>	<u>3,436,081</u>	<u>1,998,131</u>
Total	<u>(17,980,092)</u>	<u>(14,453,804)</u>	<u>(14,284,870)</u>	<u>(14,582,406)</u>	<u>(16,187,581)</u>	<u>(10,237,705)</u>	<u>(12,408,699)</u>	<u>(12,683,387)</u>	<u>(12,790,913)</u>	<u>(15,119,127)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Income taxes	12,505,553	9,996,527	12,120,834	12,833,355	13,508,264	14,161,506	15,394,876	17,882,075	18,724,943	15,059,777
Property taxes	1,440,528	1,451,435	1,478,089	1,180,084	1,064,514	1,016,383	1,028,049	1,026,383	1,014,356	1,010,769
Payments in lieu of taxes	-	-	-	-	-	-	131,681	151,114	151,322	151,861
Lodging taxes	-	-	-	-	-	-	291,434	377,602	383,691	408,572
Other taxes	693,003	805,708	637,560	810,199	670,257	807,038	1,865	1,534	4,260	1,058
Grants and contributions not restricted to specific progr	1,135,782	887,749	977,843	886,421	577,012	582,407	590,138	580,241	553,759	523,678
Investment earnings	561,282	132,406	114,967	126,830	129,953	106,092	88,087	82,194	81,259	213,665
Gain (loss) on sale/disposal of capital assets	4,070	21,017	31,689	56,952	26,069	3,380	41,481	28,540	78,336	46,388
Miscellaneous	68,482	242,371	442,446	282,027	252,167	459,786	484,173	387,378	511,777	557,940
Transfers	<u>(1,668,948)</u>	<u>(249,300)</u>	<u>(334,993)</u>	<u>(126,500)</u>	<u>(343,100)</u>	<u>(219,271)</u>	<u>(261,955)</u>	<u>(425,058)</u>	<u>(272,657)</u>	<u>(209,616)</u>
Total governmental activities	<u>14,739,752</u>	<u>13,287,913</u>	<u>15,468,435</u>	<u>16,049,368</u>	<u>15,885,136</u>	<u>16,917,321</u>	<u>17,789,829</u>	<u>20,092,003</u>	<u>21,231,046</u>	<u>17,764,092</u>
Business-type activities:										
Miscellaneous	-	-	117,007	82,131	153,812	431,729	326,562	507,594	300,638	118,205
Investment earnings	227,958	75,652	75,020	199,574	169,073	117,401	121,169	129,961	140,182	205,409
Gain on sale/disposal of capital assets	4,350	-	20,502	5,158	99,280	13,179	1,554	28,985	23,377	24,023
Transfers	<u>1,668,948</u>	<u>249,300</u>	<u>334,993</u>	<u>126,500</u>	<u>343,100</u>	<u>219,271</u>	<u>261,955</u>	<u>425,058</u>	<u>272,657</u>	<u>209,616</u>
Total business-type activities	<u>1,901,256</u>	<u>324,952</u>	<u>547,522</u>	<u>413,363</u>	<u>765,265</u>	<u>781,580</u>	<u>711,240</u>	<u>1,091,598</u>	<u>736,854</u>	<u>557,253</u>
Total	<u>16,641,008</u>	<u>13,612,865</u>	<u>16,015,957</u>	<u>16,462,731</u>	<u>16,650,401</u>	<u>17,698,901</u>	<u>18,501,069</u>	<u>21,183,601</u>	<u>21,967,900</u>	<u>18,321,345</u>
Change in Net Position										
Governmental activities	(2,814,310)	(1,756,086)	(185,895)	2,705,818	414,153	2,712,693	1,820,565	3,544,635	5,004,052	646,834
Business-type activities	<u>1,475,226</u>	<u>915,147</u>	<u>1,916,982</u>	<u>(825,376)</u>	<u>48,667</u>	<u>4,748,503</u>	<u>4,271,805</u>	<u>4,955,579</u>	<u>4,172,935</u>	<u>2,555,384</u>
Total	<u>(1,339,084)</u>	<u>(840,939)</u>	<u>1,731,087</u>	<u>1,880,442</u>	<u>462,820</u>	<u>7,461,196</u>	<u>6,092,370</u>	<u>8,500,214</u>	<u>9,176,987</u>	<u>3,202,218</u>

^(a) Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program is supported by its own fees and program-specific grants versus its reliance upon funding from taxes and other governmental revenues. Numbers in parentheses indicate that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program. Numbers without parentheses mean that program revenues were more than sufficient to cover expenses.

CITY OF SIDNEY, OHIO
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

Schedule 3

	December 31,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved for:										
Inventory	\$ 48,516	\$ 51,953	\$ 65,312							
Prepaid items	23,793	33,350	30,918							
Encumbrances	125,775	69,040	112,982							
Unreserved	<u>4,256,474</u>	<u>3,884,890</u>	<u>4,374,198</u>							
Total general fund	<u>\$ 4,454,558</u>	<u>\$ 4,039,233</u>	<u>\$ 4,583,410</u>							
Fund Balances:										
Nonspendable				\$ 78,974	\$ 99,137	\$ 87,265	\$ 85,498	\$ 105,114	\$ 167,124	\$ 136,211
Restricted				-	-	-	-	-	-	-
Committed				275,349	64,415	243,392	266,555	283,076	487,015	691,339
Assigned				190,981	163,878	227,709	1,794,171	1,541,086	1,781,863	1,215,516
Unassigned				<u>4,667,200</u>	<u>4,821,760</u>	<u>6,052,984</u>	<u>5,420,756</u>	<u>6,355,395</u>	<u>7,411,762</u>	<u>6,627,441</u>
Total general fund				<u>\$ 5,212,504</u>	<u>\$ 5,149,190</u>	<u>\$ 6,611,350</u>	<u>\$ 7,566,980</u>	<u>\$ 8,284,671</u>	<u>\$ 9,847,764</u>	<u>\$ 8,670,507</u>
All Other Governmental Funds										
Reserved for:										
Inventory	\$ 101,224	\$ 65,994	\$ 72,438							
Prepaid items	1,154	9,930	10,962							
Long-term loans receivable	24,781	-	-							
Encumbrances	386,292	751,599	983,927							
Unreserved, reported in:										
Special revenue funds	4,082,591	2,626,063	2,464,455							
Capital projects funds	<u>1,282,636</u>	<u>514,015</u>	<u>865,409</u>							
Total all other governmental funds	<u>\$ 5,878,678</u>	<u>\$ 3,967,601</u>	<u>\$ 4,397,191</u>							
Fund Balances:										
Nonspendable				\$ 105,080	\$ 121,116	\$ 90,733	\$ 132,996	\$ 126,640	\$ 87,418	\$ 52,798
Restricted				2,263,940	2,391,836	2,633,111	2,958,466	4,415,458	4,761,567	4,641,682
Committed				226,106	237,336	251,594	270,599	286,167	130,107	150,665
Assigned				1,354,486	1,523,668	1,999,039	2,544,935	1,791,894	2,672,195	2,991,639
Unassigned				<u>(148,369)</u>	<u>(44,845)</u>	<u>(46,169)</u>	<u>(621)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds				<u>\$ 3,801,243</u>	<u>\$ 4,229,111</u>	<u>\$ 4,928,308</u>	<u>\$ 5,906,375</u>	<u>\$ 6,620,159</u>	<u>\$ 7,651,287</u>	<u>\$ 7,836,784</u>

Note: The following changes that occurred on the 2007 balances and are not reflected in prior years are reflected in the above schedule:

- Change of transportation and stormwater management funds from governmental activities to business-type activities
- Correction of an error for bond issuance costs

** In 2011 the City implemented GASB 54. Prior year balances have not been restated.

**CITY OF SIDNEY, OHIO
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

Schedule 4

	For Year Ended December 31,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Local taxes	14,338,595	12,110,032	14,203,412	14,201,437	14,439,662	15,745,801	16,073,066	19,038,142	20,938,347	17,507,260
Intergovernmental revenues	3,885,983	4,913,153	3,605,456	5,907,208	3,052,245	4,735,720	2,757,853	2,861,655	4,451,519	4,189,493
Special assessments	245,045	261,408	249,283	296,942	263,184	295,537	272,883	277,698	411,921	361,138
Charges for services	1,671,362	1,524,444	1,761,900	1,641,677	1,687,672	1,684,689	1,692,992	1,549,281	1,418,766	1,484,580
Fines, licenses and permits	240,658	385,620	188,665	181,183	200,370	187,880	183,193	466,068	425,103	455,146
Investment income	610,887	173,504	145,895	135,882	140,156	123,001	118,525	93,084	101,842	200,321
Miscellaneous receipts and reimbursements	304,689	348,460	623,442	501,423	683,974	795,786	815,675	664,376	957,639	835,662
Total revenues	<u>21,297,219</u>	<u>19,716,621</u>	<u>20,778,053</u>	<u>22,685,752</u>	<u>20,467,263</u>	<u>23,568,414</u>	<u>21,914,187</u>	<u>24,950,304</u>	<u>28,705,137</u>	<u>25,033,600</u>
EXPENDITURES:										
Current:										
General government	1,754,338	1,241,283	994,747	761,594	833,851	928,871	1,076,602	1,089,085	1,023,670	62,738
Police	5,852,203	5,726,015	5,736,959	5,600,738	5,644,443	5,448,768	5,665,204	5,688,921	5,644,312	538,082
Fire	4,303,371	4,309,081	4,112,147	4,435,691	4,387,264	4,524,242	4,688,533	5,040,271	4,853,625	584,777
Judicial	1,438,914	1,487,055	1,421,674	1,544,293	1,470,021	1,539,963	1,569,513	1,537,304	1,659,057	5,025,757
Health	220,980	358,851	193,334	161,354	164,201	176,073	172,049	156,677	153,071	1,165,897
Public transportation	-	-	-	-	5,643	-	-	-	41,509	214,528
Street repair & maintenance	1,484,688	1,359,318	1,443,553	1,404,900	1,304,441	1,395,150	1,231,476	1,295,723	1,314,103	1,547,911
Community development	1,006,091	289,206	450,990	253,872	324,004	379,275	286,358	454,971	495,918	1,310,504
Community environment	1,084,882	1,117,688	1,080,338	798,625	704,250	510,050	575,576	565,701	604,071	5,984,805
Parks and recreation	1,422,988	1,273,062	1,186,393	1,172,055	1,260,922	1,187,370	1,196,673	1,240,974	1,287,955	4,778
Basic utility services	23,543	44,872	14,127	-	61,779	-	-	-	74,027	1,237,158
Capital outlay	4,039,330	4,691,407	2,333,585	5,656,047	2,933,601	4,301,811	2,544,470	5,286,644	7,957,500	7,523,290
Debt service:										
Principal	435,000	445,000	1,360,000	838,714	585,000	5,405,000	650,000	670,000	685,000	692,850
Bond issuance costs	-	-	-	-	-	86,666	-	-	-	-
Interest and other charges	<u>369,535</u>	<u>371,902</u>	<u>360,066</u>	<u>323,888</u>	<u>302,424</u>	<u>305,447</u>	<u>166,982</u>	<u>153,982</u>	<u>140,307</u>	<u>126,057</u>
Total expenditures	<u>23,435,863</u>	<u>22,714,740</u>	<u>20,687,913</u>	<u>22,951,771</u>	<u>19,981,844</u>	<u>26,188,686</u>	<u>19,823,436</u>	<u>23,180,253</u>	<u>25,934,125</u>	<u>26,019,132</u>
Excess (deficiency) of revenues over (under) expenditures	(2,138,644)	(2,998,119)	90,140	(266,019)	485,419	(2,620,272)	2,090,751	1,770,051	2,771,012	(985,532)
OTHER FINANCING SOURCES (USES):										
Transfers in	13,571,638	2,312,307	25,000	235,000	225,000	196,000	215,000	438,265	1,015,000	190,000
Bonds/Loans issued	-	900,000	945,000	1,605,000	-	4,947,432	-	-	-	157,000
Payment to refunding agent	-	-	-	(1,263,463)	-	-	-	-	-	-
Premium on bonds	-	-	17,238	27,176	-	-	-	-	-	-
Capital contributions	-	-	-	-	95,000	-	-	-	-	-
Sale of capital assets	26,392	21,017	56,389	56,952	29,635	7,868	55,124	28,187	95,866	46,388
Transfers out	<u>(14,085,128)</u>	<u>(2,561,607)</u>	<u>(160,000)</u>	<u>(361,500)</u>	<u>(470,500)</u>	<u>(369,671)</u>	<u>(427,178)</u>	<u>(805,028)</u>	<u>(1,287,657)</u>	<u>(399,616)</u>
Total other financing sources (uses)	<u>(487,098)</u>	<u>671,717</u>	<u>883,627</u>	<u>299,165</u>	<u>(120,865)</u>	<u>4,781,629</u>	<u>(157,054)</u>	<u>(338,576)</u>	<u>(176,791)</u>	<u>(6,228)</u>
Net change in fund balances	<u>\$ (2,625,742)</u>	<u>\$ (2,326,402)</u>	<u>\$ 973,767</u>	<u>\$ 33,146</u>	<u>\$ 364,554</u>	<u>\$ 2,161,357</u>	<u>\$ 1,933,697</u>	<u>\$ 1,431,475</u>	<u>\$ 2,594,221</u>	<u>\$ (991,760)</u>
Debt service as a percentage of noncapital expenditures	4.0%	4.4%	8.9%	6.4%	4.9%	3.3% *	4.5%	4.4%	4.3%	3.5%

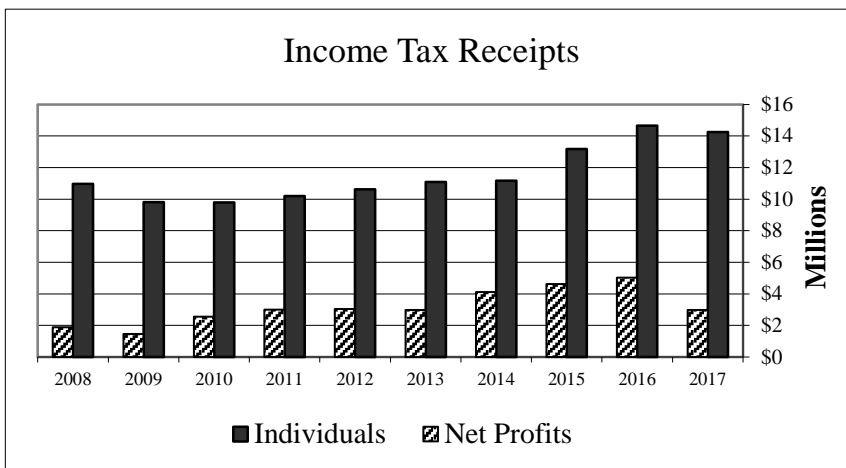
* For 2013 the bonds issued for the current refunding have been subtracted from debt service.

CITY OF SIDNEY, OHIO
INCOME TAX BY PAYER TYPE AND INCOME TAX RATE
LAST TEN FISCAL YEARS (cash basis of accounting -- excluding refunds)

Year	Individuals		Net Profits	Total	Income Tax Rate
	Withheld by Employer	Paid by Taxpayer			
2017	\$ 13,349,548	\$ 905,940	\$ 2,973,156	\$ 17,228,644	1.75%
2016	\$ 13,772,447	\$ 886,471	\$ 5,036,973	\$ 19,695,891	1.75%
2015	\$ 12,495,175	\$ 676,820	\$ 4,627,748	\$ 17,799,743	1.75%
2014	\$ 10,510,653	\$ 653,903	\$ 4,108,423	\$ 15,272,979	1.50%
2013	\$ 10,435,949	\$ 661,638	\$ 2,977,321	\$ 14,074,908	1.50%
2012	\$ 9,984,145	\$ 642,581	\$ 3,034,441	\$ 13,661,167	1.50%
2011	\$ 9,564,046	\$ 632,536	\$ 2,993,983	\$ 13,190,565	1.50%
2010	\$ 9,238,357	\$ 555,659	\$ 2,564,710	\$ 12,358,726	1.50%
2009	\$ 9,317,160	\$ 505,868	\$ 1,461,604	\$ 11,284,632	1.50%
2008	\$ 10,489,044	\$ 471,408	\$ 1,882,710	\$ 12,843,162	1.50%

Source: City of Sidney, Ohio, Income Tax Department

This City levies an income tax on all wages, salaries, commissions and other compensation paid by employers and the net profits from a business or professional person earned within the City, excluding income from intangible personal property. In addition, City residents pay City income tax on income earned outside the City, net of a credit for income taxes paid to other municipalities. Employers within the City withhold income tax on employee compensation and remit at least quarterly.



CITY OF SIDNEY, OHIO
RANKING OF TOP TEN INCOME TAX WITHHOLDERS
CURRENT YEAR AND NINE YEARS AGO (cash basis of accounting)

Schedule 6

<u>2017</u>			<u>2008</u>		
<u>Rank</u>	<u>Name</u>		<u>Rank</u>	<u>Name</u>	
1	Emerson Climate Technologies		1	Emerson Climate Technologies	
2	Wilson Memorial Hospital		2	Wilson Memorial Hospital	
3	Honda of America Manufacturing, Inc.		3	NK Parts Industries, Inc.	
4	Cargill, Inc.		4	Sidney Board of Education	
5	Advanced Composites Inc.		5	Cargill, Inc	
6	Sidney Board of Education		6	Superior Metal Products	
7	Superior Metal Products		7	Honda of America Mfg	
8	Norcold Inc.		8	Shelby County Auditors' Office	
9	US Foods (formerly Freshway Foods)		9	Freshway Foods	
10	Shelby County Auditors' Office		10	IAC Sidney LLC	
Combined percentage of			Combined percentage of		
Total income taxes		31.90%	Total income taxes		27.39%

Source: City of Sidney, Ohio, Income Tax Department

Note:
 Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholdings by taxpayer.

CITY OF SIDNEY, OHIO
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Schedule 7

Year	General Government Bonded Debt				Business-Type Activities						
	General Obligation Bonds	Loans Payable	Percentage of estimated actual property value	Per Capita	Water General Obligation Bonds	Water Revenue- Backed Loans	Sewer General Obligation Bonds	Sewer Revenue- Backed Loans	Total Primary Government	Percentage of Estimated actual property value	Per Capita
2017	\$ 4,160,000	\$ 149,150	0.39%	\$ 674	\$ 2,872,000	\$ 25,312,433	\$ 6,835,000	\$ 9,132,062	\$ 48,311,495	4.52%	\$ 2,349
2016	\$ 4,845,000	\$ -	0.47%	\$ 732	\$ 2,937,000	\$ 22,143,768	\$ 7,480,000	\$ 9,035,790	\$ 46,441,558	4.51%	\$ 2,227
2015	\$ 5,530,000	\$ -	0.54%	\$ 796	\$ 2,997,000	\$ 4,381,182	\$ 8,105,000	\$ -	\$ 21,013,182	2.07%	\$ 1,005
2014	\$ 6,200,000	\$ -	0.62%	\$ 856	\$ 3,057,000	\$ 3,521,147	\$ 8,730,000	\$ -	\$ 21,508,147	2.14%	\$ 1,024
2013	\$ 6,850,000	\$ -	0.67%	\$ 918	\$ 3,117,000	\$ 3,755,890	\$ 9,345,000	\$ -	\$ 23,067,890	2.27%	\$ 1,097
2012	\$ 7,380,000	\$ -	0.73%	\$ 742	\$ 3,177,000	\$ 3,988,308	\$ 5,040,000	\$ -	\$ 19,585,308	1.93%	\$ 931
2011	\$ 7,965,000	\$ -	0.78%	\$ 791	\$ 3,237,000	\$ 4,136,429	\$ 5,500,000	\$ -	\$ 20,838,429	2.05%	\$ 987
2010	\$ 8,110,000	\$ -	0.75%	\$ 807	\$ 3,247,000	\$ 3,826,073	\$ 5,770,000	\$ -	\$ 20,953,073	1.93%	\$ 987
2009	\$ 8,525,000	\$ -	0.79%	\$ 769	\$ 670,000	\$ 360,175	\$ 6,135,000	\$ -	\$ 15,690,175	1.45%	\$ 787
2008	\$ 8,966,000	\$ -	0.83%	\$ 804	\$ 650,000	\$ -	\$ 6,485,000	\$ -	\$ 16,101,000	1.50%	\$ 804

CITY OF SIDNEY, OHIO
RATIOS OF OUTSTANDING DEBT AND LEGAL DEBT MARGINS
LAST TEN YEARS

Schedule 8

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Obligation Bonds	\$ 16,101,000	\$ 15,330,000	\$ 17,127,000	\$ 16,702,000	\$ 15,597,000	\$ 19,312,000	\$ 17,987,000	\$ 16,632,000	\$ 15,262,000	\$ 13,867,000
Assessed value of taxable property ^(a)	\$ 376,375,950	\$ 379,705,390	\$ 379,491,650	\$ 356,004,730	\$ 355,354,130	\$ 355,259,920	\$ 352,538,170	\$ 356,048,730	\$ 360,708,070	\$ 373,693,340
General Obligation Bonds as percent of total assessed value of taxable property	4.28%	4.04%	4.51%	4.69%	4.39%	5.44%	5.10%	4.67%	4.23%	3.71%
Estimated actual value of taxable property ^(a)	\$ 1,075,359,857	\$ 1,084,872,543	\$ 1,084,261,857	\$ 1,017,156,371	\$ 1,015,297,514	\$ 1,015,028,343	\$ 1,007,251,914	\$ 1,017,282,029	\$ 1,030,594,486	\$ 1,067,695,257
General Obligation Bonds as percent of total estimated actual value of taxable property	1.50%	1.41%	1.58%	1.64%	1.54%	1.90%	1.79%	1.63%	1.48%	1.30%
Population ^(b)	20,019	19,944	21,229	21,118	21,031	21,031	21,006	20,905	20,858	20,564
General Obligation Bonds Per capita	\$ 804	\$ 769	\$ 807	\$ 791	\$ 742	\$ 918	\$ 856	\$ 796	\$ 732	\$ 674
Less debt not subject to limitations										
Self-supporting securities issued for water systems or facilities	\$ (650,000)	\$ (670,000)	\$ (3,357,000)	\$ (3,342,000)	\$ (3,277,000)	\$ (3,212,000)	\$ (3,147,000)	\$ (3,082,000)	\$ (3,017,000)	\$ (2,947,000)
Self-supporting securities issued for sanitary sewer systems or facilities	\$ (6,485,000)	\$ (6,135,000)	\$ (6,605,000)	\$ (6,300,000)	\$ (5,795,000)	\$ (10,055,000)	\$ (9,395,000)	\$ (8,720,000)	\$ (8,045,000)	\$ (7,350,000)
Net debt subject to 10-1/2% limitation ^(c)	\$ 8,966,000	\$ 8,525,000	\$ 7,165,000	\$ 7,060,000	\$ 6,525,000	\$ 6,045,000	\$ 5,445,000	\$ 4,830,000	\$ 4,200,000	\$ 3,570,000
Voted and Unvoted Debt Limit -- 10-1/2% of assessed value	\$ 39,519,475	\$ 39,869,066	\$ 39,846,623	\$ 37,380,497	\$ 37,312,184	\$ 37,302,292	\$ 37,016,508	\$ 37,385,117	\$ 37,874,347	\$ 39,237,801
Legal Debt Margin within 10-1/2% Limitation	\$ 30,553,475	\$ 31,344,066	\$ 32,681,623	\$ 30,320,497	\$ 30,787,184	\$ 31,257,292	\$ 31,571,508	\$ 32,555,117	\$ 33,674,347	\$ 35,667,801
Net debt within limitations for both Voted and Unvoted debt as a percentage of debt limit	22.69%	21.38%	17.98%	18.89%	17.49%	16.21%	14.71%	12.92%	11.09%	9.10%
Net debt subject to 5-1/2% limitation ^(d)	\$ 8,966,000	\$ 8,525,000	\$ 7,165,000	\$ 7,060,000	\$ 6,525,000	\$ 6,045,000	\$ 5,445,000	\$ 4,830,000	\$ 4,200,000	\$ 3,570,000
Unvoted Debt Limit -- 5-1/2% of assessed value	\$ 20,700,677	\$ 20,883,796	\$ 20,872,041	\$ 19,580,260	\$ 19,544,477	\$ 19,539,296	\$ 19,389,599	\$ 19,582,680	\$ 19,838,944	\$ 20,553,134
Legal Debt Margin within 5-1/2% Limitation	\$ 11,734,677	\$ 12,358,796	\$ 13,707,041	\$ 12,520,260	\$ 13,019,477	\$ 13,494,296	\$ 13,944,599	\$ 14,752,680	\$ 15,638,944	\$ 16,983,134
Net debt within limitations for Unvoted debt as a percentage of debt limit	43.31%	40.82%	34.33%	36.06%	33.39%	30.94%	28.08%	24.66%	21.17%	17.37%

^(a) Source for assessed value and estimated actual value data: Shelby County Auditor

^(b) Source for population: For years 2005 - 2009 & 2011 - 2017, U.S. Bureau of the Census-Population Estimates Program. For years 2010, U.S. Bureau of the Census-2010 Federal Census.

^(c) The Ohio Revised Code provides that the aggregate principal amount of voted and unvoted "net indebtedness" may not exceed 10-1/2% of the assessed valuation.

^(d) The Ohio Revised Code provides that the aggregate principal amount of unvoted "net indebtedness" may not exceed 5-1/2% of the assessed valuation.

**CITY OF SIDNEY, OHIO
DEBT SERVICE COVERAGE
BUSINESS TYPE ACTIVITIES
LAST TEN FISCAL YEARS**

Schedule 9

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Sewer										
Net customer revenues	3,283,540	3,354,943	3,180,498	3,251,710	3,289,516	5,690,493	6,706,435	6,358,031	5,932,595	6,108,605
Direct operating expenses	<u>2,597,134</u>	<u>2,601,874</u>	<u>2,521,450</u>	<u>2,548,909</u>	<u>2,460,634</u>	<u>2,884,699</u>	<u>3,034,046</u>	<u>3,057,213</u>	<u>3,067,539</u>	<u>3,244,413</u>
Net revenue available for debt service	686,406	753,069	659,048	702,801	828,882	2,805,794	3,672,389	3,300,818	2,865,056	2,864,192
General obligation debt service requirements	647,486	642,611	642,299	636,330	582,906	576,931	878,061	875,761	863,261	870,761
Revenue obligation debt service requirements	-	-	-	-	-	-	-	-	-	-
Debt service coverage ratio	1.06	1.17	1.03	1.10	1.42	4.86	4.18	3.77	3.32	3.29
Water										
Net customer revenues	3,234,268	3,250,037	3,161,735	3,366,141	3,508,224	3,928,167	4,988,388	5,536,495	5,805,611	6,375,636
Direct operating expenses	<u>3,231,612</u>	<u>2,851,608</u>	<u>2,962,089</u>	<u>3,099,142</u>	<u>3,004,470</u>	<u>3,008,323</u>	<u>2,957,024</u>	<u>2,916,234</u>	<u>3,120,425</u>	<u>3,097,432</u>
Net revenue available for debt service	2,656	398,429	199,646	266,999	503,754	919,844	2,031,364	2,620,261	2,685,186	3,278,204
General obligation debt service requirements	-	-	220,906	212,876	234,125	231,373	228,620	225,868	223,040	225,138
Revenue obligation debt service requirements	-	-	235,518	235,518	235,518	232,418	234,743	234,743	234,743	716,659
Debt service coverage ratio	N/A	N/A	0.44	0.60	1.07	1.98	4.38	5.69	5.87	3.48

Operating expenses excluding depreciation and amortization

Annual debt service requirement includes principal and interest (including covenant debt and federal interest subsidy)

**CITY OF SIDNEY, OHIO
 COMPUTATION OF DIRECT AND OVERLAPPING
 GENERAL OBLIGATION DEBT
 DECEMBER 31, 2017**

Schedule 10

	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable to City of Sidney*</u>	<u>Estimated Amount Applicable to City of Sidney</u>
Sidney City School District ⁽¹⁾	\$15,515,000	100%	\$15,515,000
Shelby County ⁽²⁾	\$0	42% ⁽³⁾	<u>\$0</u>
Subtotal, overlapping debt			\$15,515,000
City of Sidney direct debt			<u>\$4,309,150</u>
Total direct and overlapping debt			<u><u>\$19,824,150</u></u>

*The calculation of overlapping debt is based on the percentage of the population that is in Sidney.

⁽¹⁾ Source: Treasurer of Sidney City Schools

⁽²⁾ Source: Shelby County Auditor

⁽³⁾ Source: Per the Sidney's 2017 estimated population (20,564) as a percent of Shelby County 2017 estimate population (48,759) is equal to 42%.

CITY OF SIDNEY, OHIO
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

Schedule 11

Fiscal Year	Population ⁽¹⁾	Per Capita Personal Income ⁽¹⁾	Median Age ⁽¹⁾	School Enrollment ⁽²⁾	Unemployment Rate ⁽³⁾	Total Assessed Property Value ⁽⁴⁾	Estimated Actual Property Value ⁽⁴⁾
2008	20,019 (1)(a)	\$19,075 (1)(c)	33.9 yrs	3,995	6.1%	\$376,375,950	\$1,075,359,857
2009	19,944 (1)(a)	\$19,075 (1)(c)	33.9 yrs	3,868	12.8%	\$379,705,390	\$1,084,872,543
2010	21,229 (1)(b)	\$18,628 (1)(b)	36.1 yrs	3,757	10.4%	\$379,491,650	\$1,084,261,857
2011	21,118 (1)(a)	\$18,628 (1)(b)	36.1 yrs	3,602	9.2%	\$356,004,730	\$1,017,156,371
2012	21,031 (1)(a)	\$18,628 (1)(b)	36.1 yrs	3,585	6.9%	\$355,354,130	\$1,015,297,514
2013	21,031 (1)(a)	\$18,628 (1)(b)	36.1 yrs	3,497	6.2%	\$355,259,920	\$1,015,028,343
2014	21,006 (1)(a)	\$18,628 (1)(b)	36.1 yrs	3,487	4.6%	\$352,538,170	\$1,007,251,914
2015	20,905 (1)(a)	\$18,628 (1)(b)	36.1 yrs	3,354	4.3%	\$356,048,730	\$1,017,282,029
2016	20,858 (1)(a)	\$18,628 (1)(b)	36.1 yrs	3,421	4.1%	\$360,708,070	\$1,030,594,486
2017	20,564 (1)(a)	\$18,628 (1)(b)	36.1 yrs	3,298	4.1%	\$373,693,340	\$1,067,695,257

⁽¹⁾ Source: ^(a) U.S. Bureau of the Census - Population Estimates Program, Population Division;

^(b) U.S. Bureau of the Census - 2010 Federal Census

^(c) U.S. Bureau of the Census - 2000 Federal Census

⁽²⁾ Source: Sidney City Schools Board of Education

⁽³⁾ Source: Bureau of Labor Statistics, U.S. Dept. of Labor

⁽⁴⁾ Source: Shelby County Auditor

Note: Total personal income amounts are not available for the City of Sidney therefore, estimated actual value of taxable property is used instead.

2017		
<u>Employer</u>	<u>Approximate Number of Employees</u>	<u>Percentage of Total Top 10 Employment</u>
1 Emerson Climate Technologies	1,575	27.76%
2 NK Parts Industries	716	12.62%
3 Wilson Health	618	10.89%
4 Norcold	435	7.67%
5 Sidney Board of Education	425	7.49%
6 US Foods (formerly Freshway Foods)	415	7.31%
7 American Trim	410	7.23%
8 Area Energy & Electric	380	6.70%
9 Advanced Composites	350	6.17%
10 Schwan's Mama Rosa's	350	6.17%
Total	5,674	100.00%

2008		
<u>Employer</u>	<u>Approximate Number of Employees</u>	<u>Percentage of Total Top 10 Employment</u>
1 Emerson Climate Technologies	1,700	28.02%
2 Wilson Memorial Hospital	765	12.60%
3 NK Parts Industries	643	10.60%
4 Superior Metal Products/American Trim	550	9.07%
5 Sidney Board of Education	480	7.91%
6 Augusta Sportswear	470	7.75%
7 Wal-Mart Super Center	450	7.42%
8 Freshway Foods	371	6.12%
9 Cargill, Inc	369	6.08%
10 Advanced Composites	269	4.43%
Total	6,067	100.00%

Source: Sidney Shelby Economic Partnership (SSEP)

Note: Total number of employees within the City of Sidney is not available.

CITY OF SIDNEY, OHIO
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS

Schedule 13

Function/program	FULL-TIME EQUIVALENT EMPLOYEES AS OF DECEMBER 31,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	14.48	13.45	11.85	10.85	10.85	10.65	9.65	9.15	9.15	9.15
Police										
Officers	40.00	40.00	39.00	37.00	35.00	35.00	36.00	36.00	36.00	38.00
Civilians	15.84	15.84	13.92	13.35	13.35	13.35	12.35	12.35	12.47	12.47
Fire										
Firefighters and officers	38.00	38.00	35.00	35.00	35.00	35.00	35.00	35.00	37.00	37.00
Civilians	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Judicial	17.95	17.95	16.66	16.66	17.66	17.16	17.66	17.66	18.16	18.35
Health - cemetery	3.08	2.76	2.00	2.00	2.00	2.00	2.00	2.00	2.32	3.32
Street repair & maintenance	11.67	8.88	6.88	6.98	6.98	7.08	7.08	7.08	8.66	7.74
Community development	1.23	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.25	2.25
Community environment	11.59	11.30	10.50	5.60	5.60	5.75	5.75	5.25	5.54	5.54
Parks and recreation	17.23	16.23	15.51	15.51	14.94	13.94	11.70	11.70	12.95	12.91
Transportation	13.89	13.60	13.60	13.60	12.57	12.72	12.72	13.71	14.17	15.04
Stormwater	4.06	4.06	3.60	3.60	3.60	3.80	3.80	3.80	3.80	3.80
Water	18.25	16.03	15.83	15.73	15.73	15.88	15.88	15.88	16.88	17.19
Sewer	15.33	15.55	15.33	15.23	14.23	17.38	17.38	17.38	17.38	17.38
Solid waste	-	-	-	-	-	0.05	0.05	0.05	0.05	0.05
Airport	-	-	-	-	-	-	-	0.05	0.05	0.05
Swimming pool	5.06	4.21	3.98	3.98	3.98	4.38	4.46	4.24	4.24	4.24
Concession Stand	-	-	-	-	-	-	-	0.63	0.63	0.63
Revenue Collection	6.50	6.50	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Service center including city garage	3.75	3.50	3.00	3.00	3.00	3.05	3.05	3.05	3.05	3.05
Information technology	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Total	242.91	233.86	218.66	210.09	206.49	209.19	206.53	207.98	215.75	219.16

Source: City of Sidney, Ohio, Appropriation Budgets for applicable years

CITY OF SIDNEY, OHIO
 OPERATING INDICATORS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

Schedule 14

Function/program	For Year Ended December 31,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Accounts payable checks processed	5,633	5,230	4,276	4,594	4,376	4,595	4,650	4,266	4,557	4,357
Purchase orders issued	1,650	1,479	1,291	1,327	1,231	1,342	1,372	1,386	1,464	1,538
Police										
Calls for service processed	31,573	26,943	25,151	22,508	21,015	26,853	32,812	20,158	20,657	20,800
9-1-1 calls processed	3,958	7,247	7,542	11,661	10,703	17,000	15,846	7,500	15,846	16,000
Adult & juvenile arrests	2,399	1,998	1,321	1,193	1,201	1,428	1,214	1,102	1,045	1,045
Traffic citations	2,337	2,003	1,083	856	805	1,346	1,661	1,476	1,506	1,600
Fire										
Fire calls	701	592	502	524	575	719	809	878	931	978
EMS calls	2,664	2,638	2,552	2,772	2,729	2,407	2,784	2,977	3,151	3,309
Municipal Court										
New cases filed	10,059	8,478	7,224	7,372	7,928	7,864	7,875	7,819	7,287	8,050
Cases completed	9,269	9,230	9,287	8,471	8,255	8,185	7,924	8,466	8,715	8,450
Prisoners transported by bailiff	1,313	1,242	569	895	618	1,148	1,055	1,000	514	839
Cemetery										
Burials	94	69	69	74	102	101	86	92	107	90
Grave sales	68	34	29	35	40	59	65	29	28	75
Public Transportation										
Total ridership	45,400	43,448	38,636	37,912	41,543	43,756	47,782	48,270	49,180	50,750
Streets and highways										
Miles of street responsibility	97.5	97.5	97.5	97.5	97.5	110.5	110.5	111.0	111	111
Traffic signal intersections	52	52	50	50	48	48	49	50	51	52
Planning										
Sign permits issued	40	37	27	37	40	33	42	40	46	42
Zoning occupancy permits issued	20	17	22	32	34	33	20	35	21	32
Building inspection										
Building permits issued	246	330	491	319	567	467	367	235	550	473
Building inspections	822	612	734	472	404	361	390	322	676	712
Engineering										
Sanitary sewer inspections	32	25	25	25	12	15	13	11	11	15
Parks and recreation										
Free clinics organized and directed	38	24	-	14	12	12	15	10	21	27
Free clinics (attendance)	1,452	2,560	-	701	399	446	463	329	682	1,288
Park shelters maintained	35	37	37	43	43	45	45	45	45	45
Trees planted	76	1	1	16	6	-	-	1	189	30
Senior Center members	1,044	1,002	945	945	990	1,119	994	1,088	966	889
Water										
Gallons of water processed (in millions)	1,382	2,994	3,123	3,185	3,277	3,095	2,926	3,012	2,901	3,040
Lime sludge processed/removed (dry tons)	10,300	7,095	7,038	6,291	3,571	6,250	6,100	6,664	6,500	6,500
Water main breaks	20	16	16	24	15	29	23	21	18	22
Sewer										
Wastewater processed (million gallons per day)	6.03	4.76	5.07	6.40	4.66	5.27	4.79	5.81	4	5
Biosolids processed (dry tons)	642	618.55	650	590	602	635	675	692	616	655
Feet of sewer cleaned	102,997	90,089	93,327	93,327	87,516	89,997	88,139	83,141	62,608	85,000
Swimming Pool										
Daily admissions	14,612	12,957	14,703	15,103	13,176	9,786	8,289	9,795	9,771	8,100
Season passes	509	490	401	492	344	286	317	n/a	n/a	n/a
Information Technology										
Number of personal computers maintained	205	210	205	195	205	211	219	311	335	350
Service Center - Garage										
Units in fleet	276	263	250	248	256	258	264	240	236	232
Revenue Collections										
Tax returns processed	6,416	5,458	9,686	12,315	11,923	11,692	11,406	11,498	11,037	11,500
Monthly Utility Customers	n/a	2,356	2,889	2,985	3,015	3,810	9,300	9,300	9,300	9,300

Source: City of Sidney, Ohio, Appropriation Budgets for applicable years. Actual statistics for years 2008 - 2016. Estimated statistics for 2017.

CITY OF SIDNEY, OHIO
 CAPITAL ASSET AND INFRASTRUCTURE STATISTICS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

Schedule 15

<u>Function/Program</u>	<u>Year Ended December 31,</u>									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Street Repair & Maintenance ⁽¹⁾										
Miles of streets	100.43	100.46	100.46	110.16	110.16	109.99	110.72	110.72	110.72	110.72
Basic utility services - stormwater management ⁽¹⁾										
Miles of storm sewers	74.67	75.17	75.24	76.20	76.54	76.77	77.07	77.07	77.07	77.11
Parks and recreation ⁽²⁾										
Acres of parks maintained	430	430	450	450	450	456	456	456	456	456
Acres of public grounds maintained	250	250	250	250	250	250	250	250	250	250
Neighborhood parks	15	16	16	16	16	16	16	16	16	16
Sewer ⁽¹⁾										
Miles of sanitary sewers	120.50	120.57	122.07	122.11	125.05	125.46	124.00	125.48	125.48	125.50
Water ⁽¹⁾										
Miles of water mains	119.91	121.02	123.22	123.23	123.23	123.31	123.31	123.31	124.97	124.97

⁽¹⁾ Source: City of Sidney, Ohio, Engineering Department.

⁽²⁾ Source: City of Sidney, Ohio, Appropriation Budgets for applicable years. Actual statistics for years 2008 - 2016. Estimated statistics for 2017.

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**CITY OF SIDNEY
SHELBY COUNTY, OHIO**

SUPPLEMENTAL REPORTS

FOR THE YEAR ENDED
DECEMBER 31, 2017

**CITY OF SIDNEY
SHELBY COUNTY, OHIO**

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CITY OF SIDNEY
SHELBY COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	(A)(B) FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed through the Ohio Department Of Education</i>			
<i>Child Nutrition Cluster</i>			
Summer Food Service Program for Children	10.559	N/A	\$ 27,115
Total Child Nutrition Cluster			<u>27,115</u>
Child and Adult Care Food Program	10.558	N/A	2,223
Total U.S. Department of Agriculture			<u>29,338</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed through the Office of Ohio Development Services Agency</i>			
Home Investment Partnerships Program	14.239	A-C-15-2DR-2	146,509
Total Home Investment Partnerships Program			<u>146,509</u>
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	A-C-15-2DR-1	142,107
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	A-F-17-2DR-1	187
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	A-F-15-2DR-1	26,653
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	A-F-16-2DR-1	26,402
Total Community Development Block Grant/State's Program			195,349
Total U.S. Department of Housing and Urban Development			<u>341,858</u>
U.S. DEPARTMENT OF JUSTICE			
<i>Passed through the Office of Criminal Justice Services</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-JG-A02-6088	23,062
Bulletproof Vest Partnership Program	16.607	2017-BUBX17087998	1,670
Total U.S. Department of Justice			<u>24,732</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Airport Improvement Program	20.106	3-39-0071-2015	4,020
Airport Improvement Program	20.106	3-39-0071-2016	179,010
Total Airport Improvement Program			<u>183,030</u>
<i>Passed through the Ohio Department Of Transportation</i>			
Formula Grants for Rural Areas	20.509	OH-2016-050	357,134
<i>Federal Transit Cluster</i>			
Bus and Bus Facilities Formula Program	20.526	OH-2016-052	2,000
Total Federal Transit Cluster			<u>2,000</u>
Total U.S. Department of Transportation			<u>542,164</u>
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			
<i>Passed through the Area Agency on Aging, PSA 2</i>			
<i>Aging Cluster</i>			
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	N/A	8,000
Total Aging Cluster			<u>8,000</u>
<i>Passed through the Centers for Medicare and Medicaid Services</i>			
<i>Medicaid Cluster</i>			
Medical Assistance Program	93.778	N/A	7,048
Total Medicaid Cluster			<u>7,048</u>
Total U.S. Department of Health & Human Services			<u>15,048</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 953,140</u>

- Continued-

**CITY OF SIDNEY
SHELBY COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of City of Sidney (the Government) under programs of the federal government for the year ended December 31, 2017. The information on this Schedule is prepared 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 Government, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Government.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Except as described in Note E below, such expenditures are recognized following, either the cost principles contained in either OMB Circular A-87 Cost Principles for State, Local, and Indian Tribal Governments (codified in 2 CFR, Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Government has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS WITHOUT CONTINUING COMPLIANCE REQUIREMENTS

The Government has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the City, passed through the Ohio Department of Development. The City has no outstanding loans as of December 31, 2017. In 2017 the City received in \$11,886 of principal repayment of these revolving loan funds. The Schedule reports loans made and administrative costs as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans were collateralized by personal guarantees.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the Government to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Government has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds

NOTE E – PRIOR YEAR REIMBURSEMENT

In 2017 we received grant dollars from the Airport Improvement Program that were not reported as expenditures in prior years on the federal schedule of awards.



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

City of Sidney
Shelby County
201 West Poplar Street
Sidney, Ohio 45365

To the City Council and City Manager:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sidney, Shelby County, Ohio, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Sidney's basic financial statements and have issued our report thereon dated June 21, 2018, wherein we noted, as discussed in Note 19, the City of Sidney adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City of Sidney's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City of Sidney's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City of Sidney's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

City Council and City Manager
City of Sidney

Compliance and Other Matters

As part of reasonably assuring whether the City of Sidney's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results and does not opine on the effectiveness of the City of Sidney's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City of Sidney's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." The signature is written in black ink and is positioned above the printed name of the firm.

Julian & Grube, Inc.
June 21, 2018



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report on Compliance With Requirements Applicable to The Major Federal Program and on Internal Control Over Compliance and the Schedule of Expenditures of Federal Awards Required by the *Uniform Guidance*

City of Sidney
Shelby County
201 West Poplar Street
Sidney, Ohio 45365

To the City Council and City Manager:

Report on Compliance for the Major Federal Program

We have audited the City of Sidney's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the City of Sidney's major federal program for the year ended December 31, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the City of Sidney's major federal program.

Management's Responsibility

The City of Sidney's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the City of Sidney's compliance for the City of Sidney's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; 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). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Sidney's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the City of Sidney's major program. However, our audit does not provide a legal determination of the City of Sidney's compliance.

Opinion on the Major Federal Program

In our opinion, the City of Sidney complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2017.

City Council and City Manager
City of Sidney

Report on Internal Control Over Compliance

The City of Sidney's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City of Sidney's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City of Sidney'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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement 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 would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. 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 also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Sidney, Shelby County, Ohio, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Sidney's basic financial statements. We issued our unmodified report thereon dated June 21, 2018. Our opinion also explained that the City of Sidney adopted *Governmental Accounting Standard No. 84* during the year. We conducted our audit to opine on the City of Sidney's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule 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, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Julian & Grube, Inc.
June 21, 2018

**CITY OF SIDNEY
SHELBY COUNTY, OHIO**

**SCHEDULE OF FINDINGS
UNIFORM GUIDANCE 2 CFR § 200.515
DECEMBER 31, 2017**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii (CFDA #14.228)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	Yes

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

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Dave Yost • Auditor of State

CITY OF SIDNEY

SHELBY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY, 31 2018**