

CITY OF



MIDDLETOWN

Comprehensive Annual Financial Report

*For the Year Ended
December 31, 2019*

**City of Middletown
One Donham Plaza
Middletown, Ohio**

CITY OF MIDDLETOWN, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2019

**Prepared by
Finance Department**

**Jacob C. Burton
Finance Director**

CITY OF MIDDLETOWN, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended December 31, 2019

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INTRODUCTORY SECTION



CITY OF
MIDDLETOWN

June 29, 2020

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

State law requires that every general purpose local government publish a complete set of audited financial statements within six months of the close of each fiscal year. We are pleased to present this Comprehensive Annual Financial Report (CAFR) for Middletown, Ohio. This report, for the year ended December 31, 2019, contains the financial statements and other financial and statistical data that provide a complete and full disclosure of all material financial aspects of the City.

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

The City of Middletown is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, the Single Audit Act Amendments of 1996 and the U. S. Office of Management and Budget's Uniform Guidance, Audits of State and Local Governments. Information related to this single audit, including a schedule of federal financial assistance, the independent auditors' reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in a separately issued single audit report.

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

MIDDLETOWN PROFILE

Population

Middletown is positioned between the major metropolitan areas of Cincinnati and Dayton in southwestern Ohio with a population of approximately 48,807.

Council-Manager Form of Government

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

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

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

City Services

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

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

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

Budgetary Process and Controls

Detailed provisions for the City's budget, tax levies, and appropriations are set forth in the Ohio Revised Code and the City Charter. The City Manager, with the assistance of the Finance Director, is required to submit to Council a tax budget of estimated revenues and expenditures for all funds, except agency funds, for the succeeding fiscal year by the first council meeting in July. The budget is required to be adopted by the legislative body by July 15 and to be submitted to the County Budget Commission by July 20 of each year. City Council is required by Charter to adopt a permanent appropriation measure for the ensuing fiscal year no later than January 1st. In November, 2018, City Council adopted the 2019 fiscal year permanent appropriation measure.

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

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

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

Economic Outlook and Relevant Financial Policies

One of the most important duties we have is the management of our resources. The annual budget is the first major step of managing those resources. While 2019 brought record high income tax revenues, the 2020 Budget and Financial Plan is cautiously optimistic. The COVID-19 pandemic has impacted revenues and budgets throughout the State, County, and the City of Middletown as companies shutdown and employees were not working, with many of those residents still out of work. The City will continue to monitor revenues and expenditures throughout 2020 and moving forward as we get through these challenging times.

Sawyer Mills, a residential neighborhood in the north east end of Middletown is moving forward with construction of sixteen to seventeen new homes on twenty-five acres of land near Manchester Road and Dixie Highway; an additional two hundred sixty new homes are being proposed for the project over the next three years.

A new Marathon Gas center was built at the southeast end of Middletown at the intersection of Cincinnati Dayton Road and Oxford State Road, and opened in 2020. A new Dunkin' Donuts opened in September, 2019 on Breiel Boulevard. Chipotle is constructing a new restaurant as part of the Towne Mall development, making it the first "Chipotlane" with a drive-thru window in this area that will open in 2020. This continues the growth at the Towne Mall Galleria, and the continued investment on the East-end of the City.

In the past few years many new businesses have opened up in downtown Middletown that include restaurants, distilleries, and microbrews, in addition to having Ohio's first Designated Outdoor Refreshment Area. Ribbon cuttings at new businesses in 2019 included; Swire Inn, Don's Pizza, BMW Motorcycles, Indigo Pass, Cornerstone Manor, and Cool Comics & Collectibles. First Friday events, Broad Street Bash, eateries from steak and seafood to pizza and craft beer, art classes and exhibits, and shopping for those unique gifts are providing the public a new perspective of "Downtown Middletown."

Water rates are reviewed every two years while taking in consideration of operations, maintenance, and capital improvement costs. There is no increase in water rates scheduled for 2020. Sewer rates will increase 10% and will cost a typical residential user an additional \$3.73 per month. According to the annual Oakwood Water and Sewer Rate Survey for southwest Ohio, the City ranks as the nineteenth lowest out of the sixty-six communities surveyed for water, fifty-sixth out of sixty-three communities surveyed for sewer and thirty-eighth out of sixty-three communities surveyed for combined services as of March 1, 2019.

The Middletown unemployment rate has increased by .5% from 2018 to 2019:

UNEMPLOYMENT RATE (%)			
Yearly Average			
	<u>Middletown</u>	<u>Ohio</u>	<u>U. S.</u>
2018	4.0%	4.6%	3.9%
2019	4.5%	4.1%	3.5%

Property Taxes/Local Income Taxes

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

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

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

<u>Levy</u>	<u>Collection</u>	<u>Assessed</u>	<u>Property Tax</u>
<u>Year</u>	<u>Year</u>	<u>Value</u>	<u>Revenues</u>
			<u>(cash basis)</u>
2014	2015	\$660,204,000	\$ 4,149,587
2015	2016	\$660,204,000	\$ 4,043,885
2016	2017	\$662,132,320	\$ 3,823,670
2017	2018	\$702,965,460	\$4,054,178
2018	2019	\$706,717,500	\$4,169,113

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

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

Local income tax receipts for the past five years are:

<u>Local Income Tax Receipts</u> <u>(Cash Basis)</u>	
2015	\$21,571,744
2016	\$22,285,507
2017	\$24,047,903
2018	\$24,941,368
2019	\$26,309,538

FINANCIAL INFORMATION

Accounting Controls

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

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

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

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

Cash Management

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

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

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

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

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

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

OTHER INFORMATION

Independent Audit

The State of Ohio requires an annual audit by either the Auditor of State or by an independent public accounting firm. Clark Schaefer Hackett performed the City's 2019 audit. The Independent Auditors' Report on the City's basic financial statements is included in the financial section of this Comprehensive Annual Financial Report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Middletown for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2018.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the content of which conforms to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for a certificate.

Acknowledgements

The 2019 Comprehensive Annual Financial Report of the City of Middletown is the result of the combined efforts of the City's Finance Department, Hurst, Kelly & Company, and Clark Schaefer Hackett, which was the City's auditor.

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

Respectfully submitted,

DEPARTMENT OF FINANCE

A handwritten signature in cursive script, reading "Jacob Burton". The signature is written in dark ink and is positioned above the printed name and title.

Jacob Burton
Finance Director



Government Finance Officers Association

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

Presented to

**City of Middletown
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

Executive Director/CEO

CITY OF MIDDLETOWN, OHIO

Principal Officials January 1, 2019

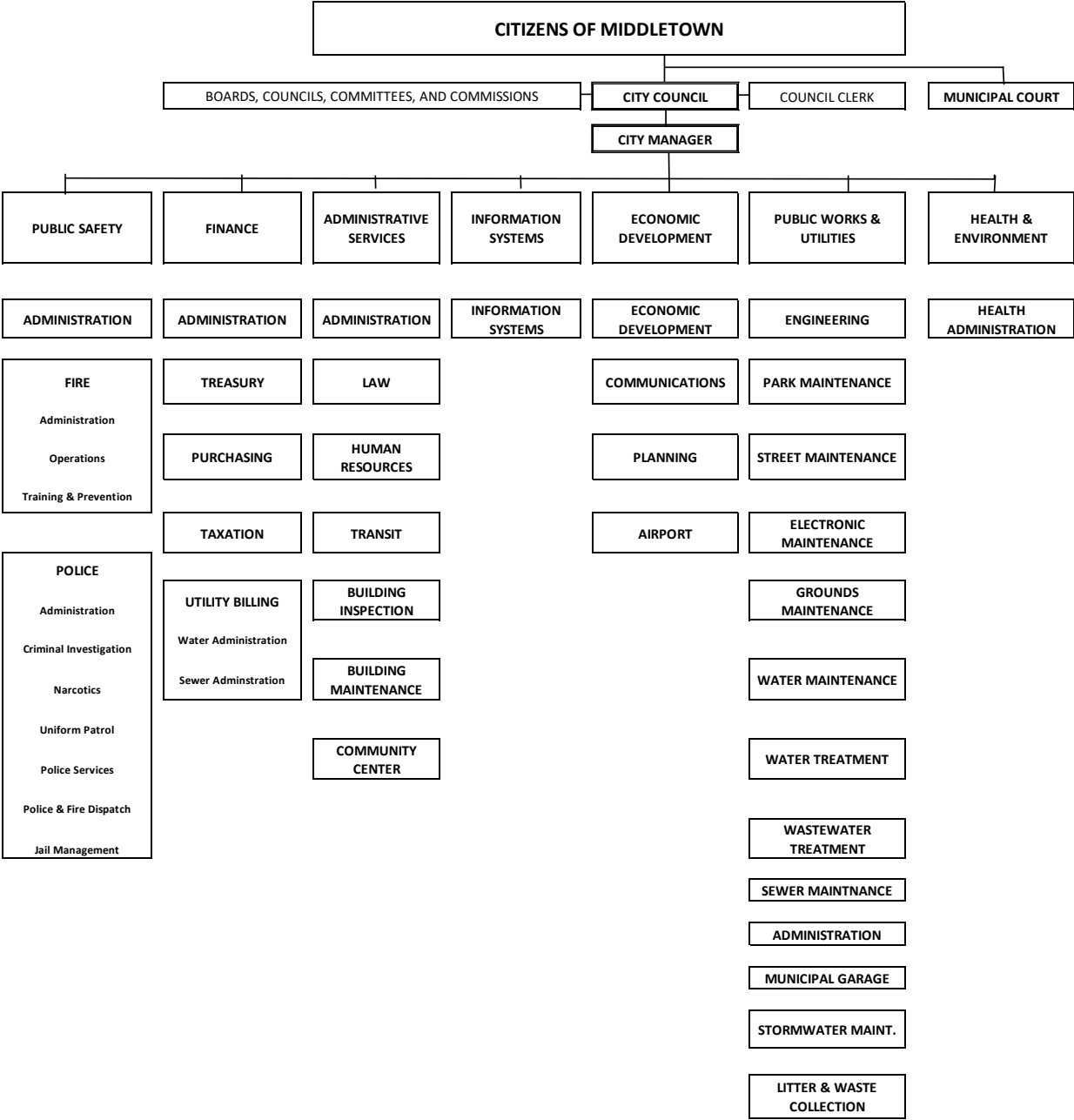
Legislative

Mayor.....Lawrence P. Mulligan, Jr.
Vice MayorTalbott C Moon
Council Member..... Steve H. Bohannon
Council Member.....Joseph H. Mulligan
Council Member..... Amy L. Vitori

Executive/Administrative

City Manager..... Douglas D. Adkins
Administrative Services Director.....Susan H. Cohen
Chief of Police..... Rodney E. Muterspaw
Director of Court Services..... Steven P. Longworth
Economic Development DirectorJennifer L. Ekey
Finance Director Jacob C. Burton
Fire Chief Paul J. Lolli
Health Commissioner Jacquelyn D. Phillips
Information Systems..... Troy S. Anderton
General CounselAshely M. Bretland
Public Works & Utilities DirectorScott D. Tadych

CITY OF MIDDLETOWN 2019 ORGANIZATIONAL CHART



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Middletown, Ohio:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Middletown, Ohio (the "City") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Middletown, Ohio, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the City of Middletown, Ohio. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United

States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 29, 2020

**CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2019**

This discussion and analysis provides key information from management highlighting the overall financial performance of the City of Middletown for the year ended December 31, 2019. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the transmittal letter on page i, and the City's financial statements, which begin on page 22.

I. USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements.

The Basic Financial Statements

- Financial Statements for the City as Whole. The Statement of Net Position and the Statement of Activities (pages 22 and 23) provide information about the activities of the City as a whole and present a longer-term view of the City's finances.
- Individual Fund Financial Statements. Fund financial statements also reflect the City's operations in more detail than the government-wide financial statements by providing information about the City's major funds. For governmental funds, these statements tell how these services were financed in the short-term as well as what remains for future spending. These statements begin on page 24.
- Fiduciary Financial Statements. The fiduciary statements (page 38) provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the government.
- Notes to the Basic Financial Statements. The Notes provide helpful information explaining the City's significant accounting procedures and providing greater detail regarding financial statement components (pages 39 to 87).

Required Supplementary Information

- Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis. Schedule is presented for the General Fund (pages 89 to 92) and the Health Fund (page 93) that compare actual results to the original and final budget for this fund.
- Schedules pertaining to the net pension liability, net OPEB liability and contributions to the pension funds begin on page 94.

A. Reporting the City as a Whole

Government-wide statements

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

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

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

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

B. Reporting the City's Most Significant Funds

Fund financial statements

The City accounts for its activities using many individual funds. The most significant funds are reported in separate columns in the fund financial statements that begin on page 24. These statements provide detailed information about the individual major funds – unlike the government-wide financial statements, which report on the City as a whole. Some funds are required to be established by State Law. However, the City Council establishes many other funds to help control and manage money for particular purposes, like water, storm water, sewer, and solid waste activities. City Council may also establish separate funds to show that it is meeting legal responsibilities for using certain taxes, grants, or other money, such as grants and contributions received for community and economic development activities. The City's two kinds of funds –*governmental and proprietary* - use different accounting methods.

- Governmental funds - Most of the City's basic services are reported in governmental funds. The fund statements present how cash flows into and out of those funds, and show the balances remaining at year-end that are available for future spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. *Information in governmental fund statements helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.* The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. The government-wide financials, as previously described, present the government funds on the whole using the full accrual accounting basis. The differences between governmental activities as reported in the government-

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

- **Proprietary funds** – There are two types of proprietary funds, enterprise funds and internal service funds. Proprietary funds are reported using the full accrual accounting basis. When the City charges customers for the services it provides with the intention that the charges will fully cover the cost of the services, these activities are reported in enterprise funds. Enterprise funds are generally reported in the same way that all activities are reported in the government-wide Statement of Net Position and Statement of Activities. In fact, the City's enterprise funds are the same funds we report in the combined business-type activities column in the government-wide statements. The individual fund statements for enterprise funds provide more detail and additional information, such as cash flows. Internal service funds are used to report activities within the government that are centralized for efficiency in separate funds in order to provide supplies and services to the other City programs and activities. The City has two separate funds: the Municipal Garage Fund and the Employee Benefits Fund. These internal service funds are combined and shown in a separate column in the proprietary funds statements. In the government-wide financials, their activities are consolidated into the governmental and business-type activities.

C. The City as Fiscal Agent

Reporting the City's Fiduciary Responsibilities

The City is responsible in a fiduciary capacity for other assets that can only be used for designated beneficiaries. The financial statements for these funds are reported on page 38. During 2019, the City had three agency funds. The Payroll Clearing fund accounts for the employee payroll, withholdings due to other agencies and private businesses. The Municipal Court fund accounts for the activities of the Municipal Court collections which are due to other agencies and to certain individuals. The Joint Economic Development District I Fund records and accounts for the collection and disbursement of tax revenue with Liberty Township and the City of Mason. The City acts as the collection agent for these separate activities. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations.

II. THE CITY AS A WHOLE

A. Net position at year-end

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2019 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The City adopted GASB Statement 75 in 2018, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB).

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This

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approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability (asset) and the net OPEB liability to equal the City's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this 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 these liabilities. 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 Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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 or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, 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 payments, State statute does not assign/identify the responsible party for the unfunded portion.

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability (asset) and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

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As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting.

The following table presents a condensed summary of the City's overall financial position at December 31, 2019 and 2018 (in thousands).

Table 1
Net Position
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 44,689	42,608	44,420	35,087	89,109	77,695
Capital assets	<u>79,128</u>	<u>77,509</u>	<u>81,026</u>	<u>77,526</u>	<u>160,154</u>	<u>155,036</u>
Total assets	123,817	120,117	125,446	112,613	249,263	232,731
Deferred outflows of resources	20,231	11,810	1,586	865	21,817	12,675
Long-term liabilities	92,942	99,286	15,105	13,821	108,048	113,106
Other liabilities	<u>3,534</u>	<u>3,145</u>	<u>3,111</u>	<u>2,467</u>	<u>6,645</u>	<u>5,612</u>
Total liabilities	96,476	102,430	18,216	16,288	114,693	118,718
Deferred inflows of resources	8,810	11,931	90	751	8,900	12,682
Net position:						
Net investments in capital assets	63,745	59,480	73,092	68,619	136,837	128,099
Restricted	14,352	11,995	-	-	14,352	11,995
Unrestricted	<u>(39,336)</u>	<u>(53,909)</u>	<u>35,633</u>	<u>27,821</u>	<u>(3,703)</u>	<u>(26,088)</u>
Total position	38,761	17,566	108,725	96,440	147,486	114,006
Beginning net position	17,566	18,625	96,440	85,410	114,006	104,035
Net increase (decrease)	<u>21,195</u>	<u>(1,059)</u>	<u>12,285</u>	<u>11,030</u>	<u>33,480</u>	<u>9,971</u>
Ending net position	\$ <u>38,761</u>	<u>17,566</u>	<u>108,725</u>	<u>96,440</u>	<u>147,486</u>	<u>114,006</u>

As of December 31, 2019, the City's ending net position was \$147,486 compared to \$114,006 in 2018, an increase of \$33,480. Governmental activities increased \$21,195 and business type activities increased \$12,285 in 2019 over 2018 totals.

Although governmental activities net position increased by \$21,195 in 2019 and \$1,928 in 2017, governmental activities net position has decreased in the past (\$1,059 in 2018, \$668 in 2016, \$1,484 in 2015, \$11,760 in 2014, \$5,265 in 2013, and \$1,937 in 2012) with the economy playing a major role for these decreases. During this economic shortfall, the City used cash balances for operating expenses. The City took measures to cut expenses with decreased services and layoffs of staff in anticipation of these shortfalls.

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

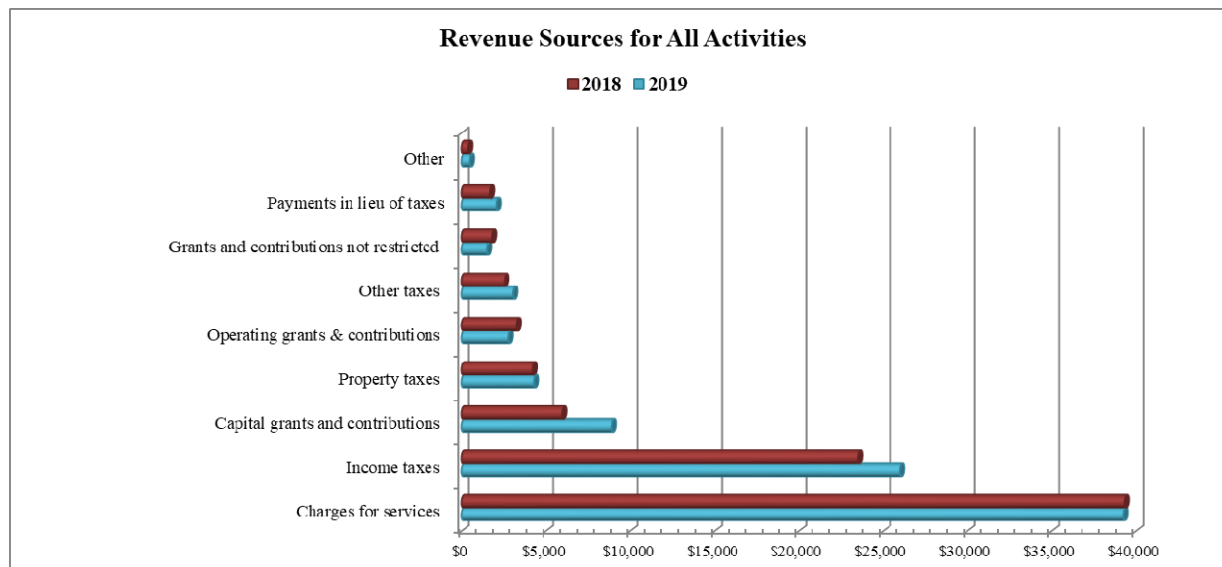
B. Governmental and Business-type Activities during 2019

Table 2, (in thousands) presents a condensed summary of the City's activities during 2019 and 2018 and the resulting changes in net position.

Table 2
Statement of Activities
(in thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2019	2018	2019	2018	2019	2018
Revenues						
<u>Program revenues:</u>						
Charges for services	\$ 8,615	9,338	30,662	30,009	39,277	39,347
Operating grants & contributions	1,591	1,738	1,218	1,542	2,808	3,280
Capital grants and contributions	<u>5,605</u>	<u>4,032</u>	<u>3,291</u>	<u>1,944</u>	<u>8,897</u>	<u>5,976</u>
Total program revenues	15,812	15,108	35,170	33,495	50,982	48,603
<u>General revenues:</u>						
Income taxes	26,010	23,541	0	0	26,010	23,541
Property taxes	4,296	4,215	0	0	4,296	4,215
Other taxes	3,078	2,554	0	0	3,078	2,554
Payments in lieu of taxes	2,067	1,687	0	0	2,067	1,687
Grants and contributions not restricted	1,521	1,806	0	0	1,521	1,806
Investment earnings	867	269	636	344	1,503	613
Other	<u>229</u>	<u>139</u>	<u>281</u>	<u>273</u>	<u>510</u>	<u>412</u>
Total general revenues	<u>38,068</u>	<u>34,211</u>	<u>917</u>	<u>617</u>	<u>38,985</u>	<u>34,828</u>
Total revenues	53,880	49,319	36,087	34,112	89,967	83,431
Expenses						
Public safety	14,327	28,187	0	0	14,327	28,187
Public health	373	644	0	0	373	644
Leisure activities	746	1,223	0	0	746	1,223
Community environment	2,367	5,753	0	0	2,367	5,753
Highways and streets	7,080	6,704	0	0	7,080	6,704
General government	6,535	6,943	0	0	6,535	6,943
Interest on long-term debt	746	839	0	0	746	839
Water	0	0	7,602	6,874	7,602	6,874
Sewer	0	0	8,568	8,402	8,568	8,402
Transit	0	0	2,309	2,189	2,309	2,189
Solid Waste	0	0	3,498	3,511	3,498	3,511
Storm Water	0	0	1,560	1,450	1,560	1,450
Airport	<u>0</u>	<u>0</u>	<u>776</u>	<u>740</u>	<u>776</u>	<u>740</u>
Total expenses	<u>32,174</u>	<u>50,294</u>	<u>24,313</u>	<u>23,166</u>	<u>56,487</u>	<u>73,460</u>
Increase/(decrease) in net position before transfers	21,706	(975)	11,774	10,946	33,480	9,971
Transfers	(511)	(84)	511	84	0	0
Increase/(decrease) in net position	21,195	(1,059)	12,285	11,030	33,480	9,971
Beginning net position	<u>17,566</u>	<u>18,625</u>	<u>96,440</u>	<u>85,410</u>	114,006	104,035
Ending net position	\$ <u>38,761</u>	<u>17,566</u>	<u>108,725</u>	<u>96,440</u>	<u>147,486</u>	<u>114,006</u>

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Most revenue sources have not fluctuated much from 2019 compared to 2018, with the exception of operating grants and contributions, which saw a 14% decline and unrestricted grants and contributions also showing a decline of 16% in 2019. Capital grants and contributions received a 49% increase in 2019.

Income taxes increased in 2019 by \$2,469 or 10.5%, going from \$23,541 in 2018 to \$26,010 in 2019. Although income taxes have been on a steady rise since 2013, this revenue source saw a slight decline of just 1% in 2018. A stronger economy has contributed to the increased income tax revenue.

Property taxes increased slightly in 2019 by \$81 (from \$4,215 in 2018, to \$4,296 in 2019). Property taxes had been declining steadily from \$4,965 in 2008 to \$3,988 in 2017. Although 2013 had an increase of \$387 for property taxes, approximately \$700 was for the Senior Citizens levy. A five year renewal of the Senior Citizens levy was passed in May 2017. Increased property valuation, new construction revenue and a stronger economy have attributed to the recent rise in property tax revenue.

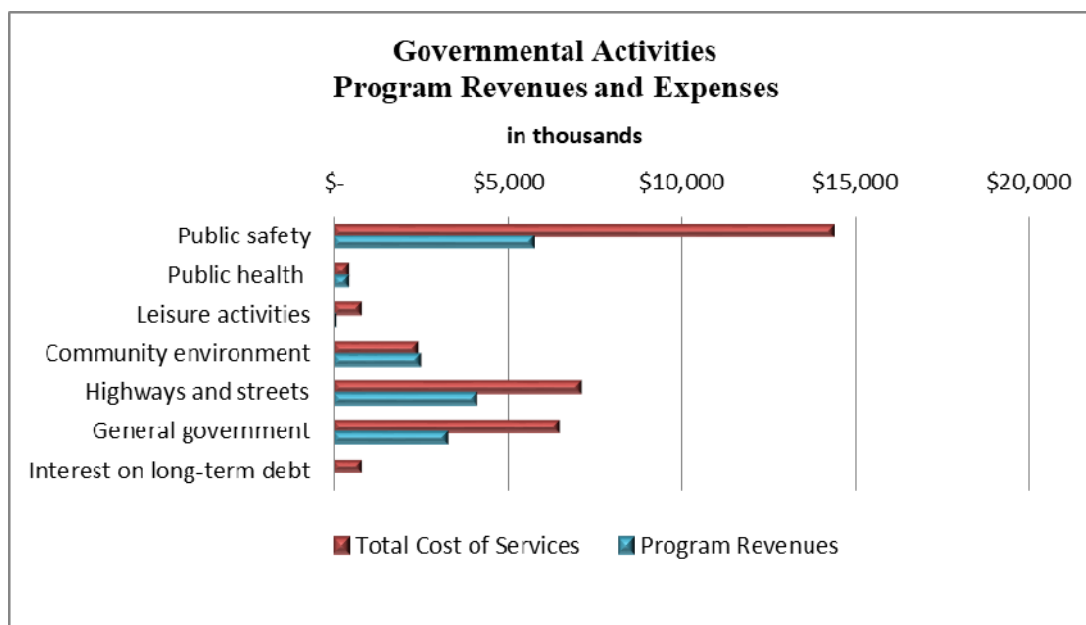
1) Governmental activities during 2019

Table 3 presents the total cost of each of the government's primary services and the net cost after deducting the revenues generated by these services. In 2019, total cost of services was offset 49% with income coming from program revenues. This was up from the 30% recouped in 2018 and 34% recouped in 2017. The City recouped about 32% for the cost of services in program revenues for 2016 and about 27% in 2015.

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**Table 3
Governmental Activities
(in thousands)**

	<u>Total cost of Services</u>	<u>Program Revenues</u>	<u>Revenues as a % of Total Costs</u>	<u>Net Cost of Services</u>
Public safety	\$ 14,327	\$ 5,701	40%	\$ 8,626
Public health	373	401	107%	(28)
Leisure activities	746	3	0%	743
Community environment	2,367	2,422	102%	(55)
Highways and streets	7,080	4,069	57%	3,011
General government	6,535	3,217	49%	3,318
Interest on long-term debt	746	-	0%	746
Total	<u>\$ 32,174</u>	<u>\$ 15,813</u>	<u>49%</u>	<u>\$ 16,361</u>



Public Health recouped 107% of program costs in 2019. This was an increase of 49% over the 2018 Public Health total of 58%. Community Environment, which relies heavily upon federal and state grants, recouped 102% of services in 2019 and covered 50% of its activities in 2018, 44% in 2017, and 45% in 2016. Community environment includes Community Development, Neighborhood Stabilization Program, and Home Funds.

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Highways and streets activities for 2019 were funded with program revenues totaling 57%, up from 2018 with 41%. This was a decrease from 2017 with 76% and 2016 with 79%. In 2015, 31% was recouped. Grants are a large factor in fluctuations for this activity.

Public safety, the City's most expensive program, recouped 40% of its costs with program revenues. This is up from the 21% for 2018. Local tax receipts and other general revenues were used to fund the remaining costs of this service.

Leisure activity revenues did slightly increase to \$3 in 2019. Although there was a small increase in Leisure activities for 2019 the program did not receive any revenues in 2018, 2017, or 2016 compared to 8% being recovered in 2015. The Community Center activities were contracted out for the past four years.

2) Business-type activities during 2019

The City attempts to break even or gain a surplus on its business-type activities. All activities except Airport, Transit and Solid Waste had operating surpluses in 2019. Surpluses are used to accumulate earnings for future capital investments and debt payments.

The following table (in thousands) summarizes the business-type activities during 2019:

**Table 4
Business-type Activities
(in thousands)**

	<u>Total Cost of Services</u>	<u>Program Revenues</u>	<u>Revenues as % of Total Costs</u>	<u>Net Revenue from Operations</u>
Water	\$7,602	\$10,970	144%	\$3,368
Sewer	8,568	15,498	181%	6,930
Solid waste	3,498	3,411	98%	(87)
Airport	776	677	87%	(99)
Transit	2,309	1,526	66%	(783)
Storm Water	<u>1,560</u>	<u>3,089</u>	<u>198%</u>	<u>1,529</u>
Total	<u>\$24,313</u>	<u>\$35,170</u>	<u>145%</u>	<u>\$10,858</u>

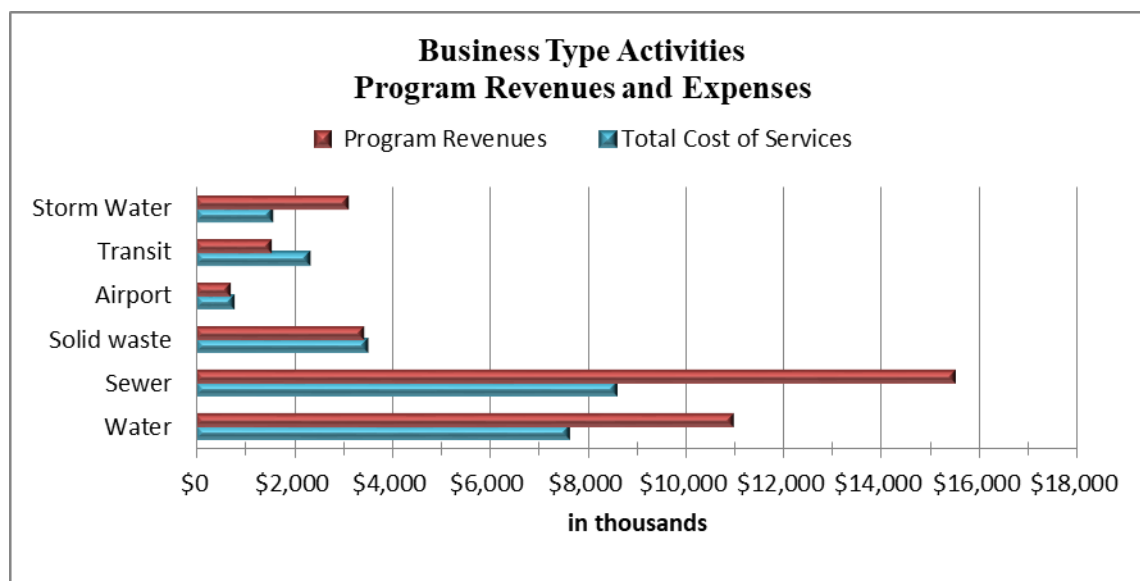
The transit and airport funds rely upon grants and taxes to supplement their services. In 2015, FAA grants were received putting the airport in the surplus of \$122 in net revenue compared to a negative surplus of (\$85) for 2016. In 2017, transit ended with a negative surplus of (\$710) and the airport ended with a negative surplus of (\$151). Transit ended with a negative surplus of (\$422) recouping 81% of the cost of services in 2018. The airport ended 2018 with a negative surplus of (\$34) recouping 95% of the cost of services. For 2019, the airport ends with a negative surplus of (\$99) and transit ends with a negative surplus of (\$783).

Sewer rates were increased in late 2015, adding a 10% surcharge to all accounts. The surcharge is to replace aging sewer infrastructure. Water rates increased 7.5% in 2016. Water charges were increased by

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7.5% again in 2017 along with a 15% increase in sewer and an additional \$0.75 per month for refuse removal. Sewer rates were increased 15% in 2018 and 10% in 2019. Total cost of services vary for these funds due to capital improvement projects.

Storm water received \$3,089 in program revenues in 2019, \$2,174 in program revenues in 2018 and \$2,186 in program revenues 2017. This being up 2.9% from \$2,125 in 2016. The 2015 revenue amount was \$1,821. The increased revenue for 2016 and 2017 is due to a fee increase in 2016. Total cost of services will also vary for this fund to various capital projects of improving the storm water lines and appurtenances. The net revenue for storm water in 2019 was \$1,529.



III. THE CITY'S INDIVIDUAL FUNDS

A. Governmental funds

The financial statements for the City's governmental funds, using the modified accrual basis of accounting, are presented beginning on page 24. The City has fifty-six governmental funds, four of which are considered major funds. Assets of those three funds comprise approximately 62.99% of the total governmental funds' assets of \$41,227. The following table (in thousands) summarizes the activities of these major funds.

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

	General Fund	Special Assessment Debt Service	Capital Improvements	Health Fund
Total assets \$	21,100	1,513	3,216	140
Total liabilities	(1,841)	-	(245)	(95)
Deferred inflow of resources	(4,852)	(1,064)	(670)	-
Fund balance	<u>14,406</u>	<u>449</u>	<u>2,301</u>	<u>46</u>
Unassigned fund balance \$	<u>6,884</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues \$	32,430	233	3,152	526
Expenditures	(29,491)	(250)	(3,234)	(587)
Other financing sources/uses	<u>(3,292)</u>	<u>-</u>	<u>1,746</u>	<u>-</u>
Net change in fund balance \$	<u>(353)</u>	<u>(16)</u>	<u>1,664</u>	<u>(61)</u>

General Fund. The fund balance at the end of 2019 was \$14,406. This was a 2.4% decrease from the 2018 fund balance of \$14,759. There was an increase in 2018 of 10.7% over the 2017 ending fund balance of \$13,332. The 2017 fund balance of \$13,332 was an increase of 27.5% over the 2016 ending fund balance of \$10,454. The balance at end of year 2015 was \$9,459. The fund balance had been decreasing since 2010 until 2015 with an increase of \$495 and an even larger increase of \$995 for 2016 and \$2,878 in 2017. These increases and decreases are attributed to income tax revenues.

Special Assessment Debt Service Fund. The Special Assessment Debt Service fund receives special assessment payments from Middletown property owners and passes the payments along to the owner of the City's special assessment bonds.

Capital Improvement Fund. This fund typically relies heavily upon grants for capital improvement projects. Expenditures increased in 2015, and 2016 due to large street projects. This fund also received state and federal grants for street improvements in both 2018 and 2019.

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

B. Proprietary funds

1) Enterprise funds

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

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**Table 6
Financial Highlights
Enterprise Funds
(in thousands)**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Storm Water Fund</u>	<u>Solid Waste Fund</u>
Total assets	\$ 42,311	58,725	13,446	756
Total deferred outflows of resources	587	717	127	13
Total liabilities	(6,591)	(8,336)	(645)	(616)
Total deferred inflows of resources	<u>(35)</u>	<u>(40)</u>	<u>(7)</u>	<u>(1)</u>
Total net position	<u>36,273</u>	<u>51,066</u>	<u>12,920</u>	<u>152</u>
Unrestricted net position	<u>10,861</u>	<u>20,308</u>	<u>1,862</u>	<u>(259)</u>
Operating revenues	10,182	14,728	2,074	3,412
Operating expenses	(7,689)	(8,434)	(1,560)	(3,498)
Net non-operating revenues (expenses)	123	251	38	-
Net contributions and transfers	<u>835</u>	<u>802</u>	<u>1,024</u>	<u>-</u>
Net change in net position	\$ <u>3,451</u>	<u>7,347</u>	<u>1,576</u>	<u>(87)</u>

Water Fund. Water Fund rates are set to cover the fund's operating cost and to accumulate cash resources for future capital expenditures. The total net position for 2019 is up \$3,451 to \$36,273, with an increase in total assets by \$3,440. The 2019 increase in assets is primarily due to work on the Kensington Pump Station. The change in net position for 2018 was \$4,255 with an increase in total assets by \$4,065. This increase in assets is due to work on Yankee Road and other large construction projects in the City. Additional water usage that began in 2018 was also a factor in increased water revenue. In 2017, the change in net position was \$1,760 with an increase in total assets by \$1,489. This increase was primarily due to work on Oxford State Road. In 2016, assets increased by \$1,168 mainly due to construction on the South Verity and Central Avenue water main projects being completed. The change in net position was \$2,002 for 2016, and \$1,259 for 2015. The largest factor for operating revenue increases in 2015, 2016 and 2017 is due to increased water rates. Rates increased 5% in 2015 and 7.5% in both 2016 and 2017. There was no water rate increase in 2019.

Sewer Fund. In 2019, the sewer fund ended with a positive \$7,347 change in net position. A 10% rate increase for 2019 attributed to the increased operating revenues and an increase of \$7,438 in total assets was due to several large projects such as equipment repair at the wastewater treatment plant and large interceptor sewer repairs. For 2018, the sewer fund ended with a positive \$6,007 change in net position. There was a rate increase of 15% in 2018. There was a \$5,629 increase in total assets due to the work on Yankee Road and major repairs to the City's sewer systems. The Sewer Fund ended 2017 with a positive change in net position of \$4,373 due to a 15% rate increase in 2017 and a 10.3% increase of \$4,286 in total assets from the 2016 total of \$41,372. The net change in position for 2016 was \$2,617, with 2015 being \$1,125. A 10% sewer surcharge was added to all accounts in late 2015 and sewer rates were increased 10% in 2014. The balance in the fund is to be used for large capital projects and infrastructure improvements.

**CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2019**

Storm Water Fund. Total assets and the total net position both increased in 2019. Total assets increased by \$1,663 primarily due to contributed capital and several other large construction projects throughout the City. The overall net position increased by \$1,576. The Storm Water Fund ended the year with a \$764 change in net position for 2018, a decrease of \$155 from the 2017 change in net position of \$919. A \$914 change in net position for 2016. The change in 2015 was \$672. There was an increase of \$.25 per ERU (equivalent residential unit) added to all accounts in 2016. The first year for this fund to be a major enterprise fund was 2015.

Solid Waste Fund. Assets and operating expenses decreased slightly in both 2019 and 2018. Total assets decreased by \$79, from \$835 in 2018 to \$756 in 2019. The net change in net position is (\$87) for 2019 and (\$87) for 2018. Total assets decreased by \$31, from \$866 in 2017 to \$835 in 2018. Both total assets and operating revenues increased for 2017 resulting in a positive change in net position by \$108. Total assets decreased for 2016 and operating revenues increased resulting in (\$139) net change in net position. This compared to a net change in net position of (\$86) for 2015.

2) Internal service funds

Net position in the City's two internal service funds, are shown collectively on page 33.

The City's Employee Benefits Fund ended 2019 with a total net position of (\$599), a difference of \$634 from the 2018 total of (\$1,233), which compared to an ending net position of (\$2,571) for 2017 for a difference of \$1,338. The ending net position in 2016 was (\$3,101). The total net position for 2015 was (\$947). These changes are due to increased health care costs. The rising cost of health insurance puts a burden on the City's budget; however, the City has increased efforts to reduce costs with the help of an employee/management sponsored health care committee. This fund maintains a required reserve for payments of claims for the time period of sixty days.

The Municipal Garage Fund ended the year with a total net position of \$10,855. This was an increase of \$248 over the total net position of \$10,607 for 2018. The net position was \$10,054 in 2017 and \$9,534 for 2016 compared to \$8,612 in 2015. Funds are being set aside for future vehicle purchases according to a multi-year plan developed by the fleet manager.

IV. BUDGETED ACTIVITY AND ACTUAL RESULTS

The schedules comparing the City's original and final General Fund budget to actual includes both revenue and expenditures beginning on page 89. There were significant variances for the General Fund's actual results compared to budget in 2019. Revenue exceeded budget by \$631 and actual expenses were \$1,458 less than the budgeted amount. The General Fund's original appropriation of \$30,205 was amended to \$31,093 with supplemental appropriations and de-appropriations. The General Fund's actual expenditures on a budget basis were \$29,635.

**CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2019**

Original 2019 appropriations were increased during the year by \$8,578 for all funds. The majority of the supplemental appropriations included the following:

- \$1,200 for LED street light conversion project
- \$633 for additional 2019 local street paving
- \$600 for demolition of blight throughout the City
- \$529 for TIF payment reimbursements
- \$298 for PACE project at Community Center
- \$200 for payment to Rumpke for refuse collection services
- \$200 for payment to replace chiller at the City Building
- \$194 for repayment of Middletown Moving Forward loan
- \$188 for payment of 2019 Performance Based Compensation to employees
- \$179 for maintenance issues and equipment at Middletown Regional Airport
- \$139 for Bonita Drive/Jackson Lane storm sewer repair
- \$108 for Phase II of the Oakland Revitalization Incentive District
- \$100 for purchase of additional chemicals for the Water Treatment Plant

V. CAPITAL ASSET AND DEBT ADMINISTRATION

A. Capital assets

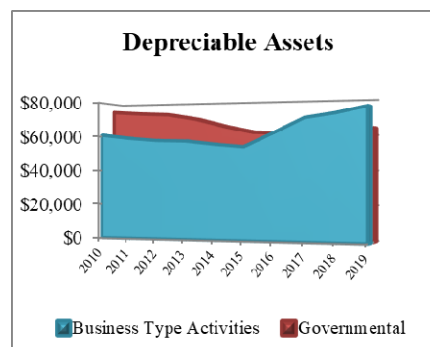
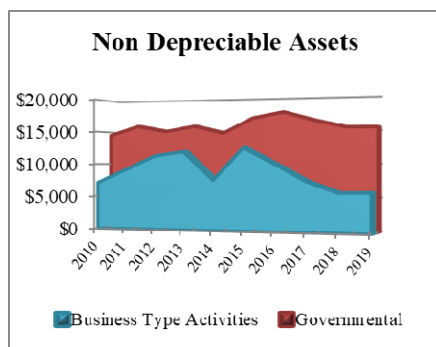
Capital assets are divided into two categories – depreciable and non-depreciable. Land and construction-in-progress are the only non-depreciable assets recorded for the City of Middletown. Construction-in-progress will be categorized with depreciable assets once the improvement project is completed with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

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

	Governmental Business-Type		
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Land	\$ 15,424	3,892	19,316
Land improvements	269	437	706
Buildings	8,966	13,734	22,700
Equipment	8,541	7,794	16,335
Infrastructure	45,928	53,202	99,130
Construction in Progress	-	1,967	1,967
Total	\$ <u>79,128</u>	<u>81,026</u>	<u>160,154</u>

(Asset amounts shown in thousands)

**CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2019**



The City had approximately \$160,154 in capital assets at the end of 2019 and \$155,036 in capital assets at year end of 2018.

1) Governmental activities non-depreciable assets:

- a. Land – Total of capital assets at year end was \$15,424. There was no change to the Land amount in 2019 as no new land was acquired.
- b. Construction in progress – Total for 2019 is \$0. The 2018 balance of \$43 was added to depreciable assets in 2019 due to project completion.

The following projects were completed and placed in service as of December 31, 2019:

- 2018 Pavement markings \$33
- Rathman Field/Smith Park \$10

2) Governmental activities for depreciable assets:

- a. Land improvements– an additional \$59 was added to land improvement for 2019 for Rathman Field/Smith Park.
- b. Buildings – a total of \$455 was added for major building upgrades. Community Center PACE energy improvements, City building roof repair, conference room 2-C remodel and Fire headquarters floor repair and refinish were some of the improvements.
- c. Equipment – a total of \$3,742 was added for equipment with the majority of purchases being \$1,864 for vehicles, \$1,157 for LED street lights, and \$255 for computer equipment.
- d. Infrastructure – an additional \$3,890 was added for 2019. This consisted mainly of street improvements. This increase is due to the roadway contributed capital in the Sawyers Mill, Waynedale and Renaissance developments, along with 2018 and 2019 Local Street Improvements, 2019 Local Road Improvements, 2018 Middletown Road Improvements and the completion of Yankee Road Phase 3.

3) Business-type activities non-depreciable assets:

- a. Land Improvements– Increase of \$9 for 2019.
- b. Construction in progress – current projects are:
 - New well/abandonment of wells 17 & 18 - \$265
 - WTP tank deck restoration - \$56
 - Airport Fuel Tank Installation - \$90
 - Bull's Run to Sunset Park Green Infrastructure Basin - \$1,487

**CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2019**

- 4) Business type activities depreciable assets:
- a. Land improvements – \$9 for fence/gate opener operator for Water Treatment Plant
 - b. Buildings – a total of \$51; Airport electrical repairs, Wastewater Treatment Plant gate and building signage, and lift station equipment.
 - c. Equipment – A total of \$1,368 was added for 2019. The following projects were some of the largest additions:
 - \$460 for centrifuge, conveyor & control cabinets at WWTP
 - \$314 Airport Taxiway lighting
 - \$199 in residential meters and meter reading equipment
 - \$183 in various pumps, sewer overflow monitoring equipment, conveyors, fans and blowers at the WWTP
 - \$72 in Airport Runway lighting
 - \$53 in Airport equipment including a plow truck, mower and towbar
 - \$42 in Water Treatment Plant equipment including meters, clarifier ladders and a lime bin vibrator
 - d. Infrastructure – In 2019, there was an increase of \$5,623 in infrastructure assets:
 - \$1,798 for Kensington Pump Station upgrades
 - \$1,024 for storm water contributed capital in the Sawyer Mill, Renaissance and Waynedale developments
 - \$841 for sanitary sewer contributed capital in the Sawyer Mill, Renaissance and Waynedale developments
 - \$689 for water main contributed capital in the Sawyer Mill and Waynedale developments
 - \$325 for 2018 Local Street Improvement to storm drains and appurtenances
 - \$229 for East Interceptor Sewer repairs
 - \$210 for Roosevelt Boulevard storm sewer lining
 - \$150 for the lining of 77 manholes
 - \$93 for Gideon Road storm sewer improvements
 - \$88 for OPUS project sanitary sewer
 - \$61 for 2019 Sewer lining
 - \$47 for Cincinnati Road water main replacement
 - \$33 for 2019 Local Street Improvement to storm drains and appurtenances
 - \$20 for Aberdeen sewer repairs
 - \$8 for Aberdeen manhole construction
 - \$6 for storm basin repairs at the intersection of Grand & University

Capital asset activity for the year is presented in Note 7 on pages 54 and 55.

B. Debt

There was no new debt issued in 2019. The last new debt issuance was in 2017, when the City refinanced \$11,205,000 in debt saving \$902,872 over the duration of thirteen years. The newly refinanced debt matures in or before 2029.

Long term obligations are presented on pages 76 through 79 in Note 11.

**CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

The City of Middletown has experienced over \$1 billion dollars of investment made by area businesses since 2007. These investments include a variety of businesses including industrial, commercial, educational, and medical facilities. Although the City has seen steady rise of income tax revenue in the past three years and has been able to address paving and other large infrastructure projects that were put on hold for many years following the recession of 2008, we are cautiously monitoring the financial impact the Covid-19 health crisis will have on the overall economy and how it will specifically affect Middletown's future budgets and rates. Unemployment in the Cincinnati-Middletown region is approximately 4.6% for the third month of 2020, versus the 3.6% that was reported for the third month in 2019. This is believed to be due to business closures and stay at home orders issued by the State of Ohio due to Covid-19.

The City of Middletown became the fixed base operator of the Middletown Regional Airport on January 1, 2020. The City plans to use the operating structure, infrastructure enhancements, and support improvements to attract more businesses, both at and around the airport. An education and workforce development focused hangar and a maintenance campus are just a few of the positive changes being considered at the airport. The proposal of the education/workforce development hangar and a maintenance campus, and restructuring the operation of several other areas of the airport are currently being reviewed, however, expectations are that the proposed reorganization combined with new minimum operation procedure will change the revenue streams supporting the operation of the airport to become less dependent on lease and rental incomes.

The financial results from the City show that we have made positive progress. In 2014, 2015 and 2016 we experienced an increase in tax revenue of about 3 percent each year. The increase was 6.4% in 2017. Large construction projects in the City and a decreasing unemployment rate are the main reasons for the large increase for 2017. There was a slight decrease of 1.2% in 2018, but revenues rebounded in 2019 by 5.6%.

Significant Statistics/Changes for 2020 Budget:

- Keep public safety, finances, revitalization and street improvements as a priority
- 2.5% cost of living adjustment for all employees
- No performance based incentive program in 2020
- No water rate increase in 2020
- No storm water rate increase in 2020
- Sewer rates will increase 10% in 2020
- Solid Waste rates will increase \$0.50 in 2020
- Health insurance costs increase 6%
- 2020 will end with 15.0% General Fund Balance

**CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2019**

VII. REQUESTS FOR ADDITIONAL INFORMATION

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

DEPARTMENT OF FINANCE

A handwritten signature in cursive script that reads "Jacob Burton".

Jacob Burton
Finance Director

**CITY OF MIDDLETOWN, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2019**

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equity in pooled cash, deposits and investments	\$ 31,803,784	\$ 37,272,711	\$ 69,076,495
Receivables (net of allowance for uncollectibles):			
Income taxes	3,200,000	-	3,200,000
Property taxes	4,790,843	-	4,790,843
Payments in lieu of taxes	937,898	-	937,898
Accounts	1,426,758	3,184,190	4,610,948
Interest	150,512	-	150,512
Loans	935,942	51,977	987,919
Intergovernmental	2,056,290	457,845	2,514,135
Special assessments	1,303,926	49,143	1,353,069
Inventory of supplies	907,979	578,903	1,486,882
Internal balances	(2,825,223)	2,825,223	-
Capital assets			
Non-depreciable	15,423,847	5,858,614	21,282,461
Depreciable, net	63,704,075	75,167,264	138,871,339
Total assets	123,816,631	125,445,870	249,262,501
Deferred outflows of resources			
Deferred charge on refunding	211,930	56,117	268,047
Pension related	16,284,879	1,356,177	17,641,056
OPEB related	3,733,770	173,646	3,907,416
Total deferred outflows of resources	20,230,579	1,585,940	21,816,519
Liabilities			
Accounts payable	1,741,305	1,853,272	3,594,577
Accrued wages and benefits	1,196,334	218,966	1,415,300
Other accrued liabilities	414,716	5,164	419,880
Accrued interest payable	56,333	23,367	79,700
Due to other governments	125,374	1,976	127,350
Due to other individuals	-	956,299	956,299
Unearned revenue	-	51,977	51,977
Non current liabilities:			
Due within one year	3,989,341	1,048,478	5,037,819
Due in more than one year	88,952,754	14,056,956	103,009,710
Total liabilities	96,476,157	18,216,455	114,692,612
Deferred inflows of resources			
Revenues levied for the next year	5,296,393	-	5,296,393
Pension related	1,945,747	60,979	2,006,726
OPEB related	1,567,653	29,495	1,597,148
Total deferred inflows of resources	8,809,793	90,474	8,900,267
Net Position			
Net investment in capital assets	63,745,256	73,092,335	136,837,591
Restricted for capital projects	2,711,583	-	2,711,583
Restricted for debt service	2,900,468	-	2,900,468
Restricted for housing assistance	400,512	-	400,512
Restricted for community development	1,781,373	-	1,781,373
Restricted for public safety	2,701,026	-	2,701,026
Restricted for roads	3,715,852	-	3,715,852
Restricted for other purposes	141,297	-	141,297
Unrestricted	(39,336,107)	35,632,546	(3,703,561)
Total net position	\$ 38,761,260	\$ 108,724,881	\$ 147,486,141

See accompanying notes to the basic financial statements.

**CITY OF MIDDLETOWN, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Public safety	\$ 14,326,809	\$ 4,652,514	\$ 553,310	\$ 495,000	\$ (8,625,985)		\$ (8,625,985)
Public health and welfare	373,029	277,920	122,809	-	27,700		27,700
Leisure time activities	746,460	2,535	-	-	(743,925)		(743,925)
Community environment	2,367,032	314,014	914,729	1,193,133	54,844		54,844
Highways and streets	7,080,047	151,235	-	3,917,268	(3,011,544)		(3,011,544)
General government	6,534,812	3,217,133	-	-	(3,317,679)		(3,317,679)
Interest on long-term debt	745,916	-	-	-	(745,916)		(745,916)
Total governmental activities	<u>\$ 32,174,105</u>	<u>\$ 8,615,351</u>	<u>\$ 1,590,848</u>	<u>\$ 5,605,401</u>	<u>\$ (16,362,505)</u>		<u>\$ (16,362,505)</u>
Business-type activities:							
Water	\$ 7,602,348	\$ 10,095,713	\$ -	\$ 873,805	\$ -	\$ 3,367,170	\$ 3,367,170
Sewer	8,568,212	14,656,403	-	841,314	-	6,929,505	6,929,505
Solid Waste	3,498,287	3,411,207	-	-	-	(87,080)	(87,080)
Airport	775,955	281,042	-	395,879	-	(99,034)	(99,034)
Transit	2,308,522	152,222	1,217,502	156,015	-	(782,783)	(782,783)
Storm Water	1,559,984	2,065,028	-	1,024,326	-	1,529,370	1,529,370
Total business-type activities	<u>24,313,308</u>	<u>30,661,615</u>	<u>1,217,502</u>	<u>3,291,339</u>	<u>-</u>	<u>10,857,148</u>	<u>10,857,148</u>
Total	<u>\$ 56,487,413</u>	<u>\$ 39,276,966</u>	<u>\$ 2,808,350</u>	<u>\$ 8,896,740</u>	<u>\$ (16,362,505)</u>	<u>\$ 10,857,148</u>	<u>\$ (5,505,357)</u>
General revenues:							
Taxes:							
Income taxes					\$ 26,009,538	\$ -	\$ 26,009,538
Property taxes					4,296,314	-	4,296,314
Other taxes					3,077,985	-	3,077,985
Payments in lieu of taxes					2,066,870	-	2,066,870
Grants and contributions not restricted to specific programs					1,521,489	-	1,521,489
Investment earnings					867,157	635,608	1,502,765
Miscellaneous					229,013	280,972	509,985
Transfers					(511,368)	511,368	-
Total general revenues and transfers					<u>37,556,998</u>	<u>1,427,948</u>	<u>38,984,946</u>
Change in net position					21,194,493	12,285,096	33,479,589
Net position beginning of year					17,566,767	96,439,785	114,006,552
Net position end of year					<u>\$ 38,761,260</u>	<u>\$ 108,724,881</u>	<u>\$ 147,486,141</u>

See accompanying notes to the basic financial statements.

**CITY OF MIDDLETOWN, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	General	Special Assessment Debt Service
Assets:		
Cash and equity in pooled cash, deposits and investments	\$ 11,662,125	\$ 448,962
Receivables (net of allowance for uncollectibles):		
Income taxes	3,200,000	-
Property taxes	2,958,480	-
Accounts	263,460	-
Loans	-	-
Interest	-	-
Payments in lieu of taxes	-	-
Special assessments	-	1,063,926
Due from other funds	2,415,435	-
Due from other governments	559,572	-
Inventory of supplies	40,542	-
Total assets	\$ 21,099,614	\$ 1,512,888
Liabilities:		
Accounts payable	\$ 453,493	\$ -
Accrued wages and benefits	1,061,068	-
Other accrued liabilities	277,791	-
Due to other funds	49,143	-
Due to other governments	-	-
Total liabilities	1,841,495	-
Deferred inflows of resources:		
Revenues levied for the next year and unavailable revenue	4,852,493	1,063,926
Total deferred inflows of resources	4,852,493	1,063,926
Fund balances:		
Nonspendable	2,455,977	-
Restricted	-	448,962
Committed	811,168	-
Assigned	4,254,597	-
Unassigned	6,883,884	-
Total fund balances	14,405,626	448,962
Total liabilities, deferred inflows of resources and fund balances	\$ 21,099,614	\$ 1,512,888

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

Capital Improvements		Health	Non Major Governmental Funds		Total Governmental Funds		
\$	2,546,048	\$	140,403	\$	9,336,468	\$	24,134,006
	-		-		-		3,200,000
	634,057		-		1,198,306		4,790,843
	-		-		445,418		708,878
	-		-		935,942		935,942
	-		-		150,512		150,512
	-		-		937,898		937,898
	-		-		240,000		1,303,926
	-		-		-		2,415,435
	35,790		-		1,460,928		2,056,290
	-		-		553,054		593,596
\$	3,215,895	\$	140,403	\$	15,258,526	\$	41,227,326
\$	149,894	\$	32,042	\$	194,327	\$	829,756
	-		20,371		100,989		1,182,428
	95,011		41,914		-		414,716
	-		175		1,194,355		1,243,673
	-		-		125,374		125,374
	244,905		94,502		1,615,045		3,795,947
	669,847		-		3,551,266		10,137,532
	669,847		-		3,551,266		10,137,532
	-		-		474,467		2,930,444
	2,301,143		45,901		8,233,493		11,029,499
	-		-		2,349,710		3,160,878
	-		-		-		4,254,597
	-		-		(965,455)		5,918,429
	2,301,143		45,901		10,092,215		27,293,847
\$	3,215,895	\$	140,403	\$	15,258,526	\$	41,227,326

**CITY OF MIDDLETOWN, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019**

Total governmental fund balances	\$ 27,293,847
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Amounts reported for governmental activities in the statement of net position are different due to the following:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	79,127,922
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Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows in the funds:

Income taxes receivable	1,400,000
Intergovernmental and other receivables	3,441,139

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

3,722,775

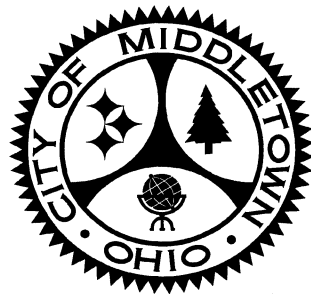
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

General obligation bonds	(14,265,000)
Special assessment bonds	(888,000)
Compensated absences	(5,563,807)
Pension obligation payable	(1,381,673)
Accrued interest on long-term debt	(56,333)
Premium on bonds	(441,596)
Deferred charge on refunding	211,930

The net pension/OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in governmental funds:

Deferred outflows - pension	16,284,879
Deferred outflows - OPEB	3,733,770
Deferred inflows - pension	(1,945,747)
Deferred inflows - OPEB	(1,567,653)
Net pension liability	(56,984,604)
Net OPEB liability	(13,360,589)

Net position of governmental activities	\$ 38,761,260
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CITY OF MIDDLETOWN, OHIO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR YEAR ENDED DECEMBER 31, 2019

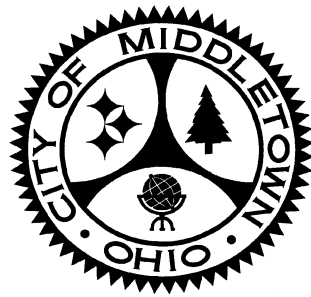
	General	Special Assessment Debt Service
Revenues:		
Property taxes	\$ 2,660,876	\$ -
Municipal income taxes	21,084,648	-
Payment in lieu of taxes	-	-
Intergovernmental revenues	1,544,763	-
Charges for services	4,364,354	-
Fees, licenses, and permits	395,805	-
Fines and forfeits	17,782	-
Special assessments	-	233,413
Investment income	730,349	-
Miscellaneous	1,631,109	-
Total revenues	32,429,686	233,413
Expenditures:		
Current		
Public safety	20,723,123	-
Public health and welfare	-	-
Leisure time activities	903,106	-
Community environment	1,266,752	-
Highways and streets	-	-
General government	5,196,009	-
Miscellaneous	1,402,486	-
Debt service		
Principal retirement	-	197,000
Interest and fiscal charges	-	52,886
Total expenditures	29,491,476	249,886
Excess of revenues over (under) expenditures	2,938,210	(16,473)
Other financing sources (uses):		
Transfers-in	-	-
Transfers-out	(3,291,593)	-
Total other financing sources (uses)	(3,291,593)	-
Net change in fund balances	(353,383)	(16,473)
Fund balance, beginning of year	14,759,009	465,435
Fund balance, end of year	\$ 14,405,626	\$ 448,962

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

Capital Improvements			Health	Non Major Governmental Funds	Total Governmental Funds		
\$	602,293	\$	-	\$	1,076,644	\$	4,339,813
	-		150,000		5,174,890		26,409,538
	-		-		2,066,870		2,066,870
	2,426,780		98,813		4,884,261		8,954,617
	4,213		277,231		-		4,645,798
	-		-		-		395,805
	-		-		1,537,458		1,555,240
	-		-		388,260		621,673
	62,192		-		74,616		867,157
	56,600		-		999,110		2,686,819
3,152,078			526,044		16,202,109		52,543,330
	19,895		-		5,360,865		26,103,883
	-		587,329		-		587,329
	90,261		-		-		993,367
	-		-		2,763,901		4,030,653
	3,113,666		-		2,970,715		6,084,381
	-		-		336,857		5,532,866
	9,970		-		2,081,385		3,493,841
	-		-		2,441,571		2,638,571
	-		-		711,251		764,137
3,233,792			587,329		16,666,545		50,229,028
	(81,714)		(61,285)		(464,436)		2,314,302
	1,745,500		-		1,057,993		2,803,493
	-		-		(23,268)		(3,314,861)
1,745,500			-		1,034,725		(511,368)
	1,663,786		(61,285)		570,289		1,802,934
	637,357		107,186		9,521,926		25,490,913
\$	2,301,143	\$	45,901	\$	10,092,215	\$	27,293,847

**CITY OF MIDDLETOWN, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Net change in fund balances - total governmental funds	\$ 1,802,934
<i>Amounts reported for governmental activities in the statement of activities are different due to the following:</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which capital outlays were more than depreciation in the current period:	
Capital outlay, net	8,103,381
Depreciation expense	(6,484,904)
Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows in the funds:	
Income taxes	(400,000)
Intergovernmental and other revenues	(123,997)
Governmental Funds report premiums as other financing sources, whereas these amounts are deferred and amortized in the statement of activities:	
Amortization of bond premiums	136,623
Deferred charges on refunding are recorded as deferred outflows of resources and amortized in the statement of activities:	
Amortization of deferred charge on refunding	(128,447)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds:	
Bond principal retirement	2,638,571
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	
	10,045
Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Compensated absences	(447,623)
Unfunded pension liability	97,741
Internal service funds are used to charge the costs of certain activities to individual funds. The net revenue (expenses) of the internal service funds is reported with governmental activities.	
	240,576
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	
Pension	3,959,185
OPEB	59,183
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liabilities are reported as pension/OPEB expense in the statement of activities.	
Pension	(8,809,831)
OPEB	20,541,056
Change in net position of governmental activities	\$ 21,194,493



**CITY OF MIDDLETOWN, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019**

Business Type Activities - Enterprise Funds

	Water	Sewer	Storm Water
Assets			
Current assets:			
Equity in pooled cash and investments	\$ 12,910,875	\$ 21,466,645	\$ 2,112,507
Receivables			
Accounts	1,117,300	1,616,553	273,592
Loans	51,977	-	-
Due from other funds	-	-	-
Intergovernmental	-	-	-
Special Assessments	-	49,143	-
Inventory of supplies	374,125	203,161	1,617
Total current assets	14,454,277	23,335,502	2,387,716
Noncurrent assets:			
Capital assets:			
Construction in progress	242,440	1,566,164	-
Land	1,315,164	165,000	504,612
Land improvements	15,200	200,046	36,046
Infrastructure assets	37,569,870	51,122,057	11,879,558
Buildings	16,515,016	13,218,574	69,270
Equipment	6,859,171	14,739,534	425,790
Less: Accumulated depreciation	(34,659,801)	(45,621,693)	(1,856,598)
Total capital assets (net of accumulated depreciation)	27,857,060	35,389,682	11,058,678
Total noncurrent assets	27,857,060	35,389,682	11,058,678
Total assets	42,311,337	58,725,184	13,446,394
Deferred outflows of resources:			
Deferred charge on refunding	-	46,437	-
Pension related	520,025	594,206	112,144
OPEB related	66,585	76,083	14,360
Total deferred outflows of resources	586,610	716,726	126,504
Liabilities			
Current liabilities:			
Accounts payable	256,456	403,181	27,583
Accrued wages and benefits	83,691	110,753	19,600
Other accrued liabilities	-	-	-
Accrued interest payable	7,117	13,733	-
Due to other funds	6,100	4,105	3,938
Due to other governments	1,976	-	-
Due to individuals	956,299	-	-
General obligation bonds payable	210,000	460,000	-
Unearned revenue	51,977	-	-
Compensated absences (short term portion)	112,647	144,701	28,157
Total current liabilities	1,686,263	1,136,473	79,278
Long-term liabilities:			
General obligation bonds payable	2,324,993	4,273,884	-
Compensated absences	139,692	138,322	39,729
Net pension liability	1,627,526	1,859,694	350,979
Net OPEB liability	812,075	927,918	175,126
Total long-term liabilities	4,904,286	7,199,818	565,834
Total liabilities	6,590,549	8,336,291	645,112
Deferred inflows of resources:			
Pension related	23,382	26,717	5,043
OPEB related	11,309	12,923	2,439
Total deferred inflows of resources:	34,691	39,640	7,482
Net position			
Net investment in capital assets	25,412,126	30,757,713	11,058,678
Unrestricted	10,860,581	20,308,266	1,861,626
Total net position	\$ 36,272,707	\$ 51,065,979	\$ 12,920,304

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

Business Type Activities - Enterprise Funds			Governmental Activities -	
Solid Waste Disposal	Non Major Enterprise Funds	Totals	Internal Service Funds	
\$ 168,424	\$ 614,260	\$ 37,272,711	\$ 7,669,778	
176,745	-	3,184,190	717,880	
-	-	51,977	-	
-	-	-	101,005	
-	457,845	457,845	-	
-	-	49,143	-	
-	-	578,903	314,383	
345,169	1,072,105	41,594,769	8,803,046	
-	158,278	1,966,882	-	
382,600	1,524,356	3,891,732	195,750	
8,500	666,367	926,159	-	
12,300	1,688,161	102,271,946	-	
74,652	3,285,208	33,162,720	530,522	
-	4,905,808	26,930,303	13,434,577	
(67,118)	(5,918,654)	(88,123,864)	(10,368,532)	
410,934	6,309,524	81,025,878	3,792,317	
410,934	6,309,524	81,025,878	3,792,317	
756,103	7,381,629	122,620,647	12,595,363	
-	9,680	56,117	-	
11,452	118,350	1,356,177	98,421	
1,465	15,153	173,646	12,604	
12,917	143,183	1,585,940	111,025	
562,309	603,743	1,853,272	911,549	
-	4,922	218,966	13,906	
-	5,164	5,164	-	
-	2,517	23,367	-	
-	258,624	272,767	1,000,000	
-	-	1,976	-	
-	-	956,299	-	
-	90,000	760,000	-	
-	-	51,977	-	
-	2,973	288,478	19,422	
562,309	967,943	4,432,266	1,944,877	
-	776,320	7,375,197	-	
-	1,757	319,500	37,404	
35,844	370,398	4,244,441	308,030	
17,885	184,814	2,117,818	153,696	
53,729	1,333,289	14,056,956	499,130	
616,038	2,301,232	18,489,222	2,444,007	
515	5,322	60,979	4,426	
250	2,574	29,495	2,141	
765	7,896	90,474	6,567	
410,934	5,452,884	73,092,335	3,792,317	
(258,717)	(237,200)	32,534,556	6,463,497	
\$ 152,217	\$ 5,215,684	\$ 105,626,891	\$ 10,255,814	

Adjustment to reflect consolidation of internal service fund activities	3,097,990
Total net position from above	105,626,891
Net position of business-type activities	\$ 108,724,881

**CITY OF MIDDLETOWN, OHIO
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES OF NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Business Type Activities - Enterprise Funds

	Water	Sewer	Storm Water
Operating revenues:			
Charges for services	\$ 10,095,713	\$ 14,656,403	\$ 2,065,028
Other operating revenue	86,064	71,378	9,218
Total operating revenues	10,181,777	14,727,781	2,074,246
Operating expenses:			
Personal services	2,805,464	3,307,598	751,932
Contractual services	2,581,152	2,689,264	275,734
Commodities	928,630	545,433	48,249
Depreciation	1,130,731	1,511,357	274,819
Other operating expenses	242,583	380,547	209,250
Total operating expenses	7,688,560	8,434,199	1,559,984
Operating income (loss)	2,493,217	6,293,582	514,262
Non-operating revenues (expenses):			
Interest revenue	213,342	384,742	37,524
Interest expense and fiscal charges	(90,074)	(134,013)	-
Operating grants	-	-	-
Total non-operating revenues (expenses)	123,268	250,729	37,524
Income (loss) before contributions and transfers	2,616,485	6,544,311	551,786
Capital contributions	873,805	841,314	1,024,326
Transfers-in	-	-	-
Transfers-out	(39,066)	(39,066)	-
Change in net position	3,451,224	7,346,559	1,576,112
Total net position, beginning of year	32,821,483	43,719,420	11,344,192
Total net position, end of year	\$ 36,272,707	\$ 51,065,979	\$ 12,920,304

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

Business Type Activities - Enterprise Funds			Governmental Activities -	
Solid Waste Disposal	Non Major Enterprise Funds	Totals	Internal Service Funds	
\$ 3,411,207	\$ 433,264	\$ 30,661,615	\$ 8,431,790	
399	113,913	280,972	218,366	
3,411,606	547,177	30,942,587	8,650,156	
30,505	309,969	7,205,468	613,260	
3,460,077	2,015,166	11,021,393	5,526,622	
1,850	29,136	1,553,298	811,713	
2,357	705,844	3,625,108	954,603	
3,498	-	835,878	1,591	
3,498,287	3,060,115	24,241,145	7,907,789	
(86,681)	(2,512,938)	6,701,442	742,367	
-	-	635,608	139,064	
-	(24,362)	(248,449)	-	
-	1,217,502	1,217,502	-	
-	1,193,140	1,604,661	139,064	
(86,681)	(1,319,798)	8,306,103	881,431	
-	551,894	3,291,339	-	
-	589,500	589,500	-	
-	-	(78,132)	-	
(86,681)	(178,404)	12,108,810	881,431	
238,898	5,394,088	93,518,081	9,374,383	
\$ 152,217	\$ 5,215,684	\$ 105,626,891	\$ 10,255,814	

Adjustment to reflect consolidation of Internal Service

Fund Activities	\$ 176,286
Changes in net position of enterprise funds	12,108,810
Changes in net position of business-type activities	\$ 12,285,096

**CITY OF MIDDLETOWN, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR YEAR ENDED DECEMBER 31, 2019**

	Business Type Activities - Enterprise Funds						Governmental Activities -
	Water	Sewer	Storm Water	Solid Waste Disposal	Non Major Enterprise Funds	Totals	Internal Service Funds
Cash flows from operating activities:							
Cash received from customers	\$ 10,161,406	\$ 14,598,568	\$ 2,017,973	\$ 3,409,436	\$ 546,661	\$ 30,734,044	\$ -
Cash payments to suppliers for goods and services	(3,294,639)	(2,870,482)	(341,876)	(3,465,046)	(1,460,622)	(11,432,665)	(5,949,222)
Cash payments to employees for services	(2,492,052)	(2,896,026)	(674,838)	(23,699)	(247,558)	(6,334,173)	(550,758)
Miscellaneous revenues	32,122	-	-	-	-	32,122	-
Cash received from interfund services provided	-	-	-	-	-	-	8,618,036
Cash payments for interfund services used	(497,474)	(570,482)	(182,752)	-	(183,800)	(1,434,508)	(83,246)
Net cash provided (used) by operating activities	3,909,363	8,261,578	818,507	(79,309)	(1,345,319)	11,564,820	2,034,810
Cash flows from non-capital financing activities:							
Operating grants	-	-	-	-	1,315,077	1,315,077	-
Interfund loan receipts/(payments)	-	-	-	-	2,705	2,705	(500,000)
Transfers-in from other funds	-	-	-	-	589,500	589,500	-
Transfers-out to other funds	(39,066)	(39,066)	-	-	-	(78,132)	-
Net cash provided (used) by non-capital financing activities	(39,066)	(39,066)	-	-	1,907,282	1,829,150	(500,000)
Cash flows from capital and related financing activities:							
Purchase of capital assets	(1,170,680)	(2,469,408)	(383,083)	-	(546,687)	(4,569,858)	(1,477,652)
Interest expense and fiscal charges	(96,655)	(181,200)	-	-	(33,600)	(311,455)	-
Repayment of debt principal	(393,427)	(435,000)	-	-	(85,000)	(913,427)	-
Capital grants	184,783	-	-	-	551,894	736,677	-
Net cash used by capital and related financing activities	(1,475,979)	(3,085,608)	(383,083)	-	(113,393)	(5,058,063)	(1,477,652)
Cash flows from investing activities:							
Interest income	213,342	384,742	37,524	-	-	635,608	139,064
Net cash provided by investing activities	213,342	384,742	37,524	-	-	635,608	139,064
Net change in cash and cash equivalents	2,607,660	5,521,646	472,948	(79,309)	448,570	8,971,515	196,222
Cash and pooled investments, beginning of year	10,303,215	15,944,999	1,639,559	247,733	165,690	28,301,196	7,473,556
Cash and pooled investments, end of year	\$ 12,910,875	\$ 21,466,645	\$ 2,112,507	\$ 168,424	\$ 614,260	\$ 37,272,711	\$ 7,669,778

continued

CITY OF MIDDLETOWN, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR YEAR ENDED DECEMBER 31, 2019

Business Type Activities - Enterprise Funds							Governmental Activities -
	Water	Sewer	Storm Water	Solid Waste Disposal	Non Major Enterprise Funds	Totals	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 2,493,217	\$ 6,293,582	\$ 514,262	\$ (86,681)	\$ (2,512,938)	\$ 6,701,442	\$ 742,367
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	1,130,731	1,511,357	274,819	2,357	705,844	3,625,108	954,603
Changes in assets and liabilities:							
Decrease (increase) in accounts receivable (net)	(36,181)	(136,233)	(56,273)	(2,170)	-	(230,857)	(38,899)
Decrease (increase) in special assessment receivable (net)	-	7,020	-	-	-	7,020	-
Decrease (increase) in inventory of supplies	(116,906)	12,000	(1,617)	-	-	(106,523)	(1,015)
Decrease (increase) in due from other funds	-	-	-	-	-	-	6,779
Decrease (increase) in deferred outflows of resources - pension related	(265,752)	(303,662)	(57,310)	(5,853)	(60,481)	(693,058)	(50,296)
Decrease (increase) in deferred outflows of resources - OPEB related	(17,232)	(19,690)	(3,717)	379	(3,921)	(44,181)	(3,263)
Increase (decrease) in accounts payable	78,082	163,550	12,928	(379)	399,448	653,629	308,472
Increase (decrease) in accrued wages and benefits	(5,691)	3,709	926	-	(5,344)	(6,400)	(965)
Increase (decrease) in due to other funds	(1,019)	(1,270)	(2,706)	-	432	(4,563)	-
Increase (decrease) in compensated absences payable	10,114	54,796	9,534	-	(3,082)	71,362	4,988
Increase (decrease) in due to other governments	95	-	-	-	-	95	-
Increase (decrease) in due to individuals	47,932	-	-	-	-	47,932	-
Increase (decrease) in net pension liability	703,874	804,283	151,792	15,502	160,190	1,835,641	133,217
Increase (decrease) in net OPEB liability	141,431	161,606	30,500	3,115	32,187	368,839	26,768
Increase (decrease) in deferred inflows of resources - pension related	(197,235)	(225,371)	(42,534)	(4,344)	(44,887)	(514,371)	(37,329)
Increase (decrease) in deferred inflows of resources - OPEB related	(56,097)	(64,099)	(12,097)	(1,235)	(12,767)	(146,295)	(10,617)
Total adjustments	1,416,146	1,967,996	304,245	7,372	1,167,619	4,863,378	1,292,443
Net cash provided (used) by operating activities	\$ 3,909,363	\$ 8,261,578	\$ 818,507	\$ (79,309)	\$ (1,345,319)	\$ 11,564,820	\$ 2,034,810
Noncash investing, capital and financing activities:							
Capital contribution of assets from developers	\$ 689,022	\$ 841,314	\$ 1,024,326	\$ -	\$ -	\$ 2,554,662	\$ -

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

CITY OF MIDDLETOWN, OHIO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2019

	Total Agency Funds
Assets:	
Cash and equity in pooled cash, deposits and investments	\$ 444,456
Cash with fiscal and escrow agent	997,578
Total assets	\$ 1,442,034
Liabilities:	
Due to other governments	\$ 866,178
Due to individuals	379,589
Unapportioned monies	196,267
Total liabilities	\$ 1,442,034

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

**CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

Blended Component Unit

This component unit is a legally separate entity from the City, but is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the City and blended into the appropriate funds. The City has included the Health Fund (City of Middletown Health District) as a blended component unit.

The City of Middletown Health District, is governed by a five-member board comprised of two elected or appointed officials of the City to be appointed by the Mayor and confirmed by Council, and three residents, business owners, or property owners of the City to be appointed by the Mayor and confirmed by Council. Although the District is legally separate from the City, the District is reported as if it were part of the primary government since the resources received and held by the District are used entirely for the benefit of the City. The District is responsible for issuing health-related permits within the City as well as managing other aspects of public health in the City. Funding to finance the District comes primarily for the City's General Fund and is supplemented by fees for health-related permits.

**CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Related Organization

The City is associated with the Middletown Public Library, which is a related organization. The library is presented in Note 16 to the basic financial statements.

Included within the reporting entity:

Among activities and services provided by the City are a police force, a fire-fighting force, a municipal court system, a sewage treatment plant, a water treatment plant, an airport, a street maintenance force, a park system, and a staff to provide the necessary support to these service providers. Each of these activities and services is under the direct control of the City Council, which appropriates for and finances its operation and is not legally separable. Each is, therefore, included as part of the reporting entity.

B. BASIS OF PRESENTATION

Government-wide Financial Statements

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

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

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

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

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

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Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

C. BASIS OF ACCOUNTING

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

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

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

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

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

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Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total assets. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The accrual basis of accounting is utilized by the proprietary fund types. Under this method, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred.

Fiduciary Funds. The City's only fiduciary funds are agency funds, which consist of Payroll Clearing, Municipal Court and Joint Economic Development District I (JEDD), are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds are accounted for using the accrual basis of accounting.

D. CASH, DEPOSITS, AND INVESTMENTS

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

STAROhio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. For the fiscal year ended December 31, 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice to PFA is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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

E. CASH WITH FISCAL AND ESCROW AGENT

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

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F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

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

G. INVENTORY OF SUPPLIES

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

H. CAPITAL ASSETS

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

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

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

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

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

I. CAPITALIZATION OF INTEREST

The City's policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the construction project and the interest earned from the temporary investment of the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2019, interest costs incurred on construction projects were not material.

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J. FUND BALANCES

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

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

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

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

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

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

Unassigned. The unassigned fund balance classification is intended for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned fund balance classification is used only to report a

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deficit balance resulting from overspending for specific purposes of which amounts had been restricted, committed or assigned.

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

K. INTERFUND TRANSACTIONS

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

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

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

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

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

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INTERFUND TRANSFERS

	Transfers In	Transfers Out
Governmental Funds:		
General Fund	\$0	\$3,291,593
Capital Improvement Fund	\$1,745,500	\$0
Non Major Governmental Funds	\$1,057,993	\$23,268
Enterprise Funds:		
Water Fund	\$0	\$39,066
Sewer Fund	\$0	\$39,066
Non Major Enterprise Funds	\$589,500	\$0
TOTAL	\$3,392,993	\$3,392,993

A brief description of transfers include:

- \$500,000 to the Capital Improvement Fund for paving
- \$469,500 to the Airport Fund for airport operations and maintenance
- \$185,000 to the Downtown Improvements Fund for downtown improvements
- \$178,132 in 2019 for anticipated computer replacements
- \$155,593 to the Economic Development Bond Fund for debt payments
- \$125,000 to the Nuisance Abatement Fund for nuisance and demolition
- \$120,000 to the Transit Fund for Transit operations
- \$41,000 to the Conservancy Fund for property tax payments

L. INTERGOVERNMENTAL REVENUES

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

M. COMPENSATED ABSENCES

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

Accumulated Unpaid Vacation

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

Accumulated Unpaid Sick Leave

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

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employment receive payment for one-third of the accumulated sick leave over 280 hours up to a maximum of 264 hours.

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

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

At December 31, 2019, the total liability of the City for compensated absences was \$6,228,611.

N. PENSIONS/OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

O. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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 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 fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

P. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position reports 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, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in the pension and OPEB footnotes.

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In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and PILOTs, pension, OPEB and unavailable revenue. Property taxes and PILOTs represent amounts for which there is an enforceable legal claim as of December 31, 2019, but which were levied to finance fiscal year 2020 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City unavailable revenue includes delinquent property taxes, other taxes, special assessments and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balance to net position of governmental activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position.

Q. ESTIMATES

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

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

An annual appropriation budget is prepared on the cash basis for all funds of the City except Agency Funds. The following are the procedures used by the City for establishing the budgetary data reported in the basic financial statements. The procedures are listed in the order in which they occur during each fiscal year as required by the State of Ohio. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

BUDGETARY PROCEDURES

Budget

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

Estimated Resources

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

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may be further amended during the year if a new source of revenue is identified or actual revenue exceeds current estimates. The amounts reported on the budgetary statement reflect the amounts in the final Amended Certificate of Estimated Resources issued for 2019.

Appropriations

An appropriation measure to control expenditures is enacted before January 1 of each year for the period from January 1 to December 31. The appropriation resolution may be adjusted and/or supplemented during the year by action of City Council as new information becomes available, but fund appropriations may not exceed estimated resources. Supplemental appropriation measures enacted during 2019 increased the original 2019 Appropriation Resolution by \$8,578,284 for all budgeted funds. The majority of these supplemental appropriations are due to the following factors:

- \$1,200,000 for LED street light conversion project
- \$633,177 for additional 2019 local street paving
- \$600,000 for demolition of blight throughout the City
- \$528,655 for TIF payment reimbursements
- \$298,021 for PACE project at the Community Center
- \$200,000 for payment to Rumpke for refuse collection services
- \$200,000 for the replacement of a chiller in the City building
- \$193,670 for repayment of Middletown Moving Forward loan
- \$188,250 for payment of the 2019 Performance Based Compensation to employees
- \$178,500 for maintenance issues and equipment at Middletown Regional Airport
- \$138,534 for Bonita Drive/Jackson Lane storm sewer repair
- \$108,007 for Phase II of the Oakland Revitalization Incentive District
- \$100,000 for the purchase of additional chemicals for the Water Treatment Plant
- \$89,000 for self-serve fueling system and storage tank rehabilitation at the airport
- \$60,000 for the Verity Parkway lane reduction pavement marking program

Budgeted Level of Expenditures

In Ohio, the legal level of control is the level at which the local government's legislative authority passes the appropriation measure with the minimum of appropriation measures classified separately for each office, department, division, and within each, the amount appropriated for personal services. City Council, Middletown's legislative authority, approved the 2019 budget which is classified by fund, department, division and/or program, and by major category of personnel and other. City Council may alter amounts allocated to various funds during the year as the need arises by adopting modifications to the appropriation measure. Amounts shown in the budgetary financial statements represent the final amounts appropriated for 2019, including all supplemental appropriations and modifications.

Encumbrances

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

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered

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appropriation balance is carried forward to the succeeding fiscal year and need not be re-appropriated. However, the budgetary schedules for funds that had outstanding encumbrances at December 31, 2018, reflect an "Appropriation for prior year encumbrances."

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

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

Cash deposits and investments of the City as of December 31, 2019, are comprised of the following:

Deposits	
Petty Cash	\$5,625
Certificate of Deposit	\$6,051,738
Demand deposit accounts	<u>5,964,841</u>
Subtotal deposits	\$12,022,204
Investments	
Money Market Funds	\$19,170,858
U.S. Government and Agency	\$23,753,841
STAR Ohio	<u>\$15,571,626</u>
Subtotal investments	<u>\$58,496,325</u>
Total	<u>\$70,518,529</u>

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

Deposits

Custodial Credit Risk

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

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

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

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the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At year-end, 62.4% (\$7,269,598) of the City's bank balance of \$11,655,625 was covered by Federal Deposit Insurance Corporation (FDIC) and the remaining was covered by pooled collateral.

The City's investments at December 31, 2019 are summarized as follows:

	<u>Fair Value</u>	<u>Average Maturity</u> <u>Years</u>
U.S. Government and Agency	\$23,753,841	2.96
STAR Ohio	\$15,571,626	n/a
US Money Market Funds	<u>\$19,170,585</u>	n/a
	<u>\$58,496,052</u>	

Fair Value Measurement

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

Credit Risk

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

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

Custodial Credit Risk

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

Interest Rate Risk

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

NOTE 4 – COMPLIANCE AND ACCOUNTABILITY

The General Fund provides advances and transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. At December 31, 2019 (using the current financial resource measurement focus), the following funds had a deficit fund balance: Community Development

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(\$14,825), Neighborhood Stabilization (\$36,953), Conservancy District (\$91,265), Central Avenue Sidewalk Curb and Gutter (\$71,557), 2018 Sidewalk Curb and Gutter Program (\$202,694), 2019 Sidewalk Curb and Gutter Program (\$525,607), and HOME Program (\$22,554).

NOTE 5 - PROPERTY TAXES

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

The assessed value upon which the 2019 taxes were collected was \$706,717,500. The full tax rate for all City operations for the fiscal year ended December 31, 2019, was \$6.90 per \$1,000 of assessed valuation.

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

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

Property taxes receivable represents real and public utility taxes and outstanding delinquencies that are measurable as of December 31, 2019. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2019 operations. The receivable is therefore offset by a credit to deferred inflow of resources.

NOTE 6 - INCOME TAX

The City levies an income tax of 1.75 percent on substantially all earned income arising from employment, residency, or business activities inside the City. This income tax rate includes the Public Safety income tax levy of .25% passed by the voters in November 2007 which became effective January 1, 2008 and was effective for a period of five years. This levy was renewed permanently in August 2012 by the voters. Employers within the City are required to withhold income tax on employee compensation and remit it to the City at least quarterly. Corporations and certain individual taxpayers are required to pay quarterly estimates with the largest corporations remitting monthly.

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NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

<i>GOVERNMENTAL ACTIVITIES</i>				
<i>Capital Asset</i>	<i>Beginning Balance</i>	<i>Increase</i>	<i>Decrease</i>	<i>Ending Balance</i>
Capital assets, not being depreciated:				
Land	\$15,423,847	\$0	\$0	\$15,423,847
Construction in progress	\$43,189	\$0	(\$43,189)	\$0
Total capital assets, not being depreciated	\$15,467,036	\$0	(\$43,189)	\$15,423,847
Capital assets, being depreciated:				
Land improvements	\$786,331	\$58,982	\$0	\$845,313
Buildings	\$29,596,336	\$455,455	\$0	\$30,051,791
Equipment	\$27,260,359	\$3,742,344	(\$999,942)	\$30,002,761
General infrastructure	\$206,218,280	\$3,889,789	\$0	\$210,108,069
Total capital assets, being depreciated	\$263,861,306	\$8,146,570	(\$999,942)	\$271,007,934
Totals at Historical Cost	\$279,328,342	\$8,146,570	(\$1,043,131)	\$286,431,781
Less accumulated depreciation:				
Land improvements	\$547,133	\$28,759	\$0	\$575,892
Buildings	\$20,217,560	\$868,478	\$0	\$21,086,038
Equipment	\$20,674,853	\$1,786,821	(\$999,942)	\$21,461,732
General infrastructure	\$160,379,352	\$3,800,845	\$0	\$164,180,197
Total depreciation	\$201,818,898	\$6,484,903	(\$999,942)	\$207,303,859
Capital Assets, Net	\$77,509,445	\$1,661,667	(\$43,189)	\$79,127,922

Depreciation was charged to governmental functions as follows:

Community environment	\$452,106
General Government	\$1,443,144
Leisure	\$202,793
Public health and welfare	\$14,563
Public safety	\$765,528
Streets and highways	\$3,606,769
Total	\$6,484,903

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NOTES TO FINANCIAL STATEMENTS
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<i>BUSINESS-TYPE ACTIVITIES</i>				
<i>Capital Asset</i>	<i><u>Beginning Balance</u></i>	<i><u>Increase</u></i>	<i><u>Decrease</u></i>	<i><u>Ending Balance</u></i>
Capital assets, not being depreciated:				
Land	\$3,891,732	\$0	\$0	\$3,891,732
Construction in progress	\$1,894,101	\$1,668,475	(\$1,595,694)	\$1,966,882
Total capital assets, not being depreciated	\$5,785,833	\$1,668,475	(\$1,595,694)	\$5,858,614
Capital assets, being depreciated:				
Land improvements	\$916,834	\$9,325	\$0	\$926,159
Buildings	\$33,111,568	\$51,152	\$0	\$33,162,720
Equipment	\$25,822,593	\$1,367,780	(\$260,070)	\$26,930,303
General infrastructure	\$96,648,464	\$5,623,482	\$0	\$102,271,946
Total capital assets, being depreciated	<u>\$156,499,459</u>	<u>\$7,051,739</u>	<u>(\$260,070)</u>	<u>\$163,291,128</u>
Totals at Historical Cost	<u>\$162,285,292</u>	<u>\$8,720,214</u>	<u>(\$1,855,764)</u>	<u>\$169,149,742</u>
Less accumulated depreciation:				
Land improvements	\$447,571	\$41,913	\$0	\$489,484
Buildings	\$18,698,908	\$729,410	\$0	\$19,428,318
Equipment	\$18,447,233	\$948,776	(\$260,070)	\$19,135,939
General infrastructure	<u>\$47,165,113</u>	<u>\$1,905,009</u>	<u>\$0</u>	<u>\$49,070,122</u>
Total depreciation	\$84,758,825	\$3,625,108	(\$260,070)	\$88,123,863
Total capital assets, being depreciated, net	\$71,740,633	\$3,426,631	\$0	\$75,167,265
Capital Assets, Net	\$77,526,466	\$5,095,106	(\$1,595,694)	\$81,025,879

Depreciation was charged to Enterprise Funds as follows:

Water	\$1,130,731
Sewer	\$1,511,357
Storm	\$274,819
Solid Waste	\$2,357
Airport	\$262,734
Transit	\$443,110
Total	<u>\$3,625,108</u>

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NOTE 8 - PENSION PLANS

Net Pension Liability

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

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

The Ohio Revised Code limits the 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 *accrued wages and benefits* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145

CITY OF MIDDLETOWN
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of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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

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 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
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	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	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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.

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

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

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

	<u>State and Local</u>
2019 Statutory Maximum Contribution Rates	
Employer	14.0%
Employee	10.0%
2019 Actual Contribution Rates	
Employer:	
Pension	14.0%
Post-employment Health Care Benefits	<u>0.0%</u>
Total Employer	<u>14.0%</u>
Employee	<u>10.0%</u>

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$1,852,126 for 2019. Of this amount, \$154,344 is reported as accrued wages and benefits payable.

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

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

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

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

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

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

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

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

	<u>Police</u>	<u>Firefighters</u>
2019 Statutory Maximum Contribution Rates		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
2019 Actual Contribution Rates		
Employer:		
Pension	19.00%	23.50%
Post-employment Health Care Benefits	<u>0.50%</u>	<u>0.50%</u>
Total Employer	<u>19.50%</u>	<u>24.00%</u>
Employee	12.25%	12.25%

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Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$2,459,236 for 2019. Of this amount \$204,936 is reported as accrued wages and benefits payable.

In addition to current contributions, the City pays installments on a specific liability of the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2019, the specific liability of the City was \$1,381,673 payable in semi-annual payments through the year 2034.

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, 2018, 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, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	OP&F	Total
Proportionate Share of the Net Pension Liability	\$ 22,321,871	\$ 38,907,174	\$ 61,229,045
Proportion of the Net Pension Liability			
Current Measurement Date	0.081502%	0.476649%	
Prior Measurement Date	0.080750%	0.479188%	
Change in Proportionate Share	0.000752%	-0.002539%	
Pension Expense	\$ 5,155,944	\$ 4,634,276	\$ 9,790,220

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$ 3,029,703	\$ 4,771,076	\$ 7,800,779
Changes in employer proportion and differences between contributions and proportionate share of contributions	306,223	641,224	947,447
Differences between expected and actual experience	1,030	1,600,287	1,601,317
Change in Assumptions	1,943,174	1,036,977	2,980,151
Entity contributions subsequent to the measurement date	1,852,126	2,459,236	4,311,362
Total Deferred Outflows of Resources	<u>\$ 7,132,256</u>	<u>\$ 10,508,800</u>	<u>\$ 17,641,056</u>
	OPERS	OP&F	Total
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 293,099	\$ 35,618	\$ 328,717
Changes in employer proportion and differences between contributions and proportionate share of contributions	27,590	1,650,419	1,678,009
Total Deferred Inflows of Resources	<u>\$ 320,689</u>	<u>\$ 1,686,037</u>	<u>\$ 2,006,726</u>

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The City reported \$4,311,362 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2020	\$ 2,155,378	\$ 1,745,819	\$ 3,901,197
2021	1,113,951	718,263	1,832,214
2022	281,066	1,439,589	1,720,655
2023	1,409,046	2,301,885	3,710,931
2024	-	157,971	157,971
Total	<u>\$ 4,959,441</u>	<u>\$ 6,363,527</u>	<u>\$ 11,322,968</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the value 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, 2018 actuarial valuation was determined using the following actuarial assumptions:

Measurement and Valuation Date	December 31, 2018
Experience Study	5-Year Period Ended December 31, 2015
Actuarial Cost Method	Individual Entry Age
Actuarial Assumptions:	
Investment Rate of Return	7.2 percent
Wage Inflation	3.25%
Projected Salary Increases	3.25% to 10.75% (including wage inflation at 3.25%)
Cost-of-Living Adjustments	Pre-1/7/2013 Retirees: 3% simple
	Post-1/7/2013 Retirees: 3% simple
	through 2018, then 2.15% simple

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement

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back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board 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 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00%	2.79%
Domestic Equities	19.00%	6.21%
Real Estate	10.00%	4.90%
Private Equity	10.00%	10.81%
International Equities	20.00%	7.83%
Other investments	18.00%	5.50%
Total	100.00%	5.95%

The long-term expected 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 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and annuitized accounts of the Member- Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 2.94% for 2018.

Discount Rate The discount rate used to measure the total pension liability was 7.2%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Entity's proportionate share of the net pension liability	\$ 32,975,709	\$ 22,321,871	\$ 13,468,206

Actuarial Assumptions – OPF

OPF's total pension liability as of December 31, 2018 is based on the results of an actuarial valuation date of January 1, 2018, 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 the value 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, 2018, are presented below:

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	8.00%
Cost of Living Increases (COLA)	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%
Salary Increases	3.75% to 10.50%
Payroll Growth	Inflation rate of 2.75% plus productivity increase rate of 0.5%

Healthy Mortality – Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

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Age	Police	Fire
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

Disabled Mortality – Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

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 real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2018 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00%	0.80%
Domestic Equity	16.00%	5.50%
Non-US Equity	16.00%	5.90%
Private Markets	8.00%	8.40%
Core Fixed Income*	23.00%	2.60%
High Yield Fixed Income	7.00%	4.80%
Private Credit	5.00%	7.50%
U.S Inflation Linked Bonds*	17.00%	2.30%
Master Limited Partnerships	8.00%	6.40%
Real Assets	8.00%	7.00%
Private Real Estate	12.00%	6.10%
	120.00%	

Note: Assumptions are geometric

* levered 2X

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

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Discount Rate The total pension liability was calculated using the discount rate of 8.00 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 8.00 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 8.00 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 (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Entity's proportionate share of the net pension liability	\$ 51,140,772	\$ 38,907,174	\$ 28,684,198

NOTE 9 – DEFINED BENEFIT OPEB PLAN

Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the City's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB 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 these estimates 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 OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including OPEB.

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GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

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Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, 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 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of Traditional Pension and Combined plans' employer contributions allocated to health care was zero in 2019 and is expected to remain at that level. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0%.

The City's contractually required contribution was \$0 for 2019.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement 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 Government Accounting Standards Board (GASB) Statement No. 75.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent 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. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2019, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contractually required contribution to OP&F was \$59,183 for 2019. Of this amount, \$4,932 is reported as accrued wages and benefits payable.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability:	\$ 11,137,784	\$ 4,340,623	\$ 15,478,407
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.085428%	0.476649%	
Prior Measurement Date	0.084702%	0.479188%	
Change in Proportionate Share	<u>0.000726%</u>	<u>-0.002539%</u>	
 OPEB Expense	 \$ 934,032	 \$ (21,297,483)	 \$ (20,363,451)

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At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Net difference between projected and actual earnings on OPEB plan investments	\$ 510,602	\$ 146,223	\$ 656,825
Changes in employer proportion and differences between contributions and proportionate share of contributions	39,755	526,832	566,587
Differences between expected and actual experience	3,772	-	3,772
Change in Assumptions	359,095	2,261,954	2,621,049
Contributions subsequent to the measurement date	-	59,183	59,183
Total Deferred Outflows of Resources	<u>\$ 913,224</u>	<u>\$ 2,994,192</u>	<u>\$ 3,907,416</u>

	OPERS	OP&F	Total
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 30,220	\$ 116,916	\$ 147,136
Change in Assumptions	-	1,201,690	1,201,690
Changes in employer proportion and differences between contributions and proportionate share of contributions	124,891	123,431	248,322
Total Deferred Inflows of Resources	<u>\$ 155,111</u>	<u>\$ 1,442,037</u>	<u>\$ 1,597,148</u>

\$59,183 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2020	304,375	264,231	568,606
2021	111,812	264,231	376,043
2022	84,701	264,231	348,932
2023	257,225	308,910	566,135
2024	-	238,845	238,845
Thereafter	-	152,524	152,524
Total	<u>\$ 758,113</u>	<u>\$ 1,492,972</u>	<u>\$ 2,251,085</u>

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Actuarial Assumptions – OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current Measurement Date	3.96 percent
Prior Measurement Date	3.85 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	3.71 percent
Health Care Cost Trend Rate	10.00 percent, initial 3.25 percent, ultimate in 2029
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care 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.

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During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 5.60 percent for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00%	2.42%
Domestic Equities	21.00%	6.21%
Real Estate Investment Trust	6.00%	5.98%
International Equities	22.00%	7.83%
Other investments	17.00%	5.57%
Total	100.00%	5.16%

Discount Rate A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.0 percent and a municipal bond rate of 3.71 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

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Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
Entity's proportionate share of the net OPEB liability	\$ 14,249,390	\$ 11,137,784	\$ 8,663,253

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.0 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Entity's proportionate share of the net OPEB liability	\$ 10,705,837	\$ 11,137,784	\$ 11,635,294

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, 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

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modifications, 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 and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

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

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increases rate of 0.5 percent
Single Discount Rate:	
Current Measurement Date	4.66 percent
Prior Measurement Date	3.24 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increase based on the lesser of the increase in CPI and 3 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

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Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on OPEB 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 expected. 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 OP&F's target asset allocation as of December 31, 2018, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00%	0.80%
Domestic Equity	16.00%	5.50%
Non-US Equity	16.00%	5.90%
Private Markets	8.00%	8.40%
Core Fixed Income*	23.00%	2.60%
High Yield Fixed Income	7.00%	4.80%
Private Credit	5.00%	7.50%
U.S Inflation Linked Bonds*	17.00%	2.30%
Master Limited Partnerships	8.00%	6.40%
Real Assets	8.00%	7.00%
Private Real Estate	12.00%	6.10%
	120.00%	

Note: Assumptions are geometric

* levered 2X

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F'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 the 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 Total OPEB liability was calculated using the discount rate of 4.66%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from

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members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8.0%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, a municipal bond rate of 4.13% at December 31, 2018 and 3.16% at December 31, 2017 was blended with the long-term rate of 8.0%, which resulted in a blended discount rate of 4.66% at December 31, 2018 and 3.24% at December 31, 2017.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.66 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.66 percent), or one percentage point higher (5.66 percent) than the current rate.

	1% Decrease (3.66%)	Current Discount Rate (4.66%)	1% Increase (5.66%)
Entity's proportionate share of the net OPEB liability	\$ 5,288,061	\$ 4,340,623	\$ 3,545,326

Changes Subsequent to the Measurement Date

Beginning January 1, 2019, OP&F changed its retiree health care model and the current self-insured health care plan is no longer be offered. In its place is a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre- Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current health care model to the stipend-based health care model, management expects that it will be able to provide stipends to eligible participants for the next 15 years.

NOTE 10 - INCURRED BUT NOT REPORTED CLAIMS - HEALTH PLAN

The City of Middletown has a self-insured health plan that is accounted for in the Employee Benefits Fund. All full-time employees of the City are eligible to enroll in this plan which is administered by an independent Third Party Plan Administration Company. Claims incurred but not reported as of December 31, 2019, were calculated by the Plan Administrator based upon the City's claims experience over the past twelve months. The accounts payable liability recorded in the Employee Benefits Fund at year-end for claims incurred but not reported was \$800,698.

Year	Beginning of Fiscal Year Liability	Current Year Claims & Changes In Estimate	Claims Payments	Balance At Fiscal Year End
2018	\$1,024,803	\$4,767,339	\$5,287,426	\$504,716
2019	\$504,716	\$5,099,890	\$4,803,908	\$800,698

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NOTE 11 - LONG TERM OBLIGATIONS

Long-term obligation of the City as of December 31, 2019 are as follows:

A. GOVERNMENTAL ACTIVITIES

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Principal Due Within One Year	Interest Paid in 2019
1999 Marshall Road Improvements	\$35,000	\$0	\$35,000	\$0	\$0	\$1,925
2000 Burbank Street Improvements	\$30,000	\$0	\$15,000	\$15,000	\$15,000	\$2,010
2001 Illinois/Longfellow Improve.	\$48,837	\$0	\$16,279	\$32,558	\$16,279	\$2,833
2001 Dick's Creek	\$25,326	\$0	\$8,442	\$16,884	\$8,442	\$1,469
2001 Oxford State Rd Water Line	\$15,837	\$0	\$5,279	\$10,558	\$5,279	\$919
2001 Oxford State Rd Intersection	\$12,000	\$0	\$4,000	\$8,000	\$4,000	\$702
2004 Roosevelt Ave. Improvements	\$240,000	\$0	\$35,000	\$205,000	\$35,000	\$13,200
2017 Towne Blvd. Improvements	\$350,000	\$0	\$15,000	\$335,000	\$15,000	\$13,000
2007 Cincinnati Dayton Rd Sewer	\$78,000	\$0	\$8,000	\$70,000	\$9,000	\$3,705
2014 Lefferson Road	\$100,000	\$0	\$5,000	\$95,000	\$5,000	\$5,250
2014 S Main St Lighting	\$120,000	\$0	\$20,000	\$100,000	\$20,000	\$6,300
2014 S Main St Sidewalk, Curb & Gutter	\$30,000	\$0	\$30,000	\$0	\$0	\$1,575
Total Special Assessment Bonds	\$1,085,000	\$0	\$197,000	\$888,000	\$133,000	\$52,888

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	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Principal Due Within One Year	Interest Paid in 2019
<i>General Obligation Bonds:</i>						
2008 Downtown Improvements	\$801,571	\$0	\$801,571	\$0	\$0	\$30,059
2017 Towne Blvd/SR 122/I-75	\$340,000	\$0	\$45,000	\$295,000	\$45,000	\$14,983
2017 Towne Blvd. Extension	\$860,000	\$0	\$200,000	\$660,000	\$210,000	\$36,544
SR 122/I-75 Interchange	\$305,000	\$0	\$305,000	\$0	\$0	\$179,829
2017 Refunding Bonds	\$3,770,000	\$0	\$0	\$3,770,000	\$320,000	\$0
2010 Downtown Parking Flat Lot	\$295,000	\$0	\$95,000	\$200,000	\$100,000	\$9,100
2010 Greentree Health Science Academy	\$3,760,000	\$0	\$240,000	\$3,520,000	\$245,000	\$220,993
2013 Court of Appeals	\$1,244,250	\$0	\$232,400	\$1,011,850	\$241,500	\$41,985
2013 MRH Land	\$1,725,750	\$0	\$327,600	\$1,398,150	\$333,500	\$59,516
2015 AK Steel Holding Corp Project	\$1,830,000	\$0	\$75,000	\$1,755,000	\$80,000	\$77,968
2015 Bender Tract	\$1,775,000	\$0	\$120,000	\$1,655,000	\$125,000	\$70,053
Premiums	\$578,219	\$0	\$136,623	\$441,596	\$0	\$0
Total General Obligation Bonds	\$17,284,790	\$0	\$2,578,194	\$14,706,596	\$1,700,000	\$741,027
Compensated Absences	\$5,168,022	\$2,376,452	\$1,923,841	\$5,620,633	\$2,058,600	
Police & Fire Pension						
Unfunded Accrued Liability	\$1,479,414	\$0	\$97,741	\$1,381,673	\$97,741	
Net Pension Liability:						
OPERS	\$10,259,278	\$7,818,152	\$0	\$18,077,430	\$0	
OP&F	\$29,409,924	\$9,497,250	\$0	\$38,907,174	\$0	
Total Net Pension Liability	\$39,669,202	\$17,315,402	\$0	\$56,984,604	\$0	
Net OPEB Liability:						
OPERS	\$7,449,046	\$1,570,920	\$0	\$9,019,966	\$0	
OP&F	\$27,150,114	\$0	\$22,809,491	\$4,340,623	\$0	
Total Net OPEB Liability	\$34,599,160	\$1,570,920	\$22,809,491	\$13,360,589	\$0	
Total Governmental Activities	\$99,285,588	\$21,262,774	\$27,606,267	\$92,942,095	\$3,989,341	\$793,915

The governmental funds typically used to liquidate the liability for compensated absences and pension and OPEB liabilities are the General Fund, Income Tax Fund, Auto & Gas Tax Fund, Community Development Fund, Municipal Court Fund, Probation Fund and Health Fund.

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

B. BUSINESS TYPE ACTIVITIES

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Principal Due Within One Year	Interest Paid in 2019
<i>General Obligation Bonds:</i>						
2008 Water	\$193,427	\$0	\$193,427	\$0	\$0	\$7,254
2017 Airport	\$870,000	\$0	\$85,000	\$785,000	\$90,000	\$33,600
2017 Sewer	\$4,045,000	\$0	\$385,000	\$3,660,000	\$405,000	\$156,900
2014 Wastewater Energy Improvements	\$705,000	\$0	\$50,000	\$655,000	\$55,000	\$24,300
2014 Water Energy Improvements	\$2,605,000	\$0	\$200,000	\$2,405,000	\$210,000	\$89,400
Premium	\$708,073	\$0	\$77,876	\$630,197	\$0	\$0
Total General Obligation Bonds Payable	\$9,126,500	\$0	\$991,303	\$8,135,197	\$760,000	\$311,454
Compensated Absences	\$536,616	\$352,173	\$280,811	\$607,978	\$288,478	\$0
Net Pension Liability - OPERS	\$2,408,800	\$1,835,641	\$0	\$4,244,441	\$0	\$0
Net OPEB Liability - OPERS	\$1,748,979	\$368,839	\$0	\$2,117,818	\$0	\$0
Total Business Type Activities	\$13,820,895	\$2,556,653	\$1,272,114	\$15,105,434	\$1,048,478	\$311,454

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

The City's legal debt margin was \$60,874,001 at December 31, 2019. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2019 are as follows:

GOVERNMENTAL ACTIVITIES			
Police and Fire Pension Debt Schedule 12/31/19			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$52,217	\$45,524	\$97,741
2021	\$52,217	\$45,524	\$97,741
2022	\$52,217	\$45,524	\$97,741
2023	\$52,217	\$45,524	\$97,741
2024	\$52,217	\$45,524	\$97,741
2025-2029	\$261,085	\$227,620	\$488,705
2030-2034	\$216,017	\$188,246	\$404,263
Total	\$738,187	\$643,486	\$1,381,673

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

GOVERNMENTAL ACTIVITIES						
General Obligation and Assessment Bonds Schedule 12/31/19						
	General Obligation Bonds			Special Assessment Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$1,700,000	\$633,804	\$2,333,804	\$133,000	\$42,190	\$175,190
2021	\$1,770,000	\$568,075	\$2,338,075	\$128,000	\$34,797	\$162,797
2022	\$1,705,000	\$507,732	\$2,212,732	\$90,000	\$28,483	\$118,483
2023	\$1,525,000	\$442,560	\$1,967,560	\$175,000	\$24,195	\$199,195
2024	\$920,000	\$382,695	\$1,302,695	\$175,000	\$17,533	\$192,533
2025-2029	\$4,970,000	\$1,205,537	\$6,175,537	\$142,000	\$21,116	\$163,116
2030-2034	\$1,525,000	\$212,545	\$1,737,545	\$45,000	\$7,613	\$52,613
2035	\$150,000	\$7,500	\$157,500			
Total	\$14,265,000	\$3,960,447	\$18,225,447	\$888,000	\$175,926	\$1,063,926

BUSINESS TYPE ACTIVITIES			
General Obligation Bonds Schedule - 12/31/19			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$760,000	\$280,400	\$1,040,400
2021	\$800,000	\$250,350	\$1,050,350
2022	\$810,000	\$231,600	\$1,041,600
2023	\$820,000	\$212,600	\$1,032,600
2024	\$845,000	\$190,450	\$1,035,450
2025-2029	\$3,470,000	\$382,850	\$3,852,850
Total	\$7,505,000	\$1,548,250	\$9,053,250

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

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

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

**CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 12 - INTERFUND RECEIVABLES AND PAYABLES

The City's inter-fund receivables and payables at the end of 2019 were comprised of operating advances from the General Fund to other operating funds (\$2,415,435) and payments to the Municipal Garage Fund by the City operating funds for December 2019 services (\$101,005). Inter-fund balances as of December 31, 2019 are as follows:

Fund	Receivables	Payables
Governmental Funds:		
General Fund	\$2,415,435	\$49,143
Capital Improvements Fund	\$0	\$0
Health Fund	\$0	\$175
Non major government funds	\$0	\$1,194,355
Total governmental funds	\$2,415,435	\$1,243,673
Enterprise Funds:		
Water	\$0	\$6,100
Sewer	\$0	\$4,105
Storm Water	\$0	\$3,938
Non major business type activities	\$0	\$258,624
Total enterprise funds	\$0	\$272,767
Internal Service Funds		
Internal service funds	\$101,005	\$1,000,000
Total internal service funds	\$101,005	\$1,000,000
Total all funds	\$2,516,440	\$2,516,440

NOTE 13 - CONTINGENT LIABILITY

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

For the period January 1, 2019, to December 31, 2019, the City received federal and State grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial to the financial statements as a whole.

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 14 - RISK MANAGEMENT

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

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2018, PEP retained \$500,000 for casualty claims and \$250,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other accountants) conform to generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2018 and 2017:

<u>Casualty & Property</u> <u>Coverage</u>	<u>2017</u>	<u>2018</u>
Assets	\$44,452,326	\$49,921,998
Liabilities	<u>(\$13,004,011)</u>	<u>(\$14,676,199)</u>
Net position - Unrestricted	<u>\$31,448,315</u>	<u>\$35,245,799</u>

At December 31, 2018 and 2017, the liabilities above included incurred claims payable. The assets above also include unpaid claims to be billed to approximately 538 member governments in the future, as of December 31, 2018 and 2017, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. At December 31, 2018, the city's share of these unpaid claims collectible in future years is approximately \$637,664.

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

**CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

Contributions to PEP

2015	\$596,896
2016	\$619,043
2017	\$618,127
2018	\$577,497
2019	\$606,845

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

NOTE 15 - SIGNIFICANT CONTRACTUAL & ENCUMBRANCE COMMITMENTS

A. Contractual Commitments

As of December 31, 2019, the City has entered into the following major contracts and agreements for the purpose of infrastructure improvements or services related to the operations of the city:

Vendor	Purpose	Amount Remaining
Majors Enterprises Inc	Bull's Run to Sunset Park GI Basin	\$1,413,621
Ford Development Corporation	Dixie Highway Water Main Replacement	\$1,168,152
RB Jergens Contractors Inc	2019 Local Street Improvements	\$839,913
Strand Associates Inc	Central Ave Improvements design contract	\$675,816
Jess Howard Electric	Airport Taxiway Edge Lighting Improvements	\$471,085
Compass Minerals America Inc	Purchase of Road Salt for 2019-2020 season	\$330,000
Insight Pipe Contracting LLC	2019 Sanitary Sewer Lining - Part 2	\$284,788
Kelchner Inc	Yankee Rd Phase 3 (Oxford St. - Lafayette)	\$156,067
Trane US Inc	Chiller Replacement	\$149,667
Midas Midwest LLC	Bonita Drive/Jackson Lane Storm Sewer Repair	\$138,534
Lebanon Ford Inc	Purchase of 4 Police cruisers	\$132,747
Woolpert Inc	Airport Master Plan/ALP Update	\$132,158
Municipal & Contractor's Sealing Product, Inc	Sewer manhole lining	\$122,130
Plug Smart	Pace Construction SHCC	\$120,878
Performance Site Development	Police Garage concrete floor	\$120,225
Steinke Tractor Sales	Holland Tractor for Grounds Maintenance	\$105,607
		Total \$6,361,388

B. Encumbrance Commitments

At December 31, 2019, the City had encumbrance commitments of \$1,214,268 in the General Fund, \$1,072,942 in the Capital Improvements Fund and \$1,424,759 for all other Governmental Funds.

**CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 16 - RELATED ORGANIZATION

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

NOTE 17 – LOAN RECEIVABLE

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

NOTE 18 – CONDUIT DEBT

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

City of Middletown conduit debt issues outstanding at December 31, 2019 is \$82,940,000 hospital facilities revenue bonds issued on behalf of Atrium Medical Center.

NOTE 19 - JOINT ECONOMIC DEVELOPMENT DISTRICTS

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

**CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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

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

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

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

NOTE 20 – FUND BALANCE

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

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Fund Balances	General Fund	Special Assessment Debt Service Fund	Capital Improvements Fund	Health Fund	Non-major Governmental Funds	Total Governmental Funds
Nonspendable						
Inventory of supplies	\$ 40,542	\$ -	\$ -	\$ -	\$ 474,467	\$ 515,009
Interfund loans	2,415,435					2,415,435
Total Nonspendable	2,455,977	-	-		474,467	2,930,444
Restricted for						
Capital improvements			2,301,143		126,328	2,427,471
Debt service		448,962			13,565	462,527
TIF agreement					1,387,580	1,387,580
Housing assistance					400,512	400,512
Senior Services					1	1
Community Development					1,541,373	1,541,373
Public health				45,901	-	45,901
Public safety					2,630,753	2,630,753
Roads					2,133,381	2,133,381
Total Restricted	-	448,962	2,301,143	45,901	8,233,493	11,029,499
Committed						
Capital improvements					551,321	551,321
Retirement benefits	811,168					811,168
Debt service					210,838	210,838
Recreation					151,947	151,947
Purchase of capital assets					1,435,604	1,435,604
Total Committed	811,168	-	-		2,349,710	3,160,878
Assigned						
Purchase commitments- General Government	1,051,000				-	1,051,000
Next Year's Budget	3,203,597					3,203,597
Total Assigned	4,254,597	-	-		-	4,254,597
Unassigned (deficit)	6,883,884		-		(965,455)	5,918,429
Total Fund Balances	\$ 14,405,626	\$ 448,962	\$ 2,301,143	\$ 45,901	\$ 10,092,215	\$ 27,293,847

**CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 21 – TAX ABATEMENTS

As of December 31, 2019, the City provides tax abatements through two programs – Enterprise Zone Agreements and Community Reinvestment Area (CRA) Agreements.

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

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

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

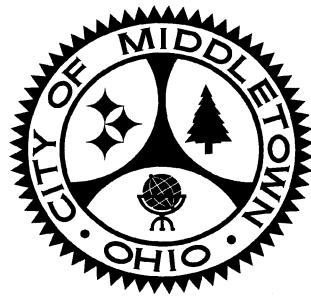
**CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

The City abated property taxes of approximately \$40,929 from Community Reinvestment Area (CRA) abatement agreements in 2019, and approximately \$180,405 under the Enterprise Zone Agreement program during 2019, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

- A 50% property tax abatement to a large coke processing company for construction of a new coke plant to supply AK Steel. The abatement amounted to an estimated \$23,895.
- A 75% property tax abatement to a packaging company for an expansion of their facility and increasing employment. The abatement amounted to approximately \$63,495.
- A 75% property tax abatement to a power generation developer to construct a 475 megawatt natural-gas-fired electric generating facility. The abatement amounted to approximately \$77,000.

NOTE 22 – SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.



**CITY OF MIDDLETOWN, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
FOR YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property taxes	\$ 2,631,020	\$ 2,631,020	\$ 2,660,876	\$ 29,856
Municipal income taxes	17,522,680	19,842,680	19,761,000	(81,680)
Intergovernmental revenue	1,166,202	1,166,202	1,764,626	598,424
Charges for services	4,661,572	4,661,572	4,370,948	(290,624)
Fees, licenses, and permits	434,299	434,299	395,806	(38,493)
Fines and forfeits	9,896	9,896	16,737	6,841
Interest earnings	92,627	92,627	264,645	172,018
Miscellaneous	1,120,517	1,367,527	1,602,658	235,131
Total revenues	27,638,813	30,205,823	30,837,296	631,473
Expenditures:				
Current				
Community Environment				
Administration				
Personal services	195,802	196,302	194,304	1,998
Other	14,160	14,160	13,434	726
Community revitalization administration				
Personal services	18,000	24,000	23,461	539
Other	4,500	4,500	4,500	-
Community development				
Personal services	23,800	23,800	21,948	1,852
Street lighting				
Other	737,423	737,423	737,386	37
Total community environment	993,685	1,000,185	995,033	5,152
Leisure Time Activities				
Community center				
Other	133,175	133,175	113,175	20,000
Recreation				
Other	1,237	1,237	1,237	-
Parks maintenance				
Personal services	528,752	541,752	539,192	2,560
Other	336,171	336,171	255,601	80,570
Total leisure time activities	999,335	1,012,335	909,205	103,130

continued

**CITY OF MIDDLETOWN, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
FOR YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Public Safety				
Fire administration				
Personal services	361,597	364,597	358,472	6,125
Other	13,096	13,096	10,519	2,577
Fire operations				
Personal services	6,550,942	6,586,942	6,283,761	303,181
Other	1,217,930	1,232,862	1,212,917	19,945
Fire prevention/training				
Personal services	520,105	540,105	529,762	10,343
Other	9,053	9,053	1,651	7,402
Police administration				
Personal services	816,947	810,447	781,698	28,749
Other	98,000	98,000	81,230	16,770
Criminal investigation				
Personal services	1,123,862	1,334,862	1,285,783	49,079
Other	31,858	31,858	28,249	3,609
Narcotics				
Personal services	748,742	642,242	632,842	9,400
Other	20,000	20,000	18,804	1,196
Uniform patrol				
Personal services	4,684,304	4,643,304	4,558,370	84,934
Other	1,057,160	1,150,160	1,189,354	(39,194)
Police services				
Personal services	318,192	320,692	306,207	14,485
Other	11,058	11,058	8,518	2,540
Police and fire dispatch				
Personal services	1,271,728	1,278,728	1,235,125	43,603
Other	77,000	77,000	65,379	11,621
Jail management				
Personal services	934,425	940,425	934,070	6,355
Other	329,715	329,715	309,437	20,278
Building inspection and services				
Personal services	464,031	414,440	404,396	10,044
Other	93,436	93,436	89,730	3,706
Building maintenance				
Personal services	243,907	244,407	228,023	16,384
Other	458,629	658,629	569,548	89,081
Total public safety	21,455,717	21,846,058	21,123,845	711,617
				continued

**CITY OF MIDDLETOWN, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
FOR YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance From Final Budget
General Government				
City council				
Personal services	123,682	124,182	122,965	1,217
Other	37,678	50,852	50,852	-
City manager				
Personal services	333,403	318,903	303,972	14,931
Other	241,263	241,263	205,191	36,072
Finance administration				
Personal services	231,067	232,067	229,978	2,089
Other	46,152	46,152	34,210	11,942
Treasury				
Personal services	215,118	214,618	208,535	6,083
Other	7,525	7,525	6,579	946
Information systems				
Personal services	621,667	619,417	596,112	23,305
Other	102,251	102,251	76,202	26,049
Personnel				
Personal services	265,596	202,046	182,151	19,895
Other	165,746	165,746	145,595	20,151
Law				
Personal services	425,456	326,881	305,938	20,943
Other	233,304	339,304	308,610	30,694
Purchasing				
Personal services	80,696	82,196	82,023	173
Other	4,797	4,797	3,181	1,616
Planning				
Personal services	166,168	155,368	144,416	10,952
Other	166,309	166,309	148,200	18,109
Economic development				
Personal services	456,114	437,614	416,026	21,588
Other	329,763	518,336	478,629	39,707
Communications				
Personal services	87,312	87,812	87,595	217
Other	117,732	147,732	147,656	76
Engineering				
Personal services	372,982	380,982	379,741	1,241
Other	108,806	108,806	88,539	20,267
Total general government	4,940,587	5,081,159	4,752,896	328,263
				continued

**CITY OF MIDDLETOWN, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
FOR YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Miscellaneous				
Non-departmental				
Personal services	33,835	33,835	32,873	962
Other	1,781,576	2,119,334	1,820,939	298,395
Total miscellaneous	1,815,411	2,153,169	1,853,812	299,357
Total expenditures	30,204,735	31,092,906	29,634,791	1,458,115
Excess of revenues over (under) expenditures	(2,565,922)	(887,083)	1,202,505	2,089,588
Other financing sources (uses)				
Transfers-In	105,000	343,000	105,000	(238,000)
Advances In	-	-	2,606,238	2,606,238
Advances Out	-	-	(749,177)	(749,177)
Transfers-out	(528,593)	(2,045,270)	(3,291,593)	(1,246,323)
Other sources	-	-	111,523	111,523
Total other financing sources (uses)	(423,593)	(1,702,270)	(1,218,009)	484,261
Net change in fund balance	(2,989,515)	(2,589,353)	(15,504)	2,573,849
Fund balance, beginning of year	7,878,182	7,878,182	7,878,182	-
Appropriation for prior year encumbrances	1,139,420	1,139,420	1,139,420	-
Fund balance, end of the year	\$ 6,028,087	\$ 6,428,249	\$ 9,002,098	\$ 2,573,849

See notes to the required supplementary informaton.

**CITY OF MIDDLETOWN, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
HEALTH FUND
FOR YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income taxes	\$ 150,000	150,000	\$ 150,000	\$ -
Intergovernmental revenue	15,100	15,100	18,335	3,235
Charges for services	267,270	267,270	282,210	14,940
Miscellaneous	15,000	35,000	76,472	41,472
Total revenues	447,370	467,370	527,017	59,647
Expenditures:				
Current				
Public health and welfare:				
Health/Environment Admin.				
Personal services	509,841	494,591	489,218	5,373
Other	75,497	113,497	93,798	19,699
Total expenditures	585,338	608,088	583,016	25,072
Excess of expenditures over/under revenues	(137,968)	(140,718)	(55,999)	84,719
Other financing sources:				
Other sources	-	-	220	220
Total other financing sources	-	-	220	220
Net change in fund balance	(137,968)	(140,718)	(55,780)	84,939
Fund balance, beginning of the year	196,183	196,183	196,183	-
Fund balance, end of the year	\$ 58,215	\$ 55,465	\$ 140,403	\$ 84,939

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

	2019	2018	2017	2016	2015
Entity's Proportion of the Net Pension Liability	0.08150200%	0.08075000%	0.08353830%	0.0809491%	0.08166428%
Entity's Proportionate Share of the Net Pension Liability	\$ 22,321,871	\$ 12,668,078	\$ 18,970,130	\$ 14,021,397	\$ 9,849,625
Entity's Covered Payroll	\$ 12,394,111	\$ 12,122,858	\$ 11,644,126	\$ 11,036,783	\$ 10,884,143
Entity's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	180.10%	104.50%	162.92%	127.04%	90.50%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	74.70%	84.66%	77.25%	81.08%	86.45%
	2014				
Entity's Proportion of the Net Pension Liability	0.08166428%				
Entity's Proportionate Share of the Net Pension Liability	\$ 9,627,155				
Entity's Covered Payroll	\$ 11,843,740				
Entity's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	81.28%				
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	86.36%				

* Information prior to 2014 is not available.

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

Notes to Schedule:

Change in Assumptions - In 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction of the discount rate from 8.0% to 7.5%, a reduction in the wage inflation rate from 3.75% to 3.25%, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables.

In 2019, a reduction of the discount rate was made from 7.5% to 7.2%.

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

	2019	2018	2017	2016	2015
Entity's Proportion of the Net Pension Liability	0.47664900%	0.47918800%	0.46428800%	0.46728149%	0.54326535%
Entity's Proportionate Share of the Net Pension Liability	\$ 38,907,174	\$ 29,409,924	\$ 29,407,539	\$ 30,060,543	\$ 28,143,411
Entity's Covered Payroll	\$ 10,754,471	\$ 10,409,924	\$ 9,631,388	\$ 9,724,488	\$ 10,647,153
Entity's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	361.78%	282.52%	305.33%	309.12%	264.33%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	63.07%	70.91%	68.36%	66.77%	72.20%
	2014				
Entity's Proportion of the Net Pension Liability	0.54326535%				
Entity's Proportionate Share of the Net Pension Liability	\$ 26,458,727				
Entity's Covered Payroll	\$ 11,049,711				
Entity's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	239.45%				
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	73.00%				

* Information prior to 2014 is not available.
Amounts presented as of the Entity's measurement date which is the prior fiscal year end.

Notes to Schedule:

Change in Assumptions - In 2018, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2016. Significant changes included a reduction of the discount rate from 8.25% to 8.0%, a reduction in the wage inflation rate from 3.75% to 3.25%, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables.

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

	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 1,852,126	\$ 1,743,281	\$ 1,569,931	\$ 1,413,090	\$ 1,545,150
Contributions in Relation to the Contractually Required Contribution	(1,852,126)	(1,743,281)	(1,569,931)	(1,413,090)	(1,545,150)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Entity Covered Payroll	\$ 13,080,365	\$ 12,394,111	\$ 12,122,858	\$ 11,644,126	\$ 11,036,783
Contributions as a Percentage of Covered Payroll	14%	14%	13%	12%	14%
	2014	2013			
Contractually Required Contribution	\$ 1,205,425	\$ 1,658,124			
Contributions in Relation to the Contractually Required Contribution	(1,205,425)	(1,658,124)			
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>			
Entity Covered Payroll	\$ 10,884,143	\$ 11,843,740			
Contributions as a Percentage of Covered Payroll	11%	14%			

* Information prior to 2013 is not available.

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

	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 2,459,236	\$ 2,256,918	\$ 2,188,619	\$ 2,019,817	\$ 2,108,003
Contributions in Relation to the Contractually Required Contribution	(2,459,236)	(2,256,918)	(2,188,619)	(2,019,817)	(2,108,003)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Entity Covered Payroll	\$ 11,216,823	\$ 10,754,471	\$ 10,409,924	\$ 9,631,388	\$ 9,724,488
Contributions as a Percentage of Covered Payroll	21.92%	20.99%	21.02%	20.97%	21.68%
	2014	2013	2012	2011	2010
Contractually Required Contribution	\$ 2,273,530	\$ 2,750,824	\$ 2,446,776	\$ 2,403,989	\$ 2,332,959
Contributions in Relation to the Contractually Required Contribution	(2,273,530)	(2,750,824)	(2,446,776)	(2,403,989)	(2,332,959)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Entity Covered Payroll	\$ 10,647,153	\$ 11,049,711	\$ 10,869,951	\$ 11,108,040	\$ 10,858,318
Contributions as a Percentage of Covered Payroll	21.35%	24.89%	22.51%	21.64%	21.49%

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

	2019	2018	2017
Entity's Proportion of the Net OPEB Liability	0.08542800%	0.08470200%	0.08689100%
Entity's Proportionate Share of the Net OPEB Liability	\$ 11,137,784	\$ 9,198,025	\$ 8,776,325
Entity's Covered Payroll	\$ 12,394,111	\$ 12,122,858	\$ 11,644,126
Entity's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	89.86%	75.87%	75.37%
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability	46.33%	54.14%	54.04%

* Information prior to 2017 is not available.

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

Notes to Schedule:

Change in Assumptions - In 2018, the single discount rate changed from 4.23% to 3.85%.

In 2019, the single discount rate changed from 3.85% to 3.96%. The investment rate of return changed from 6.50% to 6.00%, and the health care cost trend rate changed from 7.5% initial to 10.0% initial.

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

	2019	2018	2017
Entity's Proportion of the Net OPEB Liability	0.47664900%	0.47918800%	0.46428800%
Entity's Proportionate Share of the Net OPEB Liability	\$ 4,340,623	\$ 27,150,114	\$ 22,038,709
Entity's Covered Payroll	\$ 10,754,471	\$ 10,409,924	\$ 9,631,388
Entity's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	40.36%	260.81%	228.82%
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability	46.57%	14.13%	15.96%

* Information prior to 2017 is not available.

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

Notes to Schedule:

Change in Assumptions - In 2018, the single discount rate changed from 3.79% to 3.24%.

In 2019, the single discount rate changed from 3.24% to 4.66%.

Change in Benefit Terms - Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model, depositing stipends into health reimbursement accounts that retirees will use to be reimbursed for health care expenses.

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

	2019	2018	2017	2016
Contractually Required Contribution	\$ -	\$ -	\$ 106,137	\$ 231,052
Contributions in Relation to the Contractually Required Contribution	-	-	(106,137)	(231,052)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Entity Covered Payroll	\$ 13,080,365	\$ 12,394,111	\$ 12,122,858	\$ 11,644,126
Contributions as a Percentage of Covered Payroll	0%	0%	1%	2%

* Information prior to 2016 is not available.

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

	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 59,183	\$ 54,314	\$ 52,670	\$ 48,194	\$ 59,155
Contributions in Relation to the Contractually Required Contribution	(59,183)	(54,314)	(52,670)	(48,194)	(59,155)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Entity Covered Payroll	\$ 11,216,823	\$ 10,754,471	\$ 10,409,924	\$ 9,631,388	\$ 9,724,488
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%	0.50%
	2014	2013	2012	2011	2010
Contractually Required Contribution	\$ 54,120	\$ 308,502	\$ 761,574	\$ 749,292	\$ 732,449
Contributions in Relation to the Contractually Required Contribution	(54,120)	(308,502)	(761,574)	(749,292)	(732,449)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Entity Covered Payroll	\$ 10,647,153	\$ 11,049,711	\$ 10,869,951	\$ 11,108,040	\$ 10,858,318
Contributions as a Percentage of Covered Payroll	0.50%	2.79%	6.75%	6.75%	6.75%

CITY OF MIDDLETOWN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019

NOTE 1 - BUDGETARY ACCOUNTING

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

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

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

EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES		
	General Fund	Health Fund
GAAP basis (as reported)	(\$353,383)	(\$61,285)
Adjustments: revenue and other sources	(1,375,867)	1,193
Expenditures and other uses	1,070,953	4,312
Advances In	2,606,238	-
Advances Out	(749,177)	-
Encumbrances	(1,214,268)	-
Budget basis	(\$15,504)	(\$55,780)

**CITY OF MIDDLETOWN
FUND DESCRIPTIONS
DECEMBER 31, 2019**

SPECIAL REVENUE FUNDS:

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

Non Major Special Revenue Funds:

AUTO AND GAS TAX FUND

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

ACQUISITION FOR PARKS FUND *No adopted budget for 2019

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

EMERGENCY MEDICAL SERVICES FUND (EMS)

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

URBAN DEVELOPMENT ACTION GRANT (UDAG) FUND

To account for the Urban Development Action Grant loans.

COURT COMPUTERIZATION FUND

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

LAW ENFORCEMENT TRUST FUND

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

MANDATORY DRUG FINE FUND

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

PROBATION SERVICES FUND

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

INDIGENT DRIVER ALCOHOL TREATMENT FUND

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

**CITY OF MIDDLETOWN
FUND DESCRIPTIONS
DECEMBER 31, 2019**

Non Major Special Revenue Funds continued:

ENFORCEMENT/EDUCATION FUND

To account for fines collected by the Municipal Court to be used by the Court and Police for traffic education and enforcement.

CIVIC DEVELOPMENT FUND

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

MUNICIPAL COURT FUND

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

POLICE GRANT FUND

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

COURT INDIGENT DRIVERS INTERLOCK AND ALCOHOL MONITORING FUND

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

COURT SPECIAL PROJECTS FUND

To accumulate funds for projects designated by the Municipal Court.

HOME PROGRAM FUND

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

COMMUNITY DEVELOPMENT FUND

To account for monies received from the Department of Housing and Urban Development for the City's community development block grant.

COMMUNITY DEVELOPMENT ESCROW FUND

To account for federal monies received through the City's Community Development Block grants for providing low interest bearing rehabilitation loans to lower income property owners in targeted areas.

POLICE PENSION FUND

To accumulate property taxes levied for the partial payment of the current and accrued liability for police disability and pension.

FIRE PENSION FUND

To accumulate property taxes levied for the partial payment of the current and accrued liability for fire disability and pension.

**CITY OF MIDDLETOWN
FUND DESCRIPTIONS
DECEMBER 31, 2019**

Non Major Special Revenue Funds continued:

NEIGHBORHOOD STABILIZATION PROGRAM FUND

To account for monies received from the Department of Housing and Urban Development, as a result of the Housing and Economic Recovery Act of 2008, for specific neighborhood stabilization projects in concert with the City's community development block grant.

CONSERVANCY DISTRICT FUND

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

NUISANCE ABATEMENT FUND

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

SENIOR SERVICES FUND

To account for levy receipts of the Senior Services Levy.

HUD SECTION 108 FUND *No adopted budget for 2019

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

HOUSING ASSISTANCE FUND *No adopted budget for 2019

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

INCOME TAX FUND

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

TERMINATION PAY FUND

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

DEBT SERVICE FUNDS:

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

Non Major Debt Service Funds:

GENERAL OBLIGATION DEBT SERVICE FUND

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

**CITY OF MIDDLETOWN
FUND DESCRIPTIONS
DECEMBER 31, 2019**

Non Major Debt Service Funds continued:

EAST END/TOWNE BOULEVARD TAX INCREMENT FINANCING DISTRICT FUND

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

DOWNTOWN TAX INCREMENT FINANCING DISTRICT FUND

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

AERONCA TAX INCREMENT FINANCING DISTRICT FUND

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

AIRPORT/RIVERFRONT TAX INCREMENT FINANCING DISTRICT FUND

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

MILLER ROAD NORTH TAX INCREMENT FINANCING DISTRICT FUND

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

TOWNE MALL/HOSPITAL TAX INCREMENT FINANCING DISTRICT FUND

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

RENAISSANCE NORTH TAX INCREMENT FINANCING DISTRICT FUND

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

RENAISSANCE SOUTH TAX INCREMENT FINANCING DISTRICT FUND

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

MANCHESTER ROAD TAX INCREMENT FINANCING DISTRICT FUND *No adopted budget for 2019

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

GREENTREE TAX INCREMENT FINANCING DISTRICT FUND

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

**CITY OF MIDDLETOWN
FUND DESCRIPTIONS
DECEMBER 31, 2019**

Non Major Debt Service Funds continued:

MADE INDUSTRIAL PARK TAX INCREMENT FINANCING DISTRICT FUND

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

SOUTH YANKEE ROAD TAX INCREMENT FINANCING DISTRICT FUND

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

TOWNE MALL TAX INCREMENT FINANCING DISTRICT FUND *No adopted budget for 2019

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

CAPITAL PROJECT FUNDS:

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

Non Major Capital Project Funds:

EAST END DEVELOPMENT FUND *No adopted budget for 2019

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

DOWNTOWN IMPROVEMENTS FUND

To account for improvement projects in the downtown area.

COMPUTER REPLACEMENT FUND

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

PROPERTY DEVELOPMENT FUND

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

2010 LEFFERSON ROAD SEWER SPECIAL ASSESSMENT FUND *No adopted budget for 2019

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

2011 SIDEWALK, CURB AND GUTTER FUND *No adopted budget for 2019

To accumulate costs for the 2011 sidewalk project for repairs and/or replacement of curb and sidewalk in designated areas. Property owners will be assessed for this project.

**CITY OF MIDDLETOWN
FUND DESCRIPTIONS
DECEMBER 31, 2019**

Non Major Capital Project Funds continued:

MAIN STREET SPECIAL ASSESSMENT FUND *No adopted budget for 2019

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

CENTRAL AVE SIDEWALK, CURB AND GUTTER FUND *No adopted budget for 2019

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

2018 SIDEWALK, CURB AND GUTTER FUND

To accumulate costs for the 2018 sidewalk project for repairs and/or replacement of curb and sidewalk in designated areas. Property owners will be assessed for this project.

2019 SIDEWALK, CURB AND GUTTER FUND

To accumulate costs for the 2019 sidewalk project for repairs and/or replacement of curb and sidewalk in designated areas. Property owners will be assessed for this project.

ECONOMIC DEVELOPMENT BOND SERVICE FUND

To accumulate costs and revenue sources for economic development projects.



**CITY OF MIDDLETOWN, OHIO
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	Non Major Special Revenue Funds	Non Major Debt Service Funds	Non Major Capital Project Funds	Total Non Major Governmental Funds
Assets:				
Cash and equity in pooled cash, deposits and investments	\$ 5,494,177	\$ 1,598,418	\$ 2,243,873	\$ 9,336,468
Receivables (net of allowance for uncollectibles):				
Property taxes	1,198,306	-	-	1,198,306
Accounts	429,054	-	16,364	445,418
Loans	935,942	-	-	935,942
Interest	150,512	-	-	150,512
Special assessments	240,000	-	-	240,000
Payment in lieu of taxes	-	937,898	-	937,898
Due from other governments	1,453,523	7,405	-	1,460,928
Inventory of supplies	553,054	-	-	553,054
Total assets	\$ 10,454,568	\$ 2,543,721	\$ 2,260,237	\$ 15,258,526
Liabilities:				
Accounts payable	\$ 168,485	\$ -	\$ 25,842	\$ 194,327
Accrued wages and benefits	100,989	-	-	100,989
Due to other funds	286,920	-	907,435	1,194,355
Due to other governments	125,374	-	-	125,374
Total liabilities	681,768	-	933,277	1,615,045
Deferred inflows:				
Revenues levied for the next year and unavailable revenue	2,605,963	945,303	-	3,551,266
Total deferred inflows	2,605,963	945,303	-	3,551,266
Fund balances:				
Nonspendable	474,467	-	-	474,467
Restricted	6,706,020	1,387,580	139,893	8,233,493
Committed	151,947	210,838	1,986,925	2,349,710
Unassigned	(165,597)	-	(799,858)	(965,455)
Total fund balances	7,166,837	1,598,418	1,326,960	10,092,215
Total liabilities, deferred inflows and fund balances	\$ 10,454,568	\$ 2,543,721	\$ 2,260,237	\$ 15,258,526

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Non Major Special Revenue Funds	Non Major Debt Service Funds	Non Major Capital Project Funds	Total Non Major Governmental Funds
Revenues:				
Property taxes	\$ 1,076,644	\$ -	\$ -	\$ 1,076,644
Municipal income taxes	3,637,000	1,529,890	8,000	5,174,890
Payment in lieu of taxes	-	2,066,870	-	2,066,870
Intergovernmental revenues	4,240,632	460,992	182,637	4,884,261
Fines and forfeits	1,537,458	-	-	1,537,458
Special assessments	299,748	-	88,512	388,260
Investment income	36,756	-	37,860	74,616
Miscellaneous	627,222	274,385	97,503	999,110
Total revenues	11,455,460	4,332,137	414,512	16,202,109
Expenditures:				
Current				
Public safety	5,360,865	-	-	5,360,865
Community environment	2,593,755	-	170,146	2,763,901
Highways and streets	2,445,108	-	525,607	2,970,715
General government	-	-	336,857	336,857
Miscellaneous	814,962	1,266,423	-	2,081,385
Debt service				
Principal retirement	-	2,246,571	195,000	2,441,571
Interest and fiscal charges	-	560,606	150,645	711,251
Total expenditures	11,214,690	4,073,600	1,378,255	16,666,545
Excess of revenues over (under) expenditures	240,770	258,537	(963,743)	(464,436)
Other financing sources (uses):				
Transfers-in	516,000	23,268	518,725	1,057,993
Transfers-out	-	-	(23,268)	(23,268)
Total other financing sources (uses)	516,000	23,268	495,457	1,034,725
Net change in fund balances	756,770	281,805	(468,286)	570,289
Fund balance, beginning of year	6,410,067	1,316,613	1,795,246	9,521,926
Fund balance, end of the year	\$ 7,166,837	\$ 1,598,418	\$ 1,326,960	\$ 10,092,215

**CITY OF MIDDLETOWN, OHIO
COMBINING BALANCE SHEET
NON MAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2019**

	Auto & Gas Tax	Acquisition for Parks	Emergency Medical Services	Urban Development Action Grant	Court Computer- ization
Assets:					
Cash and equity in pooled cash, deposits and investments	\$ 1,749,582	\$ 151,947	\$ 39,689	\$ 108,877	\$ 139,901
Receivables (net of allowance for uncollectibles):					
Property taxes	-	-	-	-	-
Accounts	252,953	-	-	-	4,262
Interest	-	-	-	-	-
Loans	-	-	-	-	-
Special assessments	-	-	-	-	-
Due from other governments	1,347,220	-	-	-	-
Inventory of supplies	474,467	-	-	-	-
Total assets	\$ 3,824,222	\$ 151,947	\$ 39,689	\$ 108,877	\$ 144,163
Liabilities:					
Accounts payable	\$ 62,536	\$ -	\$ -	\$ -	\$ 51,816
Accrued wages and benefits	39,325	-	-	-	-
Due to other funds	20,074	-	-	-	-
Due to other governments	-	-	-	-	-
Total liabilities	121,935	-	-	-	51,816
Deferred inflows:					
Revenues levied for the next year and unavailable revenue	1,094,439	-	-	-	-
Total deferred inflows	1,094,439	-	-	-	-
Fund balances:					
Nonspendable	474,467	-	-	-	-
Restricted	2,133,381	-	39,689	108,877	92,347
Committed	-	151,947	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	2,607,848	151,947	39,689	108,877	92,347
Total liabilities, deferred inflows and fund balances	\$ 3,824,222	\$ 151,947	\$ 39,689	\$ 108,877	\$ 144,163

Law Enforcement Trust	Mandatory Drug Fine	Probation Services	Indigent Driver Alcohol Treatment	Enforce- ment Education	Civic Develop- ment	Municipal Court	Police Grant	Court IDIAM
\$ 116,918	\$ 126,458	\$ 206,276	\$ 38,224	\$ 44,940	\$ 334,658	\$ 295	\$ 122,997	\$ 52,387
-	-	-	-	-	-	-	-	-
-	2,862	10,245	603	135	61,606	87,431	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	9,491	-
-	-	-	-	-	-	-	-	-
\$ 116,918	\$ 129,320	\$ 216,521	\$ 38,827	\$ 45,075	\$ 396,264	\$ 87,726	\$ 132,488	\$ 52,387
\$ -	\$ 3,777	\$ 10,738	\$ 9,629	\$ 78	\$ 1,573	\$ 3,841	\$ 205	\$ 109
-	-	3,959	-	-	-	54,717	-	-
-	403	-	-	-	-	443	-	-
-	-	-	-	-	-	-	-	-
-	4,180	14,697	9,629	78	1,573	59,001	205	109
-	-	-	-	-	-	-	9,491	-
-	-	-	-	-	-	-	9,491	-
-	-	-	-	-	-	-	-	-
116,918	125,140	201,824	29,198	44,997	394,691	28,725	122,792	52,278
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
116,918	125,140	201,824	29,198	44,997	394,691	28,725	122,792	52,278
\$ 116,918	\$ 129,320	\$ 216,521	\$ 38,827	\$ 45,075	\$ 396,264	\$ 87,726	\$ 132,488	\$ 52,387

(continued)

**CITY OF MIDDLETOWN, OHIO
COMBINING BALANCE SHEET
NON MAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2019**

	Court Special Projects	Home Program	Community Develop- ment	Community Development Escrow	Police Pension
Assets:					
Cash and equity in pooled cash, deposits and investments	\$ 532,587	\$ 29,577	\$ 73,084	\$ 313,439	\$ 616,907
Receivables (net of allowance for uncollectibles):					
Property taxes	-	-	-	-	213,753
Accounts	8,633	-	-	324	-
Interest	-	-	-	-	-
Loans	-	-	-	685,942	-
Special assessments	-	-	-	-	-
Due from other governments	-	238	32,847	-	11,438
Inventory of supplies	-	-	-	-	-
Total assets	\$ 541,220	\$ 29,815	\$ 105,931	\$ 999,705	\$ 842,098
Liabilities:					
Accounts payable	\$ -	\$ 2,369	\$ 20,756	\$ -	\$ -
Accrued wages and benefits	2,988	-	-	-	-
Due to other funds	-	50,000	100,000	-	-
Due to other governments	-	-	-	2,025	-
Total liabilities	2,988	52,369	120,756	2,025	-
Deferred inflows:					
Revenues levied for the next year and unavailable revenue	-	-	-	-	225,191
Total deferred inflows	-	-	-	-	225,191
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	538,232	-	-	997,680	616,907
Committed	-	-	-	-	-
Unassigned	-	(22,554)	(14,825)	-	-
Total fund balances	538,232	(22,554)	(14,825)	997,680	616,907
Total liabilities, deferred inflows and fund balances	\$ 541,220	\$ 29,815	\$ 105,931	\$ 999,705	\$ 842,098

Fire Pension	Neighborhood Stabilization Program	Conservancy District	Nuisance Abatement	Senior Services	HUD Section 108 Loan	Housing Assistance	Totals
\$ 621,706	\$ 460	\$ 32,084	\$ 39,418	\$ 1	\$ 1,765	\$ -	\$ 5,494,177
213,753	-	93,032	-	677,768	-	-	1,198,306
-	-	-	-	-	-	-	429,054
-	-	-	-	-	-	150,512	150,512
-	-	-	-	-	-	250,000	935,942
-	-	-	240,000	-	-	-	240,000
11,438	-	5,307	-	35,544	-	-	1,453,523
-	78,587	-	-	-	-	-	553,054
\$ 846,897	\$ 79,047	\$ 130,423	\$ 279,418	\$ 713,313	\$ 1,765	\$ 400,512	\$ 10,454,568
\$ -	\$ -	\$ -	\$ 1,058	\$ -	\$ -	\$ -	\$ 168,485
-	-	-	-	-	-	-	100,989
-	116,000	-	-	-	-	-	286,920
-	-	123,349	-	-	-	-	125,374
-	116,000	123,349	1,058	-	-	-	681,768
225,191	-	98,339	240,000	713,312	-	-	2,605,963
225,191	-	98,339	240,000	713,312	-	-	2,605,963
-	-	-	-	-	-	-	474,467
621,706	-	-	38,360	1	1,765	400,512	6,706,020
-	-	-	-	-	-	-	151,947
-	(36,953)	(91,265)	-	-	-	-	(165,597)
621,706	(36,953)	(91,265)	38,360	1	1,765	400,512	7,166,837
\$ 846,897	\$ 79,047	\$ 130,423	\$ 279,418	\$ 713,313	\$ 1,765	\$ 400,512	\$ 10,454,568

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Auto & Gas Tax	Acquisition for Parks	Emergency Medical Services	Urban Development Action Grant	Court Computer- ization
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Municipal income taxes	600,000	-	-	-	-
Intergovernmental revenues	2,666,673	-	13,078	-	-
Fines and forfeits	-	-	-	-	55,708
Special assessments	-	-	-	-	-
Interest earnings	29,665	-	-	2,129	-
Miscellaneous	178,894	-	1,000	-	-
Total revenues	3,475,232	-	14,078	2,129	55,708
Expenditures:					
Current					
Public safety	605,298	-	-	-	94,590
Community environment	-	-	-	3,768	-
Highways and streets	2,445,108	-	-	-	-
Miscellaneous	-	-	-	-	-
Total expenditures	3,050,406	-	-	3,768	94,590
Excess of revenues over (under) expenditures	424,826	-	14,078	(1,639)	(38,882)
Other financing sources (uses):					
Transfers-in	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	424,826	-	14,078	(1,639)	(38,882)
Fund balance, beginning of year	2,183,022	151,947	25,611	110,516	131,229
Fund balance, end of the year	\$ 2,607,848	\$ 151,947	\$ 39,689	\$ 108,877	\$ 92,347

Law Enforcement Trust	Mandatory Drug Fine	Probation Services	Indigent Driver Alcohol Treatment	Enforce- ment Education	Civic Develop- ment	Municipal Court	Police Grant	Court IDIAM
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	525,000	-	-
-	-	-	-	-	-	34,625	8,734	-
91,131	41,757	120,197	12,323	1,680	-	1,097,337	-	4,358
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	2,804	-
-	-	-	-	-	330,254	26,045	29,121	-
91,131	41,757	120,197	12,323	1,680	330,254	1,683,007	40,659	4,358
-	125,399	130,551	20,633	78	-	1,746,867	55,910	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	403,353	-	-	2,201
-	125,399	130,551	20,633	78	403,353	1,746,867	55,910	2,201
91,131	(83,642)	(10,354)	(8,310)	1,602	(73,099)	(63,860)	(15,251)	2,157
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
91,131	(83,642)	(10,354)	(8,310)	1,602	(73,099)	(63,860)	(15,251)	2,157
25,787	208,782	212,178	37,508	43,395	467,790	92,585	138,043	50,121
\$ 116,918	\$ 125,140	\$ 201,824	\$ 29,198	\$ 44,997	\$ 394,691	\$ 28,725	\$ 122,792	\$ 52,278

(continued)

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Court Special Projects	Home Program	Community Develop- ment	Community Development Escrow	Police Pension
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 192,270
Municipal income taxes	-	-	-	-	1,112,000
Intergovernmental revenues	-	226,757	1,161,951	-	23,120
Fines and forfeits	112,078	-	-	-	-
Special assessments	-	-	-	-	-
Interest earnings	-	-	88	2,070	-
Miscellaneous	-	48,500	540	-	-
Total revenues	112,078	275,257	1,162,579	2,070	1,327,390
Expenditures:					
Current					
Public safety	69,539	-	-	-	1,112,000
Community environment	-	265,952	1,112,943	2,025	-
Highways and streets	-	-	-	-	-
Miscellaneous	-	-	-	402,914	3,247
Total expenditures	69,539	265,952	1,112,943	404,939	1,115,247
Excess of revenues over (under) expenditures	42,539	9,305	49,636	(402,869)	212,143
Other financing sources (uses):					
Transfers-in	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	42,539	9,305	49,636	(402,869)	212,143
Fund balance, beginning of year	495,693	(31,859)	(64,461)	1,400,549	404,764
Fund balance, end of the year	\$ 538,232	\$ (22,554)	\$ (14,825)	\$ 997,680	\$ 616,907

Fire Pension	Neighborhood Stabilization Program	Conservancy District	Nuisance Abatement	Senior Services	HUD Section 108 Loan	Housing Assistance	Totals
\$ 192,270	\$ -	\$ 82,537	\$ -	\$ 609,567	\$ -	\$ -	\$ 1,076,644
1,400,000	-	-	-	-	-	-	3,637,000
23,119	-	10,732	-	71,843	-	-	4,240,632
-	-	-	889	-	-	-	1,537,458
-	-	-	299,748	-	-	-	299,748
-	-	-	-	-	-	-	36,756
-	12,868	-	-	-	-	-	627,222
1,615,389	12,868	93,269	300,637	681,410	-	-	11,455,460
1,400,000	-	-	-	-	-	-	5,360,865
-	2,680	124,822	400,156	681,409	-	-	2,593,755
-	-	-	-	-	-	-	2,445,108
3,247	-	-	-	-	-	-	814,962
1,403,247	2,680	124,822	400,156	681,409	-	-	11,214,690
212,142	10,188	(31,553)	(99,519)	1	-	-	240,770
-	-	41,000	475,000	-	-	-	516,000
-	-	41,000	475,000	-	-	-	516,000
212,142	10,188	9,447	375,481	1	-	-	756,770
409,564	(47,141)	(100,712)	(337,121)	-	1,765	400,512	6,410,067
\$ 621,706	\$ (36,953)	\$ (91,265)	\$ 38,360	\$ 1	\$ 1,765	\$ 400,512	\$ 7,166,837

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
AUTO AND GAS TAX FUND
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income tax	\$ 600,000	\$ 600,000	\$ 600,000	\$ -
Intergovernmental revenue	2,478,428	2,478,428	2,588,507	110,079
Interest earnings	18,467	18,467	29,665	11,198
Miscellaneous	82,847	82,847	101,847	19,000
Total revenues	3,179,742	3,179,742	3,320,019	140,277
Expenditures:				
Current				
Public safety:				
Electronic Maintenance				
Personal Services	290,324	292,324	280,799	11,525
Other	487,346	487,346	450,267	37,079
Total public safety	777,670	779,670	731,066	48,604
Highways and streets:				
Street Maintenance				
Personal Services	905,264	911,264	771,286	139,978
Other	1,792,685	1,792,685	1,603,180	189,505
Grounds Maintenance				
Personal Services	185,635	187,135	173,219	13,916
Other	393,929	393,929	304,252	89,677
Total highways and streets	3,277,513	3,285,013	2,851,937	433,076
Total expenditures	4,055,183	4,064,683	3,583,003	481,680
Net change in fund balance	(875,441)	(884,941)	(262,984)	621,957
Fund balance, beginning of the year	894,703	894,703	894,703	-
Appropriation for prior year encumbrances	583,881	583,881	583,881	-
Fund balance, end of the year	\$ 603,143	\$ 593,643	\$ 1,215,600	\$ 621,957

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
ACQUISITION FOR PARKS FUND
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Current				
Leisure activities	-	-	-	-
Other	-	-	-	-
Total expenditures	-	-	-	-
Fund balance, beginning of the year	151,947	151,947	151,947	-
Fund balance, end of the year	\$ 151,947	\$ 151,947	\$ 151,947	\$ -

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
EMS FUND
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ -	\$ -	\$ 13,078	\$ 13,078
Miscellaneous	3,675	3,675	1,000	(2,675)
Total revenues	3,675	3,675	14,078	10,403
Expenditures:				
Current				
Public health and welfare				
Other	8,850	8,850	-	8,850
Total expenditures	8,850	8,850	-	8,850
Net change in fund balance	(5,175)	(5,175)	14,078	19,253
Fund balance, beginning of the year	25,611	25,611	25,611	-
Fund balance, end of the year	\$ 20,436	\$ 20,436	\$ 39,689	\$ 19,253

**CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
URBAN DEVELOPMENT ACTION GRANT FUND
FOR YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Interest earnings	\$ 1,292	\$ 1,292	\$ 2,129	\$ 837
Miscellaneous	1,000	1,000	-	(1,000)
Total revenues	2,292	2,292	2,129	(163)
Expenditures:				
Current				
Community environment				
Other	33,780	33,780	31,693	2,087
Total expenditures	33,780	33,780	31,693	2,087
Net change in fund balance	(31,488)	(31,488)	(29,564)	1,924
Fund balance, beginning of the year	76,736	76,736	76,736	-
Appropriation for prior year encumbrances	33,780	33,780	33,780	-
Fund balance, end of the year	\$ 79,028	\$ 79,028	\$ 80,952	\$ 1,924

**CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
COURT COMPUTERIZATION FUND
FOR YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeitures	\$ 74,000	\$ 74,000	\$ 55,753	\$ (18,247)
Total revenues	74,000	74,000	55,753	(18,247)
Expenditures:				
Current				
Public safety				
Other	150,000	182,415	42,774	139,641
Total expenditures	150,000	182,415	42,774	139,641
Net change in fund balance	(76,000)	(108,415)	12,979	121,394
Fund balance, beginning of the year	94,506	94,506	94,506	-
Appropriation for prior year encumbrances	32,415	32,415	32,415	-
Fund balance, end of the year	\$ 50,922	\$ 18,507	\$ 139,901	\$ 121,394

**CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
LAW ENFORCEMENT FUND
FOR YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ -	\$ -	\$ 91,132	\$ 91,132
Total revenues	-	-	91,132	91,132
Expenditures:				
Current				
Public safety				
Other	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	-	91,132	91,132
Fund balance, beginning of the year	25,787	25,787	25,787	-
Fund balance, end of the year	\$ 25,787	\$ 25,787	\$ 116,918	\$ 91,132

**CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
MANDATORY DRUG FINE FUND
FOR YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ 68,000	\$ 68,000	\$ 52,990	\$ (15,010)
Miscellaneous	12,000	12,000	4,670	(7,330)
Total revenues	80,000	80,000	57,660	(22,340)
Expenditures:				
Current				
Public safety				
Other	158,047	158,047	122,396	35,651
Total expenditures	158,047	158,047	122,396	35,651
Net change in fund balance	(78,047)	(78,047)	(64,736)	13,311
Fund balance, beginning of the year	181,890	181,890	181,890	-
Appropriation for prior year encumbrances	9,304	9,304	9,304	-
Fund balance, end of the year	\$ 113,147	\$ 113,147	\$ 126,458	\$ 13,311

**CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
PROBATION SERVICES FUND
FOR YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ 102,903	\$ 102,903	\$ 117,659	\$ 14,756
Total revenues	102,903	102,903	117,659	14,756
Expenditures:				
Current				
Public safety				
Personal Services	104,494	104,994	104,563	431
Other	55,500	55,500	15,098	40,402
Total expenditures	159,994	160,494	119,661	40,833
Net change in fund balance	(57,091)	(57,591)	(2,002)	55,589
Fund balance, beginning of the year	208,278	208,278	208,278	-
Fund balance, end of the year	\$ 151,187	\$ 150,687	\$ 206,276	\$ 55,589

**CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
INDIGENT DRIVER ALCOHOL TREATMENT FUND
FOR YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ 21,000	\$ 21,000	\$ 12,445	\$ (8,555)
Total revenues	21,000	21,000	12,445	(8,555)
Expenditures:				
Current				
Public safety				
Other	25,000	25,000	11,004	13,996
Total expenditures	25,000	25,000	11,004	13,996
Net change in fund balance	(4,000)	(4,000)	1,442	5,441
Fund balance, beginning of the year	36,782	36,782	36,782	-
Fund balance, end of the year	\$ 32,782	\$ 32,782	\$ 38,224	\$ 5,441

**CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
ENFORCEMENT/EDUCATION FUND
FOR YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ 2,835	\$ 2,835	\$ 1,786	\$ (1,049)
Total revenues	2,835	2,835	1,786	(1,049)
Expenditures:				
Current				
Public safety	-	-	-	-
Personal Services	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	2,835	2,835	1,786	(1,049)
Fund balance, beginning of year	43,154	43,154	43,154	-
Fund balance, end of the year	\$ 45,989	\$ 45,989	\$ 44,940	\$ (1,049)

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
CIVIC DEVELOPMENT FUND
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Miscellaneous	\$ 379,773	\$ 379,773	\$ 328,146	\$ (51,627)
Total revenues	379,773	379,773	328,146	(51,627)
Expenditures:				
Current				
Miscellaneous	454,447	454,447	339,350	115,097
Other				
Total expenditures	454,447	454,447	339,350	115,097
Excess of revenues over/under expenditures	(74,674)	(74,674)	(11,204)	63,470
Other financing sources (uses):				
Reimbursement	(105,000)	(105,000)	(105,000)	105,000
Total other financing sources (uses)	(105,000)	(105,000)	(105,000)	105,000
Net change in fund balance	(179,674)	(179,674)	(116,204)	168,470
Fund balance, beginning of the year	339,305	339,305	339,305	-
Appropriation for prior year encumbrances	69,560	69,560	69,560	-
Fund balance, end of the year	\$ 229,191	\$ 229,191	\$ 292,661	\$ 168,470

**CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
MUNICIPAL COURT FUND
FOR YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income tax	\$ 475,000	\$ 475,000	\$ 525,000	\$ 50,000
Intergovernmental revenue	-	-	34,625	34,625
Fines and forfeits	1,227,264	1,227,264	1,086,412	(140,852)
Miscellaneous	5,202	5,202	26,046	20,844
Total revenues	1,707,466	1,707,466	1,672,083	(35,383)
Expenditures:				
Current				
Public safety				
Personal Services	1,637,264	1,647,764	1,599,562	48,202
Other	175,336	209,961	153,619	56,342
Total expenditures	1,812,600	1,857,725	1,753,181	104,544
Net change in fund balance	(105,134)	(150,259)	(81,098)	69,161
Fund balance, beginning of the year	81,393	81,393	81,393	-
Fund balance, end of the year	\$ (23,741)	\$ (68,866)	\$ 295	\$ 69,161

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
POLICE GRANT FUND
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ 66,105	\$ 66,105	\$ 37,856	\$ (28,249)
Interest earnings	1,120	1,120	2,804	1,684
Total revenues	67,225	67,225	40,660	(26,565)
Expenditures:				
Current				
Public safety:				
Step Grant				
Personal Services	21,242	21,242	5,183	16,059
Step Grant II				
Personal Services	28,739	28,739	6,756	21,983
2017 JAG BYRNE Memorial Grant				
Personal Services	18,000	18,000	-	18,000
Contractual services	10,464	10,464	10,464	-
OVI Task Force Grant				
Personal Services	15,000	15,000	4,905	10,095
2016 JAG Local Solicitation Grant				
Contractual Services	3,722	3,722	3,710	12
2018 JAG BYRNE Memorial Grant				
Contractual Services	10,000	10,000	5,583	4,417
Capital Outlay	16,608	16,608	16,521	87
2017 State Training Reimbursement				
Contractual Services	-	7,490	7,485	5
Total expenditures	123,775	131,265	60,607	70,658
Net change in fund balance	(56,550)	(64,040)	(19,948)	44,092
Fund balance, beginning of the year	142,945	142,945	142,945	-
Fund balance, end of the year	\$ 86,395	\$ 78,905	122,997	\$ 44,092

**CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
COURT IDIAM FUND
FOR YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines & forfeits	\$ 6,500	\$ 6,500	\$ 4,358	\$ (2,142)
Total revenues	6,500	6,500	4,358	(2,142)
Expenditures:				
Current				
Miscellaneous				
Other	25,000	25,000	2,519	22,481
Total expenditures	25,000	25,000	2,519	22,481
Net change in fund balance	(18,500)	(18,500)	1,839	20,339
Fund balance, beginning of the year	50,548	50,548	50,548	-
Fund balance, end of the year	\$ 32,048	\$ 32,048	\$ 52,387	\$ 20,339

**CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
COURT SPECIAL PROJECTS FUND
FOR YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines & forfeits	\$ 150,000	\$ 150,000	\$ 112,157	\$ (37,843)
Total revenues	150,000	150,000	112,157	(37,843)
Expenditures:				
Current				
Public safety				
Personal Services	62,234	62,734	62,509	225
Other	100,000	100,000	8,110	91,890
Total expenditures	162,234	162,734	70,619	92,115
Net change in fund balance	(12,234)	(12,734)	41,538	54,272
Fund balance, beginning of the year	489,855	489,855	489,855	-
Fund balance, end of the year	\$ 477,621	\$ 477,121	\$ 531,393	\$ 54,272

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
HOME PROGRAM FUND
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ 290,000	\$ 290,000	\$ 229,757	\$ (60,243)
Miscellaneous	-	-	48,500	48,500
Total revenues	290,000	290,000	278,257	(11,743)
Expenditures:				
Current				
Community environment				
Other	290,000	290,000	288,987	1,013
Total expenditures	290,000	290,000	288,987	1,013
Net change in fund balance	-	-	(10,730)	(10,730)
Fund balance, beginning of the year	14,903	14,903	14,903	-
Fund balance, end of the year	\$ 14,903	\$ 14,903	\$ 4,173	\$ (10,730)

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
COMMUNITY DEVELOPMENT FUND
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ 856,000	\$ 856,000	\$ 1,193,133	\$ 337,133
Interest earnings	-	-	88	88
Reimbursement	-	600,000	-	(600,000)
Miscellaneous	-	-	540	540
Total revenues	856,000	1,456,000	1,193,761	(262,239)
Expenditures:				
Current				
Community environment				
Other	899,100	1,499,100	1,226,926	272,174
Total expenditures	899,100	1,499,100	1,226,926	272,174
Net change in fund balance	(43,100)	(43,100)	(33,165)	9,935
Fund balance, beginning of the year	9,291	9,291	9,291	-
Appropriation for prior year encumbrances	43,100	43,100	43,100	-
Fund balance, end of the year	\$ 9,291	\$ 9,291	\$ 19,226	\$ 9,935

**CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
COMMUNITY DEVELOPMENT ESCROW FUND
FOR YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Interest earnings	\$ 2,774	\$ 2,774	\$ 2,070	\$ (704)
Miscellaneous	60,360	60,360	15,923	(44,437)
Total revenues	63,134	63,134	17,993	(45,141)
Expenditures:				
Current				
Community Environment				
Miscellaneous	-	600,000	402,869	197,131
Total expenditures	-	600,000	402,869	197,131
Net change in fund balance	63,134	(536,866)	(384,876)	151,990
Fund balance, beginning of the year	698,315	698,315	698,315	-
Fund balance, end of the year	\$ 761,449	\$ 161,449	\$ 313,439	\$ 151,990

**CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
POLICE PENSION FUND
FOR YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property taxes	\$ 180,000	\$ 180,000	\$ 192,270	\$ 12,270
Intergovernmental revenue	26,400	26,400	23,120	(3,280)
Municipal income taxes	890,000	1,112,000	1,112,000	-
Total revenues	1,096,400	1,318,400	1,327,390	8,990
Expenditures:				
Current				
Public safety				
Miscellaneous	4,500	4,500	3,248	1,252
Personal Services	1,106,427	1,112,000	1,112,000	-
Total expenditures	1,110,927	1,116,500	1,115,248	1,252
Net change in fund balance	(14,527)	201,900	212,143	10,242
Fund balance, beginning of the year	404,764	404,764	404,764	-
Fund balance, end of the year	\$ 390,237	\$ 606,664	\$ 616,907	\$ 10,242

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
FIRE PENSION FUND
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property taxes	\$ 186,465	\$ 186,465	\$ 192,270	\$ 5,805
Intergovernmental revenue	26,400	26,400	23,120	(3,280)
Municipal income taxes	1,140,000	1,400,000	1,400,000	-
Total revenues	1,352,865	1,612,865	1,615,390	2,525
Expenditures:				
Current				
Public safety				
Miscellaneous	4,500	4,500	3,248	1,252
Personal Services	1,397,910	1,400,000	1,400,000	-
Total expenditures	1,402,410	1,404,500	1,403,248	1,252
Net change in fund balance	(49,545)	208,365	212,142	3,777
Fund balance, beginning of the year	409,564	409,564	409,564	-
Fund balance, end of the year	\$ 360,019	\$ 617,929	\$ 621,706	\$ 3,777

**CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
NEIGHBORHOOD STABILIZATION PROGRAM FUND
FOR YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Miscellaneous	\$ -	\$ -	\$ 3,140	\$ 3,140
Total revenues	-	-	3,140	3,140
Expenditures:				
Current				
Community environment				
Other	-	77,680	2,680	75,000
Total expenditures	-	77,680	2,680	75,000
Excess of revenues over (under) expenditures	-	(77,680)	460	78,140
Other financing sources (uses):				
Transfers in	-	116,000	-	(116,000)
Total other financing sources (uses)	-	116,000	-	(116,000)
Net change in fund balance	-	38,320	460	(37,860)
Fund balance, beginning of the year	-	-	-	-
Fund balance, end of the year	\$ -	\$ 38,320	\$ 460	\$ (37,860)

**CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
CONSERVANCY DISTRICT FUND
FOR YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property taxes	\$ 71,293	\$ 71,293	\$ 82,537	\$ 11,244
Intergovernmental revenue	10,649	10,649	10,732	83
Total revenues	81,942	81,942	93,269	11,327
Expenditures:				
Current				
Community environment				
Other	125,449	125,449	124,822	627
Total expenditures	125,449	125,449	124,822	627
Excess of revenues over (under) expenditures	(43,507)	(43,507)	(31,553)	11,954
Other financing sources (uses):				
Transfers-in	41,000	41,000	41,000	-
Total other financing sources (uses)	41,000	41,000	41,000	-
Net change in fund balance	(2,507)	(2,507)	9,447	11,954
Fund balance, beginning of the year	22,637	22,637	22,637	-
Fund balance, end of the year	\$ 20,130	\$ 20,130	\$ 32,084	\$ 11,954

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
NUISANCE ABATEMENT FUND
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special assessments	\$ 200,000	\$ 288,000	\$ 299,748	\$ 11,748
Miscellaneous	-	-	26,414	26,414
Total revenues	200,000	288,000	326,162	38,162
Expenditures:				
Current				
Community environment				
Other	330,000	418,000	413,279	4,721
Total expenditures	330,000	418,000	413,279	4,721
Excess of revenues over (under) expenditures	(130,000)	(130,000)	(87,117)	42,883
Other financing sources (uses):				
Transfers-in	125,000	125,000	125,000	-
Total other financing sources (uses)	125,000	125,000	125,000	-
Net change in fund balance	(5,000)	(5,000)	37,883	42,883
Fund balance, beginning of the year	1,535	1,535	1,535	-
Fund balance, end of the year	\$ (3,465)	\$ (3,465)	\$ 39,418	\$ 42,883

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
SENIOR SERVICES FUND
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property taxes	\$ 622,485	\$ 622,485	\$ 609,567	\$ (12,918)
Intergovernmental revenue	93,015	93,015	71,843	(21,172)
Total revenues	715,500	715,500	681,410	(34,090)
Expenditures:				
Current				
Community environment				
Other	715,500	715,500	681,409	34,091
Total expenditures	715,500	715,500	681,409	34,091
Net change in fund balance	-	-	1	1
Fund balance, beginning of the year	-	-	-	-
Fund balance, end of the year	\$ -	\$ -	\$ 1	\$ 1

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
HUD SECTION 108 LOAN
FOR YEAR ENDED DECEMBER 31, 2019

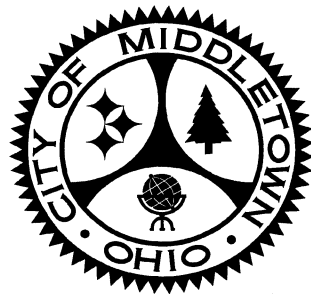
	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Miscellaneous revenue	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Current				
Community environment				
Other	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of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

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
INCOME TAX FUND
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
CITY INCOME TAX	\$ 23,328,590	\$ 26,130,590	\$ 26,309,538	\$ 178,948
less transfers out				
TO GENERAL FUND	\$ (14,190,000)	\$ (16,075,000)	\$ (16,025,000)	\$ (50,000)
TO AUTO & GAS TAX FUN	\$ (600,000)	\$ (600,000)	\$ (600,000)	\$ -
TO FIRE PENSION FUND	\$ (1,140,000)	\$ (1,400,000)	\$ (1,400,000)	\$ -
TO POLICE PENSION FUND	\$ (890,000)	\$ (1,112,000)	\$ (1,112,000)	\$ -
TO GENERAL BOND RETIREM	\$ (1,529,890)	\$ (1,529,890)	\$ (1,529,890)	\$ -
TO COMPUTER REPLACE FUN	\$ (8,000)	\$ (8,000)	\$ (8,000)	\$ -
TO TERMINATION PAY	\$ (500,000)	\$ (500,000)	\$ (500,000)	\$ -
TO PUBLIC SAFETY FUND	\$ (3,332,680)	\$ (3,767,680)	\$ (3,736,000)	\$ (31,680)
TO HEALTH FUND	\$ (150,000)	\$ (150,000)	\$ (150,000)	\$ -
TO MUNICIPAL COURT	\$ (475,000)	\$ (475,000)	\$ (525,000)	\$ 50,000
TO CAPITAL IMP FUND	\$ -	\$ -	\$ -	\$ -
Municipal income tax	\$ 513,020	\$ 513,020	\$ 723,648	\$ 147,268
Total revenues	513,020	513,020	723,648	147,268
Expenditures:				
Current				
General government				
Personal services	614,667	618,667	586,430	32,237
Other	170,239	170,239	53,646	116,593
Total expenditures	784,906	788,906	640,076	148,830
Net change in fund balance	(271,886)	(275,886)	83,572	296,098
Fund balance, beginning of the year	364,909	364,909	364,909	-
Appropriation for prior year encumbrances	15,864	15,864	15,864	-
Fund balance, end of the year	\$ 108,887	\$ 104,887	\$ 464,345	\$ 296,098

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
TERMINATION PAY FUND
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income tax	\$ 500,000	\$ 500,000	\$ 500,000	\$ -
Total revenues	500,000	500,000	500,000	-
Expenditures:				
Current				
Personal services:				
Public safety	325,000	325,000	315,195	9,805
Public health & welfare	7,500	7,500	-	7,500
Leisure time activities	10,325	10,325	-	10,325
Community environment	25,000	25,000	21,494	3,506
General government	124,675	124,675	35,169	89,506
Highways & streets	6,500	6,500	-	6,500
Miscellaneous	1,000	1,000	-	1,000
Total expenditures	500,000	500,000	371,858	128,142
Net change in fund balance	-	-	128,142	128,142
Fund balance, beginning of the year	761,812	761,812	761,812	-
Fund balance, end of the year	\$ 761,812	\$ 761,812	\$ 889,954	\$ 128,142



**CITY OF MIDDLETOWN, OHIO
COMBINING BALANCE SHEET
NON MAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2019**

	General Obligation Debt Service	East End - Towne Blvd Tax Increment Financing District	Downtown Tax Increment Financing District	Aeronca Tax Increment Financing District	Airport - Riverfront Tax Increment Financing District	Miller Road North Tax Increment Financing District
Assets						
Cash and equity in pooled cash, deposits and investments	\$ 210,838	\$ 326,657	\$ 6,111	\$ 4,458	\$ 10,760	\$ 109,273
Receivables (net of allowance for uncollectibles):						
Payments in lieu of taxes	-	352,663	7,267	-	646	9,944
Due from other governments	7,405	-	-	-	-	-
Total assets	\$ 218,243	\$ 679,320	\$ 13,378	\$ 4,458	\$ 11,406	\$ 119,217
Deferred inflows						
Revenues levied for the next year and unavailable revenue	\$ 7,405	\$ 352,663	\$ 7,267	\$ -	\$ 646	\$ 9,944
Total deferred inflows	7,405	352,663	7,267	-	646	9,944
Fund balances:						
Restricted	-	326,657	6,111	4,458	10,760	109,273
Committed	210,838	-	-	-	-	-
Total fund balance	210,838	326,657	6,111	4,458	10,760	109,273
Total deferred inflows and fund balance	\$ 218,243	\$ 679,320	\$ 13,378	\$ 4,458	\$ 11,406	\$ 119,217

Towne Mall Hospital Tax Increment Financing District	Renaissance North Tax Increment Financing District	Renaissance South Tax Increment Financing District	Manchester Road Tax Increment Financing District	Greentree Tax Increment Financing District	Made Industrial Park Tax Increment Financing	South Yankee Road Tax Increment Financing	Towne Mall Tax Increment Financing	Totals
\$ 73,757	\$ 150,786	\$ 244,745	\$ 378	\$ 380,771	\$ 2,407	\$ 24,071	\$ 53,406	\$ 1,598,418
144,004	103,417	123,591	-	87,334	4,169	247	104,616	937,898
-	-	-	-	-	-	-	-	7,405
\$ 217,761	\$ 254,203	\$ 368,336	\$ 378	\$ 468,105	\$ 6,576	\$ 24,318	\$ 158,022	\$ 2,543,721
\$ 144,004	\$ 103,417	\$ 123,591	\$ -	\$ 87,334	\$ 4,169	\$ 247	\$ 104,616	\$ 945,303
144,004	103,417	123,591	-	87,334	4,169	247	104,616	945,303
73,757	150,786	244,745	378	380,771	2,407	24,071	53,406	1,387,580
-	-	-	-	-	-	-	-	210,838
73,757	150,786	244,745	378	380,771	2,407	24,071	53,406	1,598,418
\$ 217,761	\$ 254,203	\$ 368,336	\$ 378	\$ 468,105	\$ 6,576	\$ 24,318	\$ 158,022	\$ 2,543,721

**CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON MAJOR DEBT SERVICE FUNDS
FOR YEAR ENDED DECEMBER 31, 2019**

	General Obligation Debt Service	East End - Towne Blvd Tax Increment Financing District	Downtown Tax Increment Financing District	Aeronca Tax Increment Financing District	Airport - Riverfront Tax Increment Financing District	Miller Road North Tax Increment Financing District
Revenues						
Municipal income taxes	\$ 1,529,890	\$ -	\$ -	\$ -	\$ -	\$ -
Payment in lieu of taxes	-	416,111	7,275	-	953	9,582
Intergovernmental	460,992	-	-	-	-	-
Miscellaneous revenues	274,385	-	-	-	-	-
Total revenues	2,265,267	416,111	7,275	-	953	9,582
Expenditures						
Debt service						
Principal retirement	1,815,921	210,650	10,000	-	-	-
Interest and fiscal charges	441,606	39,350	-	-	-	-
Miscellaneous	-	105,250	-	-	-	-
Total expenditures	2,257,527	355,250	10,000	-	-	-
Excess of revenues over (under) expenditures	7,740	60,861	(2,725)	-	953	9,582
Other financing sources (uses):						
Transfers-in	23,268	-	-	-	-	-
Total other financing sources (uses)	23,268	-	-	-	-	-
Net change in fund balance	31,008	60,861	(2,725)	-	953	9,582
Fund balance, beginning of the year	179,830	265,796	8,836	4,458	9,807	99,691
Fund balance, end of the year	\$ 210,838	\$ 326,657	\$ 6,111	\$ 4,458	\$ 10,760	\$ 109,273

Towne Mall Hospital Tax Increment Financing District	Renaissance North Tax Increment Financing District	Renaissance South Tax Increment Financing District	Manchester Road Tax Increment Financing District	Greentree Tax Increment Financing District	Made Industrial Park Tax Increment Financing	South Yankee Road Tax Increment Financing	Towne Mall Tax Increment Financing	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,529,890
584,301	317,261	382,446	-	39,010	1,104	247	308,580	2,066,870
-	-	-	-	-	-	-	-	460,992
-	-	-	-	-	-	-	-	274,385
584,301	317,261	382,446	-	39,010	1,104	247	308,580	4,332,137
140,000	70,000	-	-	-	-	-	-	2,246,571
-	-	79,650	-	-	-	-	-	560,606
418,605	222,143	265,251	-	-	-	-	255,174	1,266,423
558,605	292,143	344,901	-	-	-	-	255,174	4,073,600
25,696	25,118	37,545	-	39,010	1,104	247	53,406	258,537
-	-	-	-	-	-	-	-	23,268
-	-	-	-	-	-	-	-	23,268
25,696	25,118	37,545	-	39,010	1,104	247	53,406	281,805
48,061	125,668	207,200	378	341,761	1,303	23,824	-	1,316,613
\$ 73,757	\$ 150,786	\$ 244,745	\$ 378	\$ 380,771	\$ 2,407	\$ 24,071	\$ 53,406	\$ 1,598,418

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
SPECIAL ASSESSMENT DEBT SERVICE FUND
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special assessments	\$ 270,000	\$ 270,000	\$ 213,444	\$ (56,556)
Miscellaneous	-	-	19,970	19,970
Total revenues	270,000	270,000	233,414	(36,586)
Expenditures:				
Debt service	262,901	262,901	249,887	13,014
Total expenditures	262,901	262,901	249,887	13,014
Net change in fund balance	7,099	7,099	(16,473)	(23,572)
Fund balance, beginning of the year	465,435	465,435	465,435	-
Fund balance, end of the year	\$ 472,534	\$ 472,534	\$ 448,962	\$ (23,572)

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL OBLIGATION DEBT SERVICE FUND
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income taxes	\$ 1,529,890	\$ 1,529,890	\$ 1,529,890	\$ -
Intergovernmental	950	950	93,281	92,331
Miscellaneous	734,428	734,428	402,097	(332,331)
Total revenues	2,265,268	2,265,268	2,025,268	(240,000)
Expenditures:				
Current				
Miscellaneous				
Other	5,000	5,000	303	4,697
Debt service	2,295,529	2,295,529	2,017,223	278,306
Total expenditures	2,300,529	2,300,529	2,017,526	283,003
Excess of revenues under expenditures	(35,261)	(35,261)	7,742	43,003
Other financing sources:				
Transfers-in	-	23,267	23,267	-
Total other financing sources	-	23,267	23,267	-
Net change in fund balance	(35,261)	(11,994)	31,009	43,003
Fund balance, beginning of the year	179,830	179,830	179,830	-
Fund balance, end of the year	\$ 144,569	\$ 167,836	\$ 210,838	\$ 43,003

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
EAST END/TOWNE BLVD TAX INCREMENT FINANCING DISTRICT FUND
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 280,000	\$ 280,000	\$ 416,111	\$ 136,111
Total revenues	280,000	280,000	416,111	136,111
Expenditures:				
Current				
Miscellaneous				
Other	105,300	105,300	105,250	50
Debt service	250,000	250,000	250,000	-
Total expenditures	355,300	355,300	355,250	50
Net change in fund balance	(75,300)	(75,300)	60,861	136,161
Fund balance, beginning of the year	265,196	265,196	265,196	-
Fund balance, end of the year	\$ 189,896	\$ 189,896	\$ 326,057	\$ 136,161

**CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
DOWNTOWN TAX INCREMENT FINANCING DISTRICT FUND
FOR YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 9,520	\$ 9,520	\$ 7,275	\$ (2,245)
Total revenues	9,520	9,520	7,275	(2,245)
Expenditures:				
Current				
Miscellaneous				
Other	100	100	-	100
Debt service	10,000	10,000	10,000	-
Total expenditures	10,100	10,100	10,000	100
Net change in fund balance	(580)	(580)	(2,725)	(2,145)
Fund balance, beginning of the year	8,836	8,836	8,836	-
Fund balance, end of the year	\$ 8,256	\$ 8,256	\$ 6,111	\$ (2,145)

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
AERONCA TAX INCREMENT FINANCING DISTRICT FUND
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Current				
Miscellaneous				
Other	36	36	-	36
Total expenditures	36	36	-	36
Net change in fund balance	(36)	(36)	-	36
Fund balance, beginning of the year	4,458	4,458	4,458	-
Fund balance, end of the year	\$ 4,422	\$ 4,422	\$ 4,458	\$ 36

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
AIRPORT/RIVERFRONT TAX INCREMENT FINANCING DISTRICT FUND
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 1,020	\$ 1,020	\$ 953	\$ (67)
Total revenues	1,020	1,020	953	(67)
Expenditures:				
Current				
Miscellaneous				
Other	35	35	-	35
Total expenditures	35	35	-	35
Net change in fund balance	985	985	953	(32)
Fund balance, beginning of the year	9,807	9,807	9,807	-
Fund balance, end of the year	\$ 10,792	\$ 10,792	\$ 10,760	\$ (32)

**CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
MILLER ROAD NORTH TAX INCREMENT FINANCING DISTRICT FUND
FOR YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 8,750	\$ 8,750	\$ 9,582	\$ 832
Total revenues	8,750	8,750	9,582	832
Expenditures:				
Current				
Miscellaneous				
Other	240	240	-	240
Total expenditures	240	240	-	240
Net change in fund balance	8,510	8,510	9,582	1,072
Fund balance, beginning of the year	99,691	99,691	99,691	-
Fund balance, end of the year	\$ 108,201	\$ 108,201	\$ 109,273	\$ 1,072

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
TOWNE MALL/HOSPITAL TAX INCREMENT FINANCING DISTRICT FUND
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 525,000	\$ 585,021	\$ 584,301	\$ (720)
Total revenues	525,000	585,021	584,301	(720)
Expenditures:				
Current				
Miscellaneous				
Other	382,225	422,246	418,605	3,641
Debt service	140,000	140,000	140,000	-
Total expenditures	522,225	562,246	558,605	3,641
Net change in fund balance	2,775	22,775	25,696	2,921
Fund balance, beginning of the year	48,061	48,061	48,061	-
Fund balance, end of the year	\$ 50,836	\$ 70,836	\$ 73,757	\$ 2,921

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
RENAISSANCE NORTH TAX INCREMENT FINANCING DISTRICT FUND
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 200,000	\$ 317,261	\$ 317,261	\$ -
Total revenues	200,000	317,261	317,261	-
Expenditures:				
Current				
Miscellaneous				
Other	154,475	224,657	222,144	2,513
Debt service	70,000	70,000	70,000	-
Total expenditures	224,475	294,657	292,144	2,513
Net change in fund balance	(24,475)	22,604	25,118	2,513
Fund balance, beginning of the year	125,668	125,668	125,668	-
Fund balance, end of the year	\$ 101,193	\$ 148,272	\$ 150,786	\$ 2,513

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
RENAISSANCE SOUTH TAX INCREMENT FINANCING DISTRICT FUND
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 145,000	\$ 382,445	\$ 382,446	\$ 1
Total revenues	145,000	382,445	382,446	1
Expenditures:				
Current				
Miscellaneous				
Other	101,675	266,369	265,251	1,118
Debt service	80,000	80,000	79,650	350
Total expenditures	181,675	346,369	344,901	1,468
Net change in fund balance	(36,675)	36,076	37,545	1,469
Fund balance, beginning of the year	207,200	207,200	207,200	-
Fund balance, end of the year	\$ 170,525	\$ 243,276	\$ 244,745	\$ 1,469

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
MANCHESTER ROAD TAX INCREMENT FINANCING DISTRICT FUND
FOR YEAR ENDED DECEMBER 31, 2019

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

**CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
GREENTREE INDUSTRIAL PARK TAX INCREMENT FINANCING FUND
FOR YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 41,000	\$ 41,000	\$ 39,011	\$ (1,989)
Total revenues	41,000	41,000	39,011	(1,989)
Expenditures:				
Current				
Miscellaneous				
Other	20,020	20,020	-	20,020
Capital Outlay	55,000	55,000	-	
Total expenditures	75,020	75,020	-	20,020
Net change in fund balance	(34,020)	(34,020)	39,011	18,031
Fund balance, beginning of the year	341,761	341,761	341,761	-
Fund balance, end of the year	\$ 307,741	\$ 307,741	\$ 380,771	\$ 18,031

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
MADE INDUSTRIAL PARK TAX INCREMENT FINANCING FUND
FOR YEAR ENDED DECEMBER 31, 2019

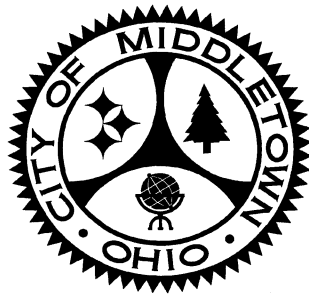
	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 70	\$ 70	\$ 1,104	\$ 1,034
Total revenues	70	70	1,104	1,034
Expenditures:				
Current				
Miscellaneous				
Other	20	20	-	20
Total expenditures	20	20	-	20
Net change in fund balance	50	50	1,104	1,054
Fund balance, beginning of the year	1,303	1,303	1,303	-
Fund balance, end of the year	\$ 1,353	\$ 1,353	\$ 2,407	\$ 1,054

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
SOUTH YANKEE ROAD TAX INCREMENT FINANCING FUND
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 390	\$ 390	\$ 247	\$ (143)
Total revenues	390	390	247	(143)
Expenditures:				
Current				
Miscellaneous				
Other	35	35	-	35
Total expenditures	35	35	-	35
Net change in fund balance	355	355	247	(108)
Fund balance, beginning of the year	23,824	23,824	23,824	-
Fund balance, end of the year	\$ 24,179	\$ 24,179	\$ 24,071	\$ (108)

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
TOWNE MALL INCREMENT FINANCING DISTRICT FUND
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ -	\$ 308,580	\$ 308,580	\$ -
Total revenues	-	308,580	308,580	-
Expenditures:				
Current				
Miscellaneous				
Other	-	256,758	255,174	1,584
Total expenditures	-	256,758	255,174	1,584
Net change in fund balance	-	51,822	53,406	1,584
Fund balance, beginning of the year	-	-	-	-
Fund balance, end of the year	\$ -	\$ 51,822	\$ 53,406	\$ 1,584



**CITY OF MIDDLETOWN, OHIO
COMBINING BALANCE SHEET
NON MAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2019**

	East End Development	Downtown Improvements	Computer Replacement	Property Development	2010 Lefferson Road Sewer Special Assessment
Assets					
Cash and equity in pooled cash, deposits and investments	\$ 126,328	\$ 185,092	\$ 1,461,446	\$ 349,600	\$ -
Receivables (net of allowance for uncollectibles):					
Accounts	-	-	-	16,364	-
Total assets	\$ 126,328	\$ 185,092	\$ 1,461,446	\$ 365,964	\$ -
Liabilities					
Accounts payable	\$ -	\$ -	\$ 25,842	\$ -	\$ -
Due to other funds	-	-	-	-	-
Total liabilities	-	-	25,842	-	-
Fund balances:					
Restricted	126,328	-	-	-	-
Committed	-	185,092	1,435,604	365,964	-
Unassigned	-	-	-	-	-
Total fund balances	126,328	185,092	1,435,604	365,964	-
Total liabilities and fund balances	\$ 126,328	\$ 185,092	\$ 1,461,446	\$ 365,964	\$ -

2011 Sidewalk, Curb and Gutter	Main Street Special Assessment	Central Avenue Sidewalk Curb and Gutter	2018 Sidewalk Curb and Gutter Program	2019 Sidewalk Curb and Gutter Program	Economic Development Bond Service	Totals
\$ 13,565	\$ -	\$ 5	\$ 2	\$ 107,570	\$ 265	\$ 2,243,873
-	-	-	-	-	-	16,364
\$ 13,565	\$ -	\$ 5	\$ 2	\$ 107,570	\$ 265	\$ 2,260,237
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	25,842
-	-	71,562	202,696	633,177	-	907,435
-	-	71,562	202,696	633,177	-	933,277
13,565	-	-	-	-	-	139,893
-	-	-	-	-	265	1,986,925
-	-	(71,557)	(202,694)	(525,607)	-	(799,858)
13,565	-	(71,557)	(202,694)	(525,607)	265	1,326,960
\$ 13,565	\$ -	\$ 5	\$ 2	\$ 107,570	\$ 265	\$ 2,260,237

**CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON MAJOR CAPITAL PROJECT FUNDS
FOR YEAR ENDED DECEMBER 31, 2019**

	East End Development	Downtown Improvements	Computer Replacement	Property Development	2010 Lefferson Road Sewer Special Assessment
Revenues					
Municipal income taxes	\$ -	\$ -	\$ 8,000	\$ -	\$ -
Intergovernmental revenues	-	-	-	182,637	-
Special Assessments	-	-	-	-	-
Investment income	2,464	4,844	30,552	-	-
Miscellaneous	-	97,503	-	-	-
Total revenues	2,464	102,347	38,552	182,637	-
Expenditures					
Current					
Community environment	-	63,641	-	106,505	-
Highways and streets	-	-	-	-	-
General government	-	-	336,857	-	-
Debt service					
Principal retirement	-	120,000	-	-	-
Interest and fiscal charges	-	70,053	-	-	-
Total expenditures	-	253,694	336,857	106,505	-
Excess of revenues over (under) expenditures	2,464	(151,347)	(298,305)	76,132	-
Other financing sources (uses)					
Transfers-in	-	185,000	178,132	-	-
Transfers-out	-	-	-	-	(1,475)
Total other financing sources (uses)	-	185,000	178,132	-	(1,475)
Net change in fund balances	2,464	33,653	(120,173)	76,132	(1,475)
Fund balance, beginning of year	123,864	151,439	1,555,777	289,832	1,475
Fund balance, end of the year	\$ 126,328	\$ 185,092	\$ 1,435,604	\$ 365,964	\$ -

2011 Sidewalk, Curb and Gutter	Main Street Special Assessment	Central Avenue Sidewalk Curb and Gutter	2018 Sidewalk Curb and Gutter Program	2019 Sidewalk Curb and Gutter Program	Economic Development Bond Service	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,000
-	-	-	-	-	-	182,637
2,427	-	12,255	73,830	-	-	88,512
-	-	-	-	-	-	37,860
-	-	-	-	-	-	97,503
2,427	-	12,255	73,830	-	-	414,512
-	-	-	-	-	-	170,146
-	-	-	-	525,607	-	525,607
-	-	-	-	-	-	336,857
-	-	-	-	-	75,000	195,000
-	-	-	-	-	80,592	150,645
-	-	-	-	525,607	155,592	1,378,255
2,427	-	12,255	73,830	(525,607)	(155,592)	(963,743)
-	-	-	-	-	155,593	518,725
-	(21,793)	-	-	-	-	(23,268)
-	(21,793)	-	-	-	155,593	495,457
2,427	(21,793)	12,255	73,830	(525,607)	1	(468,286)
11,138	21,793	(83,812)	(276,524)	-	264	1,795,246
\$ 13,565	\$ -	\$ (71,557)	\$ (202,694)	\$ (525,607)	\$ 265	\$ 1,326,960

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
CAPITAL IMPROVEMENTS FUND
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property taxes	\$ 570,123	\$ 570,123	\$ 602,293	\$ 32,170
Municipal income taxes	-	-	362,000	362,000
Intergovernmental revenue	870,559	870,559	1,380,555	509,996
Charges for services	5,000	5,000	4,213	(787)
Interest earnings	-	-	62,193	62,193
Miscellaneous	-	-	1,252,038	1,252,038
Total revenues	1,445,682	1,445,682	3,663,292	2,217,610
Expenditures:				
Current				
Public safety				
Other	456,493	516,493	280,835	235,658
Leisure time activities				
Other	102,223	150,973	162,552	(11,579)
Community environment				
Other	-	1,200,000	1,200,000	-
Highways and streets				
Other	1,946,126	2,446,125	2,679,945	(233,820)
Miscellaneous				
Other	12,000	12,000	9,970	2,030
Total expenditures	2,516,842	4,325,591	4,333,303	(7,712)
Excess of revenues over (under) expenditures	(1,071,160)	(2,879,909)	(670,011)	2,209,898
Other financing sources (uses):				
Other uses	-	-	(20,683)	(20,683)
Total other financing sources (uses)	-	-	(20,683)	(20,683)
Net change in fund balance	(1,071,160)	(2,879,909)	(690,694)	2,189,215
Fund balance, beginning of the year	1,438,959	1,438,959	1,438,959	-
Appropriation for prior year encumbrances	724,841	724,841	724,841	-
Fund balance, end of the year	\$ 1,092,640	\$ (716,109)	\$ 1,473,106	\$ 2,189,215

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
EAST END DEVELOPMENT FUND
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Interest earnings	\$ -	\$ -	\$ 2,464	\$ 2,464
Total revenues	-	-	2,464	2,464
Expenditures:				
Current				
Community environment				
Other	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	-	2,464	2,464
Fund balance, beginning of the year	123,864	123,864	123,864	-
Fund balance, end of the year	\$ 123,864	\$ 123,864	\$ 126,328	\$ 2,464

**CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
DOWNTOWN IMPROVEMENTS FUND
FOR YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Interest earnings	\$ 1,502	\$ 1,502	\$ 4,844	\$ 3,342
Miscellaneous	67,066	67,066	97,503	30,437
Total revenues	68,568	68,568	102,347	33,779
Expenditures:				
Current				
Community environment				
Other	155,000	155,000	83,998	71,002
Debt Service				
Principal retirement	120,000	120,000	110,000	10,000
Interest & fiscal charges	70,053	70,053	70,053	-
Total expenditures	345,053	345,053	264,051	81,002
Excess of revenues under expenditures	(276,485)	(276,485)	(161,704)	114,781
Other financing sources (uses):				
Transfers-in	185,000	185,000	185,000	-
Total other financing sources (uses)	185,000	185,000	185,000	-
Net change in fund balance	(91,485)	(91,485)	23,296	114,781
Fund balance, beginning of the year	116,796	116,796	116,796	-
Appropriation for prior year encumbrances	35,000	35,000	35,000	-
Fund balance, end of the year	\$ 60,311	\$ 60,311	\$ 175,092	\$ 114,781

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
COMPUTER REPLACEMENT FUND
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income taxes	\$ 8,000	\$ 8,000	\$ 8,000	\$ 0
Interest earnings	62,826	62,826	30,552	(32,274)
Miscellaneous	55,120	55,120	(0)	(55,120)
Total revenues	125,946	125,946	38,553	(87,393)
Expenditures:				
Current				
General government				
Other	726,313	726,313	370,313	356,000
Total expenditures	726,313	726,313	370,313	356,000
Excess of revenues under expenditures	(600,367)	(600,367)	(331,760)	268,607
Other financing sources:				
Transfers-in	178,132	178,132	178,132	0
Total other financing sources	178,132	178,132	178,132	0
Net change in fund balance	(422,235)	(422,235)	(153,628)	268,607
Fund balance, beginning of the year	1,321,271	1,321,271	1,321,271	-
Appropriation for prior year encumbrances	251,313	251,313	251,313	-
Fund balance, end of the year	\$ 1,150,349	\$ 1,150,349	\$ 1,418,956	\$ 268,607

**CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
PROPERTY DEVELOPMENT FUND
FOR YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental	\$ 160,000	\$ 160,000	\$ 181,532	\$ 21,532
Miscellaneous	100,000	100,000	-	(100,000)
Total revenues	260,000	260,000	181,532	(78,468)
Expenditures:				
Current				
Community environment				
Other	494,209	494,209	276,331	217,878
Total expenditures	494,209	494,209	276,331	217,878
Net change in fund balance	(234,209)	(234,209)	(94,799)	139,410
Fund balance, beginning of the year	127,745	127,745	127,745	-
Appropriation for prior year encumbrances	146,827	146,827	146,827	-
Fund balance, end of the year	\$ 40,363	\$ 40,363	\$ 179,773	\$ 139,410

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
2010 LEFFERSON ROAD SEWER SPECIAL ASSESSMENT
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special assessments	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Current				
Community environment				
Other				
Community environment	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over/under expenditures	-	-	-	-
Other financing sources/uses:				
Transfers-out	-	(1,475)	(1,475)	-
Total other financing sources/uses	-	(1,475)	(1,475)	-
Net change in fund balance	-	(1,475)	(1,475)	-
Fund balance, beginning of the year	1,475	1,475	1,475	-
Fund balance, end of the year	\$ 1,475	\$ -	\$ -	\$ -

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
2011 SIDEWALK, CURB AND GUTTER FUND
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special assessments	\$ -	\$ -	\$ 2,427	\$ 2,427
Total revenues	-	-	2,427	2,427
Expenditures:				
Current				
Highways and streets				
Other	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	-	2,427	2,427
Fund balance, beginning of the year	11,138	11,138	11,138	-
Fund balance, end of the year	\$ 11,138	\$ 11,138	\$ 13,565	\$ 2,427

**CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
MAIN STREET SPECIAL ASSESSMENT
FOR YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special Assessments	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Current				
Highways and streets				
Other	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over/under expenditures	-	-	-	-
Other financing sources (uses):				
Transfers-out	-	(21,793)	(21,793)	-
Total other financing uses	-	(21,793)	(21,793)	-
Net change in fund balance	-	(21,793)	(21,793)	-
Fund balance, beginning of the year	21,793	21,793	21,793	-
Fund balance, end of the year	\$ 21,793	\$ -	\$ -	\$ -

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
CENTRAL AVE. SIDEWALK, CURB AND GUTTER FUND
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special Assessments	\$ -	\$ -	\$ 12,255	\$ 12,255
Total revenues	-	-	12,255	12,255
Expenditures:				
Current				
Highways and streets	-	-	-	-
Other	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over/under expenditures	-	-	12,255	12,255
Other financing sources/uses:				
Advance out	-	-	(12,250)	(12,250)
Total other financing sources/(uses)	-	-	(12,250)	(12,250)
Net change in fund balance	-	-	5	5
Fund balance, beginning of the year	-	-	-	-
Fund balance, end of the year	\$ -	\$ -	\$ 5	\$ 5

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
2018 SIDEWALK, CURB AND GUTTER FUND
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special assessments	\$ 87,491	\$ 87,491	\$ 73,830	\$ (13,661)
Total revenues	87,491	87,491	73,830	(13,661)
Expenditures:				
Current				
Highways and streets				
Other	294,295	294,295	45,872	248,423
Total expenditures	294,295	294,295	45,872	248,423
Excess of revenues under expenditures	(206,804)	(206,804)	27,958	234,762
Other financing sources:				
Advance out	-	-	(234,760)	(234,760)
Total other financing sources	-	-	(234,760)	(234,760)
Net change in fund balance	(206,804)	(206,804)	(206,802)	2
Fund balance, beginning of the year	-	-	-	-
Appropriation for prior year encumbrances	206,804	206,804	206,804	-
Fund balance, end of the year	\$ -	\$ -	\$ 2	\$ 2

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
ECONOMIC DEVELOPMENT BOND SERVICE FUND
FOR YEAR ENDED DECEMBER 31, 2019

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Miscellaneous revenue	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Current				
Community environment				
Other		-	-	
Debt Service				
Principal retirement	75,000	75,000	75,000	
Interest expense	80,593	80,593	80,593	
Total expenditures	155,593	155,593	155,593	-
Excess of revenues over/under expenditures	(155,593)	(155,593)	(155,593)	-
Other financing sources:				
Transfer in	155,593	155,593	155,593	0
Total other financing sources	155,593	155,593	155,593	0
Net change in fund balance	-	-	0	0
Fund balance, beginning of the year	264	264	264	-
Fund balance, end of the year	\$ 264	\$ 264	\$ 265	\$ 0

**CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
2019 SIDEWALK, CURB AND GUTTER FUND
FOR YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special assessments	\$ 500,000	\$ 633,177	\$ -	\$ (633,177)
Total revenues	500,000	633,177	-	(633,177)
Expenditures:				
Current				
Highways and streets				
Other	500,000	633,177	633,177	-
Total expenditures	500,000	633,177	633,177	-
Excess of revenues under expenditures	-	-	(633,177)	(633,177)
Other financing sources:				
Advance	-	-	633,177	633,177
Total other financing sources	-	-	633,177	633,177
Net change in fund balance	-	-	-	-
Fund balance, beginning of the year	-	-	-	-
Fund balance, end of the year	\$ -	\$ -	\$ -	\$ -



**CITY OF MIDDLETOWN
FUND DESCRIPTIONS
DECEMBER 31, 2019**

NON MAJOR ENTERPRISE FUNDS:

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

AIRPORT FUND

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

TRANSIT SYSTEM

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

**CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF NET POSITION
NON MAJOR ENTERPRISE FUNDS
DECEMBER 31, 2019**

Business Type Activities - Enterprise Funds

	Airport	Transit	Totals
Assets:			
Current assets			
Equity in pooled cash, deposits and investments	\$ 512,124	\$ 102,136	\$ 614,260
Receivables (net of allowance for uncollectibles):			
Intergovernmental	232,350	225,495	457,845
Total current assets	744,474	327,631	1,072,105
Noncurrent Assets:			
Capital assets:			
Construction in progress	158,278	-	158,278
Land	1,524,356	-	1,524,356
Land improvements	666,367	-	666,367
Infrastructure assets	1,688,161	-	1,688,161
Buildings	1,914,506	1,370,702	3,285,208
Equipment	1,505,670	3,400,138	4,905,808
Less: Accumulated depreciation	(2,704,796)	(3,213,858)	(5,918,654)
Total capital assets (net of accumulated depreciation)	4,752,542	1,556,982	6,309,524
Total noncurrent assets	4,752,542	1,556,982	6,309,524
Total assets	5,497,016	1,884,613	7,381,629
Deferred outflows of resources:			
Deferred charge on refunding	9,680	-	9,680
Pension related	-	118,350	118,350
OPEB related	-	15,153	15,153
Total deferred outflows of resources:	9,680	133,503	143,183
Liabilities:			
Current liabilities			
Accounts payable	368,837	234,906	603,743
Accrued wages and benefits	-	4,922	4,922
Other accrued liabilities	5,164	-	5,164
Accrued interest payable	2,517	-	2,517
Due to other funds	244,713	13,911	258,624
General obligation bonds payable	90,000	-	90,000
Compensated absences (short-term)	-	2,973	2,973
Total current liabilities	711,231	256,712	967,943
Long-term liabilities:			
General obligation bonds payable	776,320	-	776,320
Compensated absences payable	-	1,757	1,757
Net pension liability	-	370,398	370,398
Net OPEB liability	-	184,814	184,814
Total long-term liabilities	776,320	556,969	1,333,289
Total liabilities	1,487,551	813,681	2,301,232
Deferred inflows of resources:			
Pension related	-	5,322	5,322
OPEB related	-	2,574	2,574
Total deferred inflows of resources:	-	7,896	7,896
Net position:			
Net investment in capital assets	3,895,902	1,556,982	5,452,884
Unrestricted	123,243	(360,443)	(237,200)
Total net position	\$ 4,019,145	\$ 1,196,539	\$ 5,215,684

**CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
NON MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Business Type Activities - Enterprise Funds

	Airport	Transit	Totals
Operating revenues:			
Charges for services	\$ 281,042	\$ 152,222	\$ 433,264
Other operating revenue	8,113	105,800	113,913
Total operating revenues	289,155	258,022	547,177
Operating expenses:			
Personal services	-	309,969	309,969
Contractual services	462,318	1,552,848	2,015,166
Commodities	26,541	2,595	29,136
Depreciation	262,734	443,110	705,844
Total operating expenses	751,593	2,308,522	3,060,115
Operating income (loss)	(462,438)	(2,050,500)	(2,512,938)
Non-operating revenues (expenses):			
Interest expense and fiscal charges	(24,362)	-	(24,362)
Operating grants	-	1,217,502	1,217,502
Total non-operating revenues (expenses)	(24,362)	1,217,502	1,193,140
Income (loss) before capital contributions and transfers	(486,800)	(832,998)	(1,319,798)
Capital contributions	395,879	156,015	551,894
Transfers in	469,500	120,000	589,500
Change in net position	378,579	(556,983)	(178,404)
Total net position, beginning of year	3,640,566	1,753,522	5,394,088
Total net position, end of year	\$ 4,019,145	\$ 1,196,539	\$ 5,215,684

**CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF CASH FLOWS
NON MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Business Type Activities - Enterprise Funds

	Airport	Transit	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 288,639	\$ 258,022	\$ 546,661
Cash payments to suppliers for goods and services	(210,519)	(1,250,103)	(1,460,622)
Cash payments to employees for services	-	(247,558)	(247,558)
Cash payments for interfund services used	(6,778)	(177,022)	(183,800)
Net cash provided (used) by operating activities	71,342	(1,416,661)	(1,345,319)
Cash flows from non-capital financing activities:			
Operating grants	97,575	1,217,502	1,315,077
Interfund loan receipts/payments	2,705	-	2,705
Transfers in	469,500	120,000	589,500
Net cash provided (used) by non-capital financing activities	569,780	1,337,502	1,907,282
Cash flows from capital and related financing activities:			
Purchase of capital assets	(546,687)	-	(546,687)
Interest expense	(33,600)	-	(33,600)
Repayment of debt principal	(85,000)	-	(85,000)
Capital grants	395,879	156,015	551,894
Net cash provided (used) by capital and related financing activities	(269,408)	156,015	(113,393)
Net increase (decrease) in cash and cash equivalents	371,714	76,856	448,570
Cash and cash equivalents, beginning of year	140,410	25,280	165,690
Cash and cash equivalents, end of year	\$ 512,124	\$ 102,136	\$ 614,260

continued

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF CASH FLOWS
NON MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Airport	Transit	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (462,438)	\$ (2,050,500)	\$ (2,512,938)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	262,734	443,110	705,844
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
Decrease (increase) in deferred outflows of resources - pension related	-	(60,481)	(60,481)
Decrease (increase) in deferred outflows of resources - OPEB related	-	(3,921)	(3,921)
Increase (decrease) in accounts payable	271,562	127,886	399,448
Increase (decrease) in accrued wages and benefits	(516)	(4,828)	(5,344)
Increase (decrease) in due to other funds	-	432	432
Increase (decrease) in compensated absences payable	-	(3,082)	(3,082)
Increase (decrease) in net pension liability	-	160,190	160,190
Increase (decrease) in net OPEB liability	-	32,187	32,187
Increase (decrease) in deferred inflows of resources - pension related	-	(44,887)	(44,887)
Increase (decrease) in deferred inflows of resources - OPEB related	-	(12,767)	(12,767)
Total adjustments	533,780	633,839	1,167,619
Net cash provided (used) by operating activities	\$ 71,342	\$ (1,416,661)	\$ (1,345,319)

**CITY OF MIDDLETOWN
FUND DESCRIPTIONS
DECEMBER 31, 2019**

INTERNAL SERVICE FUNDS:

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

MUNICIPAL GARAGE

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

EMPLOYEE BENEFITS

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

**CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2019**

	Municipal Garage	Employee Benefits Fund	Totals
Assets:			
Current assets:			
Equity in pooled cash, deposits and investments	\$ 6,981,871	\$ 687,907	\$ 7,669,778
Receivables (net of allowance for uncollectibles):			
Accounts	204,445	513,435	717,880
Due from other funds	101,005	-	101,005
Inventory of supplies	314,383	-	314,383
Total current assets	7,601,704	1,201,342	8,803,046
Capital assets:			
Land	195,750	-	195,750
Buildings	530,522	-	530,522
Equipment	13,434,577	-	13,434,577
Less: Accumulated depreciation	(10,368,532)	-	(10,368,532)
Net capital assets	3,792,317	-	3,792,317
Total assets	11,394,021	1,201,342	12,595,363
Deferred outflows of resources:			
Pension related	98,421	-	98,421
OPEB related	12,604	-	12,604
Total deferred outflows of resources:	111,025	-	111,025
Liabilities:			
Current liabilities:			
Accounts payable	110,851	800,698	911,549
Accrued wages and benefits	13,906	-	13,906
Due to other funds	-	1,000,000	1,000,000
Compensated absences payable	19,422	-	19,422
Total current liabilities	144,179	1,800,698	1,944,877
Long-term liabilities:			
Compensated absences payable	37,404	-	37,404
Net pension obligation	308,030	-	308,030
Net OPEB obligation	153,696	-	153,696
Total long-term liabilities	499,130	-	499,130
Total liabilities	643,309	1,800,698	2,444,007
Deferred inflows of resources:			
Pension related	4,426	-	4,426
OPEB related	2,141	-	2,141
Total deferred inflows of resources:	6,567	-	6,567
Net position:			
Investment in capital assets	3,792,317	-	3,792,317
Unrestricted	7,062,853	(599,356)	6,463,497
Total net position	\$ 10,855,170	\$ (599,356)	\$ 10,255,814

**CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Municipal Garage	Employee Benefits Fund	Totals
Operating revenues:			
Charges for services	\$ 2,698,621	\$ 5,733,169	\$ 8,431,790
Other operating revenues	218,366	-	218,366
Total operating revenues	2,916,987	5,733,169	8,650,156
Operating expenses:			
Personal services	613,260	-	613,260
Contractual services	426,732	5,099,890	5,526,622
Commodities	811,713	-	811,713
Depreciation	954,603	-	954,603
Other operating expenses	1,591	-	1,591
Total operating expenses	2,807,899	5,099,890	7,907,789
Operating income (loss)	109,088	633,279	742,367
Non-operating revenues (expenses):			
Interest revenue	139,064	-	139,064
Total non-operating revenues (expenses)	139,064	-	139,064
Change in net position	248,152	633,279	881,431
Total net position, beginning of the year	10,607,018	(1,232,635)	9,374,383
Total net position, end of the year	\$ 10,855,170	\$ (599,356)	\$ 10,255,814

**CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Municipal Garage	Employee Benefits Fund	Totals
Cash flows from operating activities:			
Cash payments to suppliers for goods and services	\$ (1,145,314)	\$ (4,803,908)	\$ (5,949,222)
Cash payments to employees for services	(550,758)	-	(550,758)
Cash received from interfund services provided	2,846,867	5,771,169	8,618,036
Cash payments for interfund services used	(83,246)	-	(83,246)
Net cash provided by operating activities	1,067,549	967,261	2,034,810
Cash flows from non-capital financing activities:			
Interfund loan receipts/(payments)	-	(500,000)	(500,000)
Net cash used by non-capital financing activities	-	(500,000)	(500,000)
Cash flows from capital and related financing activities:			
Purchase of capital assets	(1,477,652)	-	(1,477,652)
Net cash used by capital and related financing activities	(1,477,652)	-	(1,477,652)
Cash flows from investing activities:			
Interest income	139,064	-	139,064
Net cash provided by investing activities	139,064	-	139,064
Net increase in cash and cash equivalents	(271,039)	467,261	196,222
Cash and cash equivalents, beginning of year	7,252,910	220,646	7,473,556
Cash and cash equivalents, end of year	\$ 6,981,871	\$ 687,907	\$ 7,669,778

continued

**CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

(continued)	Municipal Garage	Employee Benefits Fund	Totals
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 109,088	\$ 633,279	\$ 742,367
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	954,603	-	954,603
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
Decrease (increase) in accounts receivable	(76,899)	38,000	(38,899)
Decrease (increase) in due from other funds	6,779	-	6,779
Decrease (increase) in supplies inventory	(1,015)	-	(1,015)
Decrease (increase) in deferred outflows of resources - pension related	(50,296)	-	(50,296)
Decrease (increase) in deferred outflows of resources - OPEB related	(3,263)	-	(3,263)
Increase (decrease) in accounts payable	12,490	295,982	308,472
Increase (decrease) in accrued wages	(965)	-	(965)
Increase (decrease) in compensated absences	4,988	-	4,988
Increase (decrease) in net pension liability	133,217	-	133,217
Increase (decrease) in net OPEB liability	26,768	-	26,768
Increase (decrease) in deferred inflows of resources - pension related	(37,329)	-	(37,329)
Increase (decrease) in deferred inflows of resources - OPEB related	(10,617)	-	(10,617)
Total adjustments	958,461	333,982	1,292,443
Net cash provided by operating activities	\$ 1,067,549	\$ 967,261	\$ 2,034,810

**CITY OF MIDDLETOWN
AGENCY FUNDS
DECEMBER 31, 2019**

AGENCY FUNDS:

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

PAYROLL CLEARING

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

MUNICIPAL COURT

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

JOINT ECONOMIC DEVELOPMENT DISTRICT I

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

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2019

	Payroll Clearing	Municipal Court	Joint Economic Development District I	Totals
Assets:				
Cash and equity in pooled cash, deposits and investments	\$ -	\$ 211,118	\$ 233,338	\$ 444,456
Cash with fiscal and escrow agent	997,578	-	-	997,578
Total assets	997,578	211,118	233,338	1,442,034
Liabilities:				
Due to other governments	632,840	-	233,338	866,178
Due to individuals	362,162	17,427	-	379,589
Unapportioned monies	2,575	193,691	-	196,267
Total liabilities	\$ 997,578	\$ 211,118	\$ 233,338	\$ 1,442,034

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**CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF CHANGES
IN FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

MUNICIPAL COURT				
	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets:				
Cash and equity in pooled cash, deposits and investments	\$ 185,305	\$ 3,170,002	\$ 3,144,189	\$ 211,118
Total assets	185,305	3,170,002	3,144,189	211,118
Liabilities:				
Due to other governments	-	550,372	550,372	-
Due to individuals	7,291	994,112	983,976	17,427
Unapportioned monies	178,014	215,262	199,585	193,691
Total liabilities	\$ 185,305	\$ 1,759,746	\$ 1,733,933	\$ 211,118

**CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF CHANGES
IN FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

JOINT ECONOMIC DEVELOPMENT DISTRICT I				
	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets:				
Cash and equity in pooled cash, deposits and investments	\$ 207,259	\$ 2,651,876	\$ 2,625,797	\$ 233,338
Total assets	207,259	2,651,876	2,625,797	\$ 233,338
Liabilities:				
Due to other governments	207,259	2,651,876	2,625,797	233,338
Total liabilities	\$ 207,259	\$ 2,651,876	\$ 2,625,797	\$ 233,338

STATISTICAL SECTION

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

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

CONTENTS	PAGE
Financial Trends <i>(Table 1 to Table 6)</i>	201
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity <i>(Table 7 to Table 11)</i>	208
These schedules contain information to help the reader assess one of the government's most significant local revenue sources, income tax and property taxes.	
Debt Capacity <i>(Table 12 to Table 16)</i>	213
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information <i>(Table 17 and Table 18)</i>	218
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information <i>(Table 19 to Table 21)</i>	220
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

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

		2019	2018	Restated 2017	2016	2015	Restated 2014	2013	2012	2011	2010
Governmental Activities:											
Net Investment in Capital Assets	\$	63,745	59,480	57,656	56,377	53,363	54,102	57,244	57,866	56,729	59,237
Restricted		14,352	11,995	13,426	12,164	12,843	12,896	22,026	25,539	30,934	35,676
Unrestricted		(39,336)	(53,909)	(52,457)	(22,837)	(19,834)	(19,142)	11,328	12,210	9,940	7,454
Total Governmental Activities Net Position	\$	<u>38,761</u>	<u>17,566</u>	<u>18,625</u>	<u>45,704</u>	<u>46,372</u>	<u>47,856</u>	<u>90,598</u>	<u>95,615</u>	<u>97,603</u>	<u>102,367</u>
Business-Type Activities:											
Net Investment in Capital Assets	\$	73,092	68,619	66,917	61,159	54,257	51,744	56,230	54,343	51,637	49,711
Restricted		-	-	-	-	-	-	-	-	1,501	1,457
Unrestricted		35,633	27,821	18,493	18,502	17,976	17,251	15,918	16,775	14,811	14,166
Total Business-Type Activities Net Position	\$	<u>108,725</u>	<u>96,440</u>	<u>85,410</u>	<u>79,661</u>	<u>72,233</u>	<u>68,995</u>	<u>72,148</u>	<u>71,118</u>	<u>67,949</u>	<u>65,334</u>
Primary Government:											
Net Investment in Capital Assets	\$	136,837	128,099	124,573	117,536	107,619	105,846	113,474	112,209	108,366	108,948
Restricted		14,352	11,995	13,426	12,164	12,843	12,896	22,026	25,539	32,435	37,133
Unrestricted		(3,703)	(26,088)	(33,964)	(4,335)	(1,858)	(1,891)	27,246	28,985	24,751	21,620
Total Primary Government Net Position	\$	<u>147,486</u>	<u>114,006</u>	<u>104,035</u>	<u>125,365</u>	<u>118,604</u>	<u>116,851</u>	<u>162,746</u>	<u>166,733</u>	<u>165,552</u>	<u>167,701</u>

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses										
Governmental activities:										
Community environment	\$ 2,367	5,753	3,930	4,320	5,970	11,557	16,561	14,555	16,739	13,318
General government	6,535	6,943	7,464	8,610	5,212	6,190	5,142	6,240	6,364	6,161
Leisure	746	1,223	1,191	1,072	1,032	1,698	1,069	1,210	1,164	947
Public health	373	644	538	530	421	405	367	983	781	941
Public safety	14,327	28,187	26,315	24,990	22,846	23,586	24,164	24,639	24,646	23,951
Highways and streets	7,080	6,704	7,393	7,272	8,417	8,171	7,662	9,557	8,565	9,776
Interest on long-term debt	746	839	1,085	1,074	1,262	1,078	1,229	1,402	1,447	1,241
Total governmental activities expenses	<u>32,174</u>	<u>50,294</u>	<u>47,916</u>	<u>47,868</u>	<u>45,160</u>	<u>52,685</u>	<u>56,194</u>	<u>58,586</u>	<u>59,706</u>	<u>56,335</u>
Business-type activities:										
Water	7,602	6,873	7,257	7,040	6,807	7,326	7,184	6,564	6,427	7,627
Sanitary Sewer	8,568	8,402	7,711	7,545	7,859	8,892	7,688	7,206	7,216	7,172
Golf	-	-	-	-	-	352	1,540	1,489	1,446	1,604
Solid Waste	3,498	3,511	3,075	3,281	3,092	2,933	2,827	2,690	2,667	2,616
Storm Water	1,560	1,450	1,299	1,236	1,168					
Non major enterprise funds	3,085	2,930	2,422	2,410	1,815	3,232	3,234	3,154	3,021	2,432
Total business-type activities expenses	<u>24,313</u>	<u>23,166</u>	<u>21,764</u>	<u>21,512</u>	<u>20,741</u>	<u>22,735</u>	<u>22,473</u>	<u>21,103</u>	<u>20,777</u>	<u>21,451</u>
Total primary government expenses	<u>\$ 56,487</u>	<u>73,460</u>	<u>69,680</u>	<u>69,380</u>	<u>65,901</u>	<u>75,420</u>	<u>78,667</u>	<u>79,689</u>	<u>80,483</u>	<u>77,786</u>
Program Revenue										
Governmental activities:										
Charges for services:										
Community environment	\$ 314	888	307	682	543	688	880	926	890	550
General government	3,217	3,088	3,088	2,839	2,856	2,861	2,682	2,700	2,625	2,382
Highways and streets	151	119	279	532	312	219	337	228	569	16
Leisure	3	-	-	-	78	-	16	4	2	2
Public health	278	341	322	335	263	209	192	216	236	191
Public safety	4,653	4,903	4,768	4,439	4,245	4,850	5,179	4,936	4,660	4,350
Operating grants & contributions	1,591	1,738	2,366	1,202	553	922	9,843	9,386	11,932	13,472
Capital grants & contributions	5,605	4,032	5,181	5,391	3,410	3,079	1,752	8,524	3,551	2,716
Total governmental activities program revenue	<u>\$ 15,812</u>	<u>15,109</u>	<u>16,311</u>	<u>15,420</u>	<u>12,260</u>	<u>12,828</u>	<u>20,881</u>	<u>26,920</u>	<u>24,465</u>	<u>23,679</u>

continued on next page

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Business-type activities:										
Charges for services:										
Water	\$ 10,096	10,141	9,008	8,703	7,869	7,780	7,384	7,752	6,852	6,500
Sanitary Sewer	14,656	14,017	11,545	10,015	8,961	9,157	8,228	8,257	8,137	7,831
Golf course	-	-	-	-	-	27	1,161	1,165	1,152	1,358
Solid Waste	3,411	3,424	3,183	3,142	2,996	2,989	2,938	2,923	2,812	2,861
Storm Water	2,065	2,052	1,958	1,997	1,821					
Other business-type activities	433	374	397	417	421	2,192	2,150	2,064	2,057	1,910
Operating grants & contributions	1,218	1,542	1,052	1,727	1,226	1,509	1,404	1,437	1,712	2,481
Capital grants & contributions	3,291	1,944	862	2,559	180	129	163	355	337	322
Total business-type activities program revenue	35,170	33,494	28,006	28,560	23,474	23,783	23,428	23,953	23,059	23,263
Total primary government program revenue	\$ 50,982	48,603	44,317	43,980	35,734	36,611	44,309	50,873	47,524	46,942
Net (Expense)/Revenue										
Governmental activities	\$ (16,362)	(35,185)	(31,605)	(32,448)	(32,900)	(39,857)	(35,313)	(31,666)	(35,241)	(32,656)
Business-type activities	10,857	10,328	6,242	7,048	2,733	1,048	955	2,850	2,282	1,812
Total primary government net expense	(5,505)	(24,857)	(25,363)	(25,400)	(30,167)	(38,809)	(34,358)	(28,816)	(32,959)	(30,844)
General Revenues and Other Changes in Net										
Governmental activities:										
Income taxes	\$ 26,010	23,541	23,663	22,181	21,346	20,560	19,811	19,828	19,425	20,345
Property taxes	4,296	4,215	3,988	4,073	4,154	4,331	4,468	4,081	4,158	4,480
Other taxes	3,078	2,554	2,507	2,487	2,606	2,575	2,972	2,657	2,808	2,949
Grants/contributions not restricted	1,521	1,806	1,612	1,414	1,375	1,317	1,466	1,649	3,005	4,852
Investment earnings	867	269	11	(90)	115	96	41	(78)	124	111
Miscellaneous	2,296	1,826	1,753	1,645	1,751	1,161	1,125	1,478	895	942
Transfers	(511)	(84)	(1)	71	69	(1,942)	165	64	62	77
Total governmental activities general revenues	37,557	34,127	33,532	31,781	31,416	28,098	30,048	29,679	30,477	33,756
Business-type activities:										
Income taxes	\$ -	-	175	205	186	137	138	190	170	190
Investment earnings	636	344	226	153	133	28	18	123	123	189
Transfers	511	84	1	(72)	254	1,942	(165)	(64)	102	(77)
Miscellaneous	281	273	165	93	(69)	106	136	69	(62)	115
Total business-type activities general revenues	1,428	701	567	379	504	2,213	127	318	333	417
Total primary government general revenues	\$ 38,985	34,828	34,099	32,160	31,920	30,311	30,175	29,997	30,810	34,173
Special item	\$ -	-	-	-	-	(3,345)	-	-	-	(692)
Changes in Net Position										
Governmental activities	\$ 21,195	(1,058)	1,928	(667)	(1,484)	(11,759)	(5,265)	(1,987)	(4,764)	1,100
Business-type activities	12,285	11,029	6,809	7,427	3,237	(84)	1,082	3,168	2,615	1,537
Total primary government	\$ 33,480	9,971	8,737	6,760	1,753	(11,843)	(4,183)	1,181	(2,149)	2,637

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

Fiscal Year	Income Tax	Property Tax	Other Taxes	Total
2019	\$ 26,010	\$ 4,296	\$ 3,078	\$ 33,384
2018	\$ 23,541	\$ 4,215	\$ 2,554	\$ 30,310
2017	\$ 23,663	\$ 3,988	\$ 2,507	\$ 30,158
2016	\$ 22,385	\$ 4,073	\$ 2,487	\$ 28,945
2015	\$ 21,532	\$ 4,154	\$ 2,606	\$ 28,292
2014	\$ 20,560	\$ 4,331	\$ 2,575	\$ 27,466
2013	\$ 19,949	\$ 4,468	\$ 2,972	\$ 27,389
2012	\$ 19,828	\$ 4,081	\$ 2,657	\$ 26,566
2011	\$ 19,595	\$ 4,158	\$ 2,808	\$ 26,561
2010	\$ 20,345	\$ 4,480	\$ 2,948	\$ 27,773

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund										
Reserved, nonspendable, restricted, committed or assigned	\$ 7,522	7,570	6,602	4,829	4,278	1,213	3,896	3,583	4,881	343
Unreserved, unassigned	6,884	7,189	6,730	5,625	5,181	7,751	5,909	7,441	6,955	11,697
Total General Fund	\$ 14,406	14,759	13,332	10,454	9,459	8,964	9,805	11,024	11,836	12,040
All Other Governmental Funds										
Reserved, nonspendable, restricted or committed	\$ 13,854	11,674	12,107	11,264	11,600	10,803	11,821	13,133	13,877	10,682
Unreserved, undesignated, unassigned reported in:										
Capital project funds	(800)	(360)	(91)	(514)	(342)	(82)	(646)	(1,263)	(1,372)	(138)
Debt service funds	-	-	-	-	-	-	-	-	-	892
Special revenue funds	(166)	(581)	(571)	(283)	(149)	(72)	(275)	(133)	(164)	6,446
Total All Other Governmental Funds	12,888	10,732	11,445	10,467	11,110	10,650	10,900	11,737	12,341	17,882
Total Governmental Funds	\$ 27,294	25,491	24,777	20,921	20,569	19,614	20,705	22,761	24,177	29,922

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

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues										
Property taxes	\$ 4,340	4,198	4,009	4,086	4,258	4,311	4,281	3,694	4,158	4,480
Municipal income taxes	26,410	23,441	24,593	22,180	21,768	20,576	19,617	19,728	19,924	19,775
Intergovernmental revenues	8,955	9,700	10,275	9,978	7,608	16,035	16,872	19,611	22,675	22,330
Charges for services	4,646	4,987	4,663	4,706	4,549	4,593	4,657	4,555	4,454	4,024
Fees, licenses, and permits	396	453	388	496	403	295	317	297	224	204
Fines and forfeits	1,555	1,623	1,660	1,542	1,718	1,883	1,907	1,935	1,896	1,979
Special assessments	622	532	541	650	819	746	552	672	701	349
Investment earnings	867	269	11	(90)	115	96	41	(78)	124	111
Miscellaneous	4,752	4,635	3,917	3,791	3,463	3,255	3,503	3,708	3,172	3,469
Total revenues	52,543	49,838	50,057	47,339	44,701	51,790	51,747	54,122	57,328	56,721
Expenditures										
Current:										
General Government	5,533	5,103	4,881	4,596	3,952	3,695	3,511	3,815	3,879	4,323
Public safety	26,104	25,352	24,176	23,129	22,396	23,851	24,241	24,609	24,987	23,933
Public health and welfare	587	563	440	480	405	389	347	727	744	899
Leisure time activities	993	1,003	917	832	902	887	917	908	1,002	856
Community environment	4,031	5,338	3,473	3,902	5,590	11,633	16,583	14,177	21,202	16,422
Highways and streets	6,084	5,687	6,210	8,207	6,761	4,582	5,400	5,091	5,871	6,223
Miscellaneous	3,494	2,551	2,641	2,143	2,202	1,954	2,292	2,531	2,165	1,725
Debt Service										
Principal retirement	2,639	2,566	2,518	2,709	4,538	3,329	5,176	2,414	2,228	2,129
Interest and fiscal charges	764	878	1,056	1,061	1,229	1,065	1,302	1,329	1,394	1,381
Total expenditures	50,229	49,041	46,313	47,059	47,975	51,385	59,769	55,601	63,472	57,891
Excess (deficiency) of revenues over expenditures	\$ 2,314	797	3,744	280	(3,274)	405	(8,022)	(1,479)	(6,144)	(1,170)
continued on next page										

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Continued										
Other Financing Sources (Uses)										
Transfers in	\$ 2,803	987	437	230	1,069	67	1,084	163	161	258
Transfers out	(3,315)	(1,071)	(439)	(158)	(1,000)	(2,009)	(919)	(99)	(99)	(198)
Issuance of bonds	-	-	5,830		4,160	446	5,845	-	337	6,235
Issuance of notes	-	-	584	-	-	-	2,057	-	-	-
Other uses	-	-	(6,300)		-	-	(3,300)	-	-	-
Other sources	-	-	-	-	-	-	1,199	-	-	16
Total other financing sources (uses)	(512)	(84)	112	72	4,229	(1,496)	5,966	64	399	6,311
Net change in Fund Balances	1,802	713	3,856	352	955	(1,091)	(2,056)	(1,415)	(5,745)	5,141
Asset Additions	\$ 8,103	6,074	6,121	7,626	5,875	2,832	6,419	7,420	10,349	7,458
Non capital expenditures	\$ 42,126	42,967	40,192	39,433	42,100	48,553	53,350	48,181	53,123	50,433
Debt service as a % of noncapital expenditures	8.08%	8.02%	8.89%	9.56%	13.70%	9.05%	12.14%	7.77%	6.82%	6.96%

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Property taxes	\$ 4,340	4,198	4,009	4,086	4,258	4,311	4,281	3,694	4,158	4,480
Municipal income taxes	\$ 26,410	23,441	24,593	22,180	21,768	20,576	19,617	19,728	19,924	19,775

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

Tax Levy/ Collection Year	Real Property		Personal Property (1)		Public Utility (2)		Totals		Direct Tax Rate	Assessed Value as a Percent of Estimated Actual Value
	Assessed	Actual	Assessed	Estimated Actual	Assessed	Actual	Assessed	Estimated Actual		
2009/2010	\$810,367	\$2,315,335	\$0	\$0	\$35,641	\$143,750	\$846,008	\$2,459,085	5.90	34.40
2010/2011	\$536,185	\$2,284,335	\$0	\$0	\$44,761	\$176,510	\$844,276	\$2,460,845	5.90	34.31
2011/2012	\$734,926	\$1,914,230	\$0	\$0	\$46,477	\$176,510	\$781,403	\$2,090,740	5.90	37.37
2012/2013	\$669,980	\$1,888,309	\$0	\$0	\$44,759	\$140,000	\$714,739	\$2,028,309	6.90	35.24
2013/2014	\$660,908	\$1,888,310	\$0	\$0	\$48,111	\$140,000	\$709,019	\$2,025,800	6.90	35.00
2014/2015	\$610,621	\$1,742,453	\$0	\$0	\$49,583	\$143,844	\$660,204	\$1,886,297	6.90	35.00
2015/2016	\$609,859	\$1,742,454	\$0	\$0	\$50,345	\$143,843	\$660,204	\$1,886,297	6.90	35.00
2016/2017	\$610,557	\$1,744,449	\$0	\$0	\$51,575	\$147,357	\$662,132	\$1,891,806	6.90	35.00
2017/2018	\$649,001	\$1,854,289	\$0	\$0	\$53,964	\$154,183	\$702,965	\$2,008,471	6.90	35.00
2018/2019	\$649,437	\$1,855,534	\$0	\$0	\$57,280	\$163,657	\$706,717	\$2,019,191	6.90	35.00

Ohio law requires county auditors to reappraise property values every six years. The last reappraisal was in 2014 which is collected in year 2015.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property tax was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. Personal property tax was phased out beginning in 2006.

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

(1) Other than public utility.

(2) Real and tangible personal property

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

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

City of Middletown										
Collection Year	Operating	Police and Fire Pension	Senior Citizen Levy	City of Middletown Total	Butler County	Middletown City School District	Parks	Library	JVSD	Total
2010	5.30	0.60	0.00	5.90	9.75	47.00	0	0	1.93	64.58
2011	5.30	0.60	0.00	5.90	9.72	46.99	0.5	0.75	1.93	65.79
2012	5.30	0.60	0.00	5.90	9.72	48.65	0.5	0.75	1.93	67.45
2013	5.30	0.60	1.00	6.90	9.72	48.95	0.5	0.75	1.93	68.75
2014	5.30	0.60	1.00	6.90	9.72	49.08	0.5	0.75	1.93	68.88
2015	5.30	0.60	1.00	6.90	9.72	54.51	0.5	0.75	1.93	74.31
2016	5.30	0.60	1.00	6.90	9.72	55.39	0.7	0.75	1.93	75.39
2017	5.30	0.60	1.00	6.90	9.72	54.15	0.7	0.75	1.93	74.15
2018	5.30	0.60	1.00	6.90	9.72	54.08	0.7	0.75	1.93	74.08
2019	5.30	0.60	1.00	6.90	9.72	52.48	0.7	0.75	1.93	72.48

(1) The above tax rates are based on \$1,000 of assessed valuation.

Source: Butler County Auditor's Office

CITY OF MIDDLETOWN, OHIO
Principal Property Taxpayers
December 31, 2019 and Nine Years Ago
(in thousands)
Table 9

Top Ten Property Taxpayers (real property)

2010 Calendar year/ 2009 Tax Year			2019 Calendar year/ 2018 Tax Year		
	<u>Assessed Valuation</u>	<u>% of Total</u>		<u>Assessed Valuation</u>	<u>% of Total</u>
Duke Energy Ohio Inc.	\$ 31,131	3.68%	Duke Energy	\$ 45,969	6.50%
Southwestern Ohio Steel	\$ 13,160	1.56%	NTE Ohio LLC	\$ 25,459	3.60%
Compartir LLC	\$ 6,365	0.75%	AK Steel Corp	\$ 10,057	1.42%
Garden Manor	\$ 4,155	0.49%	Dynegy Dicks Creek LLC	\$ 6,076	0.86%
Trinity Place Community	\$ 4,028	0.48%	AJB Realty LLC	\$ 4,100	0.58%
Sam Boymel	\$ 3,979	0.47%	Rockies Express Pipeline LLC	\$ 4,082	0.58%
Bavarian Woods	\$ 2,865	0.34%	Boymel Family LLC	\$ 3,956	0.56%
Pre Finish Metals	\$ 2,564	0.30%	Texas Eastern Transmission Corporation	\$ 3,929	0.56%
Armco, Inc.	\$ 2,091	0.25%	Middletown Coke Co LLC	\$ 3,149	0.45%
Old Towne-American Housing	\$ 2,060	0.24%	CTR Partnership LP	\$ 2,905	0.41%
TOTAL TOP TEN	\$ 72,398	8.6%	TOTAL TOP TEN	\$ 109,681	15.52%
 TOTAL ASSESSED VALUATION FOR CITY OF MIDDLETOWN	 \$846,008		 TOTAL ASSESSED VALUATION FOR CITY OF MIDDLETOWN	 \$706,717	

Source: Butler County Auditor's Office

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

Collected within the Fiscal Year of the Levy							
Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year (Millage)	Amount Levied	Amount Collected	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collected	Percent of Total Tax Collection to Current Tax Levy
2019	6.90	\$4,256	\$3,397	79.82%	\$251	\$3,648	85.72%
2018	6.90	\$4,490	\$3,326	74.08%	\$200	\$3,526	78.53%
2017	6.90	\$4,463	\$3,153	70.65%	\$189	\$3,342	74.88%
2016	6.90	\$4,290	\$3,233	75.36%	\$194	\$3,427	79.88%
2015	6.90	\$4,193	\$3,401	81.11%	\$203	\$3,604	85.95%
2014	6.90	\$4,198	\$3,474	82.75%	\$217	\$3,691	87.92%
2013	6.90	\$4,007	\$3,390	84.60%	\$270	\$3,660	91.34%
2012	5.90	\$3,907	\$3,409	87.25%	\$283	\$3,692	94.50%
2011	5.90	\$4,845	\$3,763	77.67%	\$213	\$3,976	82.06%
2010	5.90	\$5,207	\$4,102	78.78%	\$168	\$4,270	82.00%

The County does not identify delinquent tax collections by year.
Does not include Commercial Activities Tax, Homestead & Rollback reimbursed by the State.

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

Fiscal Year	Tax Rate	Residential Income Tax	Business Income Tax	Withholding Income Tax	Grand Total
2019	1.75%	\$2,383,172	\$4,141,313	\$19,785,053	\$26,309,538
2018	1.75%	\$2,308,448	\$3,087,883	\$19,545,037	\$24,941,368
2017	1.75%	\$2,456,099	\$2,962,224	\$19,027,426	\$24,445,749
2016	1.75%	\$2,569,820	\$2,062,782	\$17,652,905	\$22,285,507
2015	1.75%	\$2,953,789	\$1,916,486	\$16,701,469	\$21,571,744
2014	1.75%	\$2,934,167	\$2,005,694	\$15,620,320	\$20,560,181
2013	1.75%	\$2,914,673	\$2,023,403	\$15,011,198	\$19,949,274
2012	1.75%	\$2,506,462	\$1,757,128	\$15,396,389	\$19,659,979
2011	1.75%	\$2,602,515	\$1,618,091	\$16,075,252	\$20,295,858
2010	1.75%	\$2,666,865	\$1,698,609	\$15,510,112	\$19,875,586

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total	Percentage of Personal Income	Per Capita (1)
	General Obligation Bonds	Special Assessment Bonds	Notes Payable	General Obligation Bonds	Capital Leases	Notes Payable			
2019	\$ 14,707	\$ 888	\$ -	\$ 8,135	\$ -	\$ -	\$ 23,730	4.53%	\$ 486
2018	\$ 17,285	\$ 1,085	\$ -	\$ 9,127	\$ -	\$ -	\$ 27,497	4.64%	\$ 563
2017	\$ 19,808	\$ 1,277	\$ -	\$ 10,100	\$ -	\$ -	\$ 31,185	4.81%	\$ 639
2016	\$ 21,689	\$ 1,519	\$ -	\$ 10,847	\$ 80	\$ -	\$ 34,135	4.93%	\$ 700
2015	\$ 23,910	\$ 1,858	\$ -	\$ 11,346	\$ 1,095	\$ -	\$ 38,209	4.95%	\$ 784
2014	\$ 22,157	\$ 2,149	\$ 2,057	\$ 12,574	\$ 1,997	\$ -	\$ 40,934	4.96%	\$ 839
2013	\$ 24,295	\$ 1,962	\$ 2,057	\$ 9,312	\$ 3,317	\$ -	\$ 40,943	4.95%	\$ 841
2012	\$ 26,460	\$ 2,222	\$ 2,057	\$ 10,549	\$ 3,704	\$ -	\$ 44,992	5.03%	\$ 924
2011	\$ 28,505	\$ 2,479	\$ 2,057	\$ 11,768	\$ 4,512	\$ -	\$ 49,321	5.08%	\$ 1,012
2010	\$ 30,664	\$ 2,375	\$ 2,057	\$ 12,953	\$ 5,290	\$ -	\$ 53,339	4.87%	\$ 1,095

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

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Actual Taxable Value (1) of Property	Per Capita (2)
2019	\$22,842	\$463	\$22,379	3.23%	\$467
2018	\$26,412	\$182	\$26,230	3.74%	\$541
2017	\$29,908	\$27	\$29,881	4.25%	\$613
2016	\$32,536	\$150	\$32,386	3.85%	\$667
2015	\$35,256	\$176	\$35,432	5.34%	\$723
2014	\$34,731	\$370	\$34,361	4.11%	\$714
2013	\$33,607	\$55	\$33,552	4.70%	\$691
2012	\$37,009	\$210	\$36,799	5.22%	\$761
2011	\$40,403	\$522	\$39,881	5.65%	\$830
2010	\$43,617	\$548	\$43,069	6.61%	\$896

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

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

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

CITY OF MIDDLETOWN, OHIO
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 As of December 31, 2019
 (amounts expressed in thousands)
 Table 14

Political Subdivision	General Bonded Debt	Percent Applicable to City	City's Share
Butler County	23,977	7.39%	\$1,773
Warren County	<u>43,370</u>	1.30%	<u>\$562</u>
Subtotal, overlapping debt			<u>\$2,335</u>
General Obligation Bond			14,707
Special Assessment debt			888
Subtotal, direct debt			<u>15,595</u>
Total direct and overlapping debt			<u><u>\$17,930</u></u>

Source: Butler and Warren County Auditor's Offices.

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

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

		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$	88,831	88,649	75,048	74,447	74,447	69,321	69,321	69,524	73,811	74,205
Total net debt applicable to limit	\$	24,356	24,231	22,120	21,902	19,484	19,565	19,565	19,808	17,285	14,707
Legal debt margin	\$	64,475	64,418	52,928	52,545	54,963	49,929	52,118	53,583	59,220	60,874
Total net debt applicable to the limit as a percentage of debt limit		27.42%	27.33%	29.47%	29.42%	26.17%	28.22%	28.22%	28.49%	23.42%	19.82%
Assessed value											\$706,717
Add back: exempt real property											-
Total asessed value											706,717
Debt limit (10.5%) of total asses value											74,205
Debt applicable to limit:											
General obligation bond											14,707
Less: Amount set aside for repayment of general obligation debt											(211)
Total net debt applicable to limit											14,496
Legal debt margin											59,709

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

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

Debt Service					
Collection Year	Tax Year	Special Assessment Collections	Principal	Interest & Fiscal Charges	Coverage
2019	2018	\$233,413	\$197,000	\$52,886	0.93
2018	2017	\$254,709	\$192,000	\$61,675	1.00
2017	2016	\$245,266	\$217,000	\$80,333	0.82
2016	2015	\$376,143	\$235,700	\$86,159	1.17
2015	2014	\$626,138	\$324,647	\$103,921	1.46
2014	2013	\$355,628	\$258,643	\$100,035	0.99
2013	2012	\$348,190	\$259,700	\$107,854	0.95
2012	2011	\$401,408	\$256,791	\$113,114	1.09
2011	2010	\$424,386	\$217,300	\$124,452	1.24
2010	2009	\$328,851	\$253,500	\$137,991	0.84

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

Year	Population (1)	Personal Income (in 1,000's)	Per Capita Personal Income (1)	Median Age (1)	Education Level in Years of Formal Schooling (1)	School Enrollment (1)	Unemployment Rate (2)
2010	48,719	\$1,000,321	\$20,543	35.9	16 yrs - 13% 12 yrs - 72.6%	11,755	10.8
2011	48,731	\$959,385	\$19,716	38.0	16 yrs - 13% 12 yrs - 74.3%	11,111	10.1
2012	48,705	\$968,285	\$19,911	38.5	16 yrs - 15.1% 12 yrs - 78.6%	10,776	8.6
2013	48,659	\$982,281	\$20,199	38.5	16 yrs - 13% 12 yrs - 78.6%	10,776	7.8
2014	48,766	\$983,754 estimate	\$20,229 estimate	37.3	16 yrs - 16.0% 12 yrs - 83.1%	11,051 estimate	5.4
2015	48,760	\$985,476 estimate	\$20,345 estimate	37.3	16 yrs - 16.0% 12 yrs - 83.1%	11,528 estimate	4.3
2016	48,760	\$988,365 estimate	\$20,270 estimate	37.6	16 yrs - 15.7% 12 yrs - 82.5%	11,414 estimate	4.0
2017	48,813	\$1,014,627 estimate	\$20,786 estimate	37.8	16 yrs - 16.8% 12 yrs - 83.8%	11,390 estimate	3.7
2018	48,861	\$1,053,473 estimate	\$21,622 estimate	37.3	16 yrs - 17.1% 12 yrs - 83.9%	11,446 estimate	4.0
2019	48,807	\$1,078,147	\$22,090	37.7	16 yrs - 16.4%	11,274	4.5

Data Sources:

(1) US Census Bureau

(2) US Department of Labor

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

Employer	2019		
	Employees	Rank	Percentage of Total City Employment
AK Steel	2,661	1	13.1%
Atrium Medical Center	1,870	2	9.2%
Middletown City Schools	818	3	4.0%
PAC Worldwide Corp	668	4	3.3%
Kroger	629	5	3.1%
McDonalds	549	6	2.7%
Miami University	544	7	2.7%
Walmart	517	8	2.5%
Meijer	471	9	2.3%
Tri-County Extended Care	453	10	2.2%
TOTAL ESTIMATED CITY EMPLOYMENT	20,300		
Employer	2010		
	Employees	Rank	Percentage of Total City Employment
AK Steel	2,354	1	12.5%
Atrium Medical Center	2,225	2	11.8%
Middletown City School District	1,309	3	6.9%
Kroger	850	4	4.5%
Meijer	663	5	3.5%
Miami University	615	6	3.3%
McDonalds	548	7	2.9%
Garden Manor Extended Care	532	8	2.8%
City of Middletown	485	9	2.6%
Walmart	424	10	2.2%
TOTAL ESTIMATED CITY EMPLOYMENT	18,900		

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

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

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	38	38	34	32	30.5	34.5	36.5	36.5	37.5	36.5
Public safety										
Police										
Officers	80	80	72	72	72	68	69	71	72	69
Civilians	37	37	34	32	31	31	35	33	33	41.5
Fire										
Firefighters & officers	84	81	72	72	66	64	67	67	67	79
Civilians	1	1	1	1	1	1	1	1	1	1
Other	26	26	26	26	28	30	32	32	31	32
Highways and streets										
Maintenance	15	15	15	15	14	14	14.5	14.5	14.5	14.5
Leisure Time Activities	7	7	7	7	6	6	6	6	6	6
Community Environment	8	9	6	4	3	2	4.5	4.5	4.5	5
Public health & welfare	4	4	3	3	3	3	5	5	5	5
Water	31	31	31	31	31	31	31	31	31	31
Sewer	32	32	32	32	35	35	36	36	35	36
Storm Water	6	7	7	7	7.5	7.5	9	9	9	9
Golf Course	6	5	5	5	5	0	0	0	0	0
Solid Waste	0	0	0	0	1	1	0	0.5	0.5	0.5
Transit	7	6	5	4	4	4	4	4	4	2
Internal Services	9	8	7	7	7	7	7	7	7	7
Total	391	387	357	350	345	339	358	358	358	375

Source: City of Middletown Finance Administration

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

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fire										
Number of fire responses	1,888	1,996	2,073	6,048	4,809	2,159	2,116	1,997	2,734	2,901
Average response time (minutes)	4.6	4.6	5.2	5.2	5.5	6.0	5.6	6.1	5.3	5.3
Emergency medical calls	8,158	8,513	8,400	8,185	8,484	8,633	9,268	9,834	9,520	9,540
Police										
Calls for service	43,696	49,312	45,247	45,287	52,925	44,353	40,337	40,602	40,597	36,730
Number of arrests	8,417	8,030	8,036	7,919	6,481	5,861	6,239	6,150	4,773	4,022
Response time for priority calls (minutes)	5.2	5.4	5.4	5.8	5.7	5.8	6.1	6.1	4.4	6.3
Traffic accidents	1,630	1,547	1,466	1,400	1,196	1,212	1,387	1,094	1,032	1,058
Average daily jail population	51	47	53	56	58	57	103	62	54	41
Recreation and leisure										
Community center admissions	12,011	21,900	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Transit										
Unlinked passenger trips	210,397	219,596	204,362	153,824	168,753	167,837	147,614	136,787	146,186	145,176
Water										
Average daily water pumpage (million gallons per day)	7.68	7.32	8.84	7.93	8.80	8.30	8.93	9.00	10.36	10.78
Number of water accounts	19,200	19,031	19,179	19,200	19,097	19,006	19,094	19,017	19,144	19,029
Sewer										
Average daily flow (million gallons per day)	16.6	20.7	16.3	16.4	16.4	17.0	18.4	15.6	20.2	20.2
Sewer mains cleaned (linear feet)	180,895	127,397	154,512	66,224	59,892	15,040	46,748	11,869	16,655	31,102

Source: City of Middletown Departmental Data

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

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety:										
Fire stations	5	5	5	5	4	4	4	4	4	4
Police stations	1	1	1	1	1	1	1	1	1	1
Highways and streets:										
Streets (miles)	240	240	242	242	242	242	242	242	242	242
Traffic Lights	111	111	111	111	111	111	109	109	109	109
Water:										
Water mains (miles)	343	343	343	343	343	343	343	290	290	290
Sewer:										
Sanitary & storm (miles)	320	320	320	320	320	320	320	394	394	394
Leisure & recreation:										
Parks	36	36	36	36	35	35	35	34	34	34
Community Centers	1	1	1	1	1	1	1	1	1	1
Golf Courses (public)	1	1	1	1	0	0	0	0	0	0

Source: City of Middletown