



Comprehensive Annual Financial Report

For the Year Ended
December 31, 2018

City of Middletown
One Donham Plaza
Middletown, Ohio



CITY OF MIDDLETOWN, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2018

Prepared by
Finance Department

Jacob C. Burton
Finance Director

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CITY OF MIDDLETOWN, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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CITY OF

MIDDLETOWN

June 29, 2019

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, 2018, 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 48,861.

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, 2017, City Council adopted the 2018 fiscal year permanent appropriation measure.

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

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

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

Economic Outlook and Relevant Financial Policies

One of the most important duties we have is the management of our resources. The annual budget is the first major step of managing those resources. While our local economy is continuing to stabilize, the 2019 Budget and Financial Plan is cautiously optimistic.

2018 brought the completion of several large construction projects including Kettering Health Network's \$30 million medical facility with 110 new jobs, NTE Energy's \$500 million natural gas electric generating facility with twenty-five new jobs, and the new Middletown Middle School and renovations and additions to the Middletown High School.

The OPUS Group is currently constructing a 612,000 square foot speculative warehouse in the MADE Industrial Park called the "75 Logistics Center". The development will be ideal for one or two tenants with flexible features that cater to a range of business functions and is expected to create approximately 150 new jobs when fully leased. The project should be in operation by the end of 2019.

Chipotle will be constructing a new restaurant as part of the Towne Mall development in 2019, making it the first "Chipotlane" with a drive-thru window in this area. 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 more than 35 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. First Friday events, Broad Street Bash, and Takin' it to the Streets summer concerts, eateries from steak and seafood to pizza and craft beer, art classes and exhibits, and shopping for those unique gifts are providing the public a new perspective of "Downtown Middletown."

Water rates are reviewed every two years while taking in consideration of operations, maintenance, and capital improvement costs. There is no increase in water rates scheduled for 2019. Sewer rates will increase 10% and will cost a typical residential user an additional \$3.38 per month. According to the annual Oakwood Water and Sewer Rate Survey for southwest Ohio, the city ranks as the twenty-second lowest out of the sixty-six communities surveyed for water, fifty-third out of sixty-three communities surveyed for sewer and thirty-six out of sixty-three communities surveyed for combined services as of March 1, 2018.

The Middletown unemployment rate has increased by .21% from 2017 to 2018:

UNEMPLOYMENT RATE (%)			
Yearly Average			
	<u>Middletown</u>	<u>Ohio</u>	<u>U. S.</u>
2017	3.79%	4.9%	4.1%
2018	4.0%	4.6%	3.9%

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>Property Tax</u>	
		<u>Year</u>	<u>Revenues</u> (cash basis)
2013	2014	\$709,019,160	\$ 4,187,579
2014	2015	\$660,204,000	\$ 4,149,587
2015	2016	\$660,204,000	\$ 4,043,885
2016	2017	\$662,132,320	\$ 3,823,670
2017	2018	\$702,965,460	\$4,054,178

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>	
2014	\$20,560,181
2015	\$21,571,744
2016	\$22,285,507
2017	\$24,047,903
2018	\$24,941,368

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 2018 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, 2017.

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 2018 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 black ink, appearing to read "Jacob Burton".

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, 2017

Christopher P. Monill

Executive Director/CEO

CITY OF MIDDLETOWN, OHIO

Principal Officials **January 1, 2018**

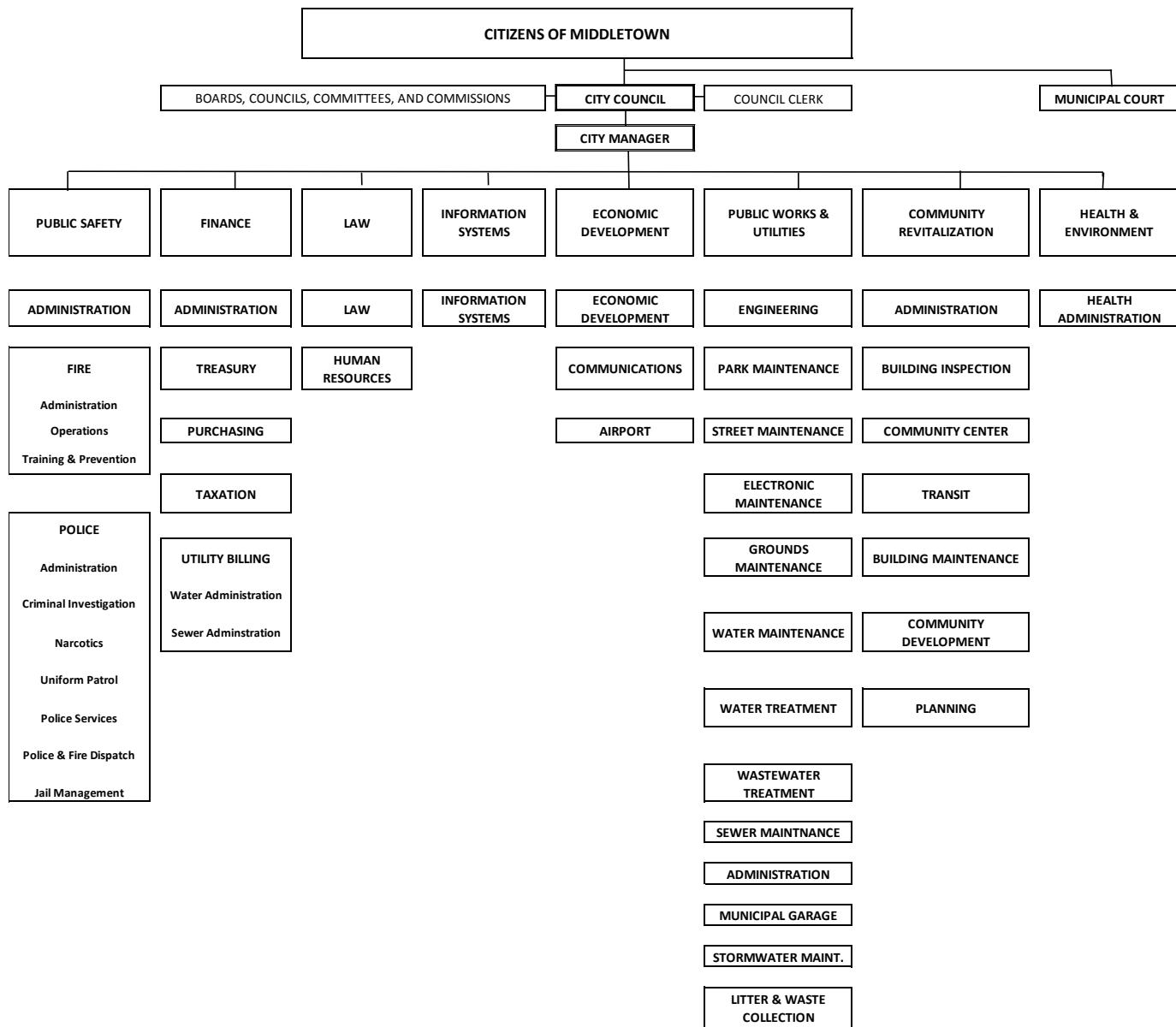
Legislative

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

Executive/Administrative

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

CITY OF MIDDLETOWN 2018 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, 2018, 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, 2018, 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 23 to the financial statements, during the year ended December 31, 2018, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. 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 27, 2019 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 27, 2019

CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018. 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 89).

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 91 to 94) 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 95.

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 2018, 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, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For 2018, the City adopted GASB Statement 75, "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. This implementation had the effect of restating net position at December 31, 2017.

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense.

The following table presents a condensed summary of the City's overall financial position at December 31, 2018 and 2017 (in thousands).

Table 1
Net Position
(in thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
		Restated		Restated		Restated
Current and other assets	\$ 42,608	41,394	35,087	25,235	77,695	66,629
Capital assets	<u>77,509</u>	<u>78,279</u>	<u>77,526</u>	<u>76,779</u>	<u>155,036</u>	<u>155,059</u>
Total assets	120,117	119,673	112,613	102,014	232,731	221,687
Deferred outflows of resources	11,810	11,852	865	1,567	12,675	13,419
Long-term liabilities	99,286	101,662	13,821	15,915	113,106	117,577
Other liabilities	<u>3,145</u>	<u>3,607</u>	<u>2,467</u>	<u>2,229</u>	<u>5,612</u>	<u>5,836</u>
Total liabilities	102,430	105,269	16,288	18,144	118,718	123,413
Deferred inflows of resources	11,931	7,632	751	27	12,682	7,659
Net position:						
Net investments in capital assets	59,480	57,656	68,619	66,917	128,099	124,573
Restricted	11,995	13,426	-	-	11,995	13,426
Unrestricted	<u>(53,909)</u>	<u>(52,457)</u>	<u>27,821</u>	<u>18,493</u>	<u>(26,088)</u>	<u>(33,964)</u>
Total position	17,566	18,625	96,440	85,410	114,006	104,035
Beginning net position, restated	18,625	N/A	85,410	N/A	104,035	N/A
Net increase (decrease)	<u>(1,059)</u>	<u>1,928</u>	<u>11,030</u>	<u>7,398</u>	<u>9,971</u>	<u>9,326</u>
Ending net position	<u>\$ 17,566</u>	<u>18,625</u>	<u>96,440</u>	<u>85,410</u>	<u>114,006</u>	<u>104,035</u>

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As of December 31, 2018, the City's ending net position was \$114,006 compared to \$104,035 in 2017, an increase of \$9,971. Governmental activities decreased \$1,059 and business type activities increased \$11,030 in 2018 over 2017 totals.

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

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

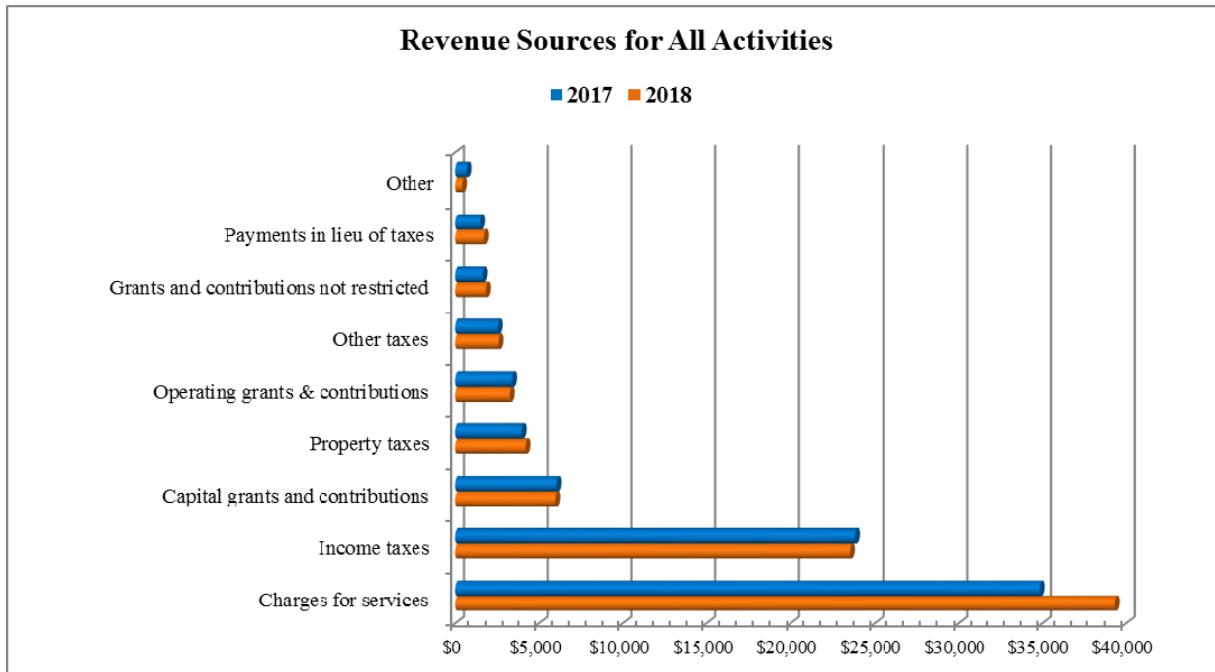
B. Governmental and Business-type Activities during 2018

Table 2, (in thousands) presents a condensed summary of the City's activities during 2018 and 2017 and the resulting changes in net position.

Table 2
Statement of Activities
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017 Restated	2018	2017 Restated
Revenues						
<u>Program revenues:</u>						
Charges for services	\$ 9,338	8,764	30,009	26,092	39,347	34,856
Operating grants & contributions	1,738	2,366	1,542	1,052	3,280	3,418
Capital grants and contributions	<u>4,032</u>	<u>5,181</u>	<u>1,944</u>	<u>1,695</u>	<u>5,976</u>	<u>6,876</u>
Total program revenues	15,108	16,311	33,495	28,839	48,603	45,150
<u>General revenues:</u>						
Income taxes	23,541	23,663	0	175	23,541	23,838
Property taxes	4,215	3,988	0	0	4,215	3,988
Other taxes	2,554	2,507	0	0	2,554	2,507
Payments in lieu of taxes	1,687	1,475	0	0	1,687	1,475
Grants and contributions not restricted	1,806	1,611	0	0	1,806	1,611
Investment earnings	269	11	344	226	613	237
Other	<u>139</u>	<u>279</u>	<u>273</u>	<u>164</u>	<u>412</u>	<u>443</u>
Total general revenues	<u>34,211</u>	<u>33,534</u>	<u>617</u>	<u>565</u>	<u>34,828</u>	<u>34,099</u>
Total revenues	49,319	49,845	34,112	29,404	83,431	79,249
Expenses						
Public safety	28,187	26,315	0	0	28,187	26,315
Public health	644	538	0	0	644	538
Leisure activities	1,223	1,191	0	0	1,223	1,191
Community environment	5,753	3,930	0	0	5,753	3,930
Highways and streets	6,704	7,393	0	0	6,704	7,393
General government	6,943	7,464	0	0	6,943	7,464
Interest on long-term debt	839	1,085	0	0	839	1,085
Water	0	0	6,874	7,257	6,874	7,257
Sewer	0	0	8,402	7,711	8,402	7,711
Transit	0	0	2,189	1,985	2,189	1,985
Solid Waste	0	0	3,511	3,319	3,511	3,319
Storm Water	0	0	1,450	1,299	1,450	1,299
Airport	<u>0</u>	<u>0</u>	<u>740</u>	<u>436</u>	<u>740</u>	<u>436</u>
Total expenses	<u>50,294</u>	<u>47,916</u>	<u>23,166</u>	<u>22,007</u>	<u>73,460</u>	<u>69,923</u>
Increase/(decrease) in net position before transfers and special item	(975)	1,929	10,946	7,397	9,971	9,326
Transfers	(84)	(1)	84	1	0	0
Increase/(decrease) in net position	(1,059)	1,928	11,030	7,398	9,971	9,326
Beginning net position, restated	<u>18,625</u>	<u>N/A</u>	<u>85,410</u>	<u>N/A</u>	<u>104,035</u>	<u>N/A</u>
Ending net position	\$ 17,566	18,625	96,440	85,410	114,006	104,035

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Most revenue sources have not fluctuated very much from 2018 compared to 2017, with the exception of charges for services due primarily to a 15% increase in sewer rates. Charges for services has seen increases in the past due to water, sewer, storm water and solid waste increases. In late 2015 there was an additional 10% sewer surcharge added to all accounts to begin the process of replacing City sewer infrastructure.

Property taxes increased slightly in 2018 by \$227 (\$4,215 in 2018 and \$3,988 in 2017). 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 Services Fund which was implemented in 2013 with passage of the Senior Citizens levy. A five year renewal of the Senior Citizens levy was passed in May 2017. New construction revenue and a stronger economy are attributed to the increase.

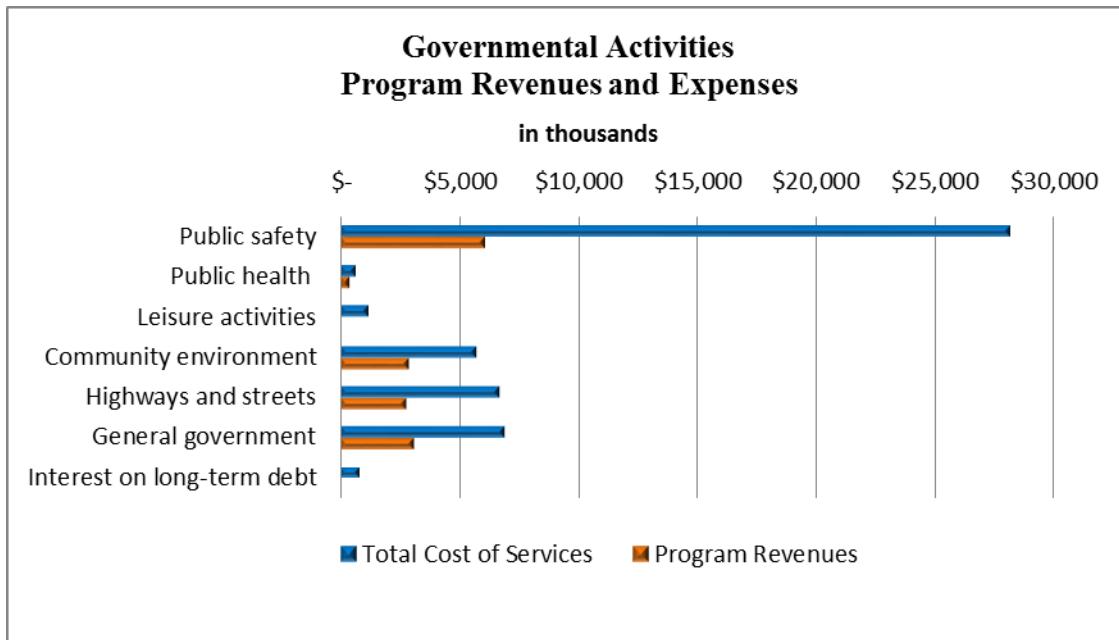
1) Governmental activities during 2018

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 2018, total cost of services was offset 30% with income coming from program revenues. This was down from the 34% recouped in 2017. The City recouped about 32% for the cost of services in program revenues for 2016 and about 27% in 2015. In 2014, 24% was recouped while 37% was recouped in 2013.

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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	\$ 28,187	\$ 6,052	21%	\$ 22,135
Public health	644	371	58%	273
Leisure activities	1,223	-	0%	1,223
Community environment	5,753	2,853	50%	2,900
Highways and streets	6,704	2,744	41%	3,960
General government	6,943	3,088	44%	3,855
Interest on long-term debt	<u>839</u>	<u>-</u>	<u>0%</u>	<u>839</u>
Total	<u>\$ 50,294</u>	<u>\$ 15,108</u>	<u>30%</u>	<u>\$ 35,187</u>



Public Health recouped 58% of program costs in 2018. This was down from 67% recouped in 2017. Community Environment, which relies heavily upon federal and state grants, covered 50% of its activities in 2018, 44% in 2017, 45% in 2016, 37% of its activities in 2015 and 12% of its costs with program revenues in 2014. Community environment includes Community Development, Neighborhood Stabilization Program, and Home Funds.

Highways and streets activities for 2018 was funded with program revenues totaling 41%, down from 2017 with 76% and 2016 with 79%. Grants are a large factor for fluctuations for this activity. In 2015, 31% was recouped, down from 2014 with 33% recouped, fluctuating from only 11% in 2013.

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Leisure activities did not receive any program revenues in 2018, 2017, or 2016 compared to 8% in 2015. The Community Center activities were contracted out for the past three years.

2) Business-type activities during 2018

The City attempts to break even on its business-type activities. All activities except Airport, Transit and Solid Waste had operating surpluses in 2018. Surpluses are used to accumulate earnings for future capital investments and debt payments.

The following table (in thousands) summarizes the business-type activities during 2018:

Table 4
Business-type Activities
(in thousands)

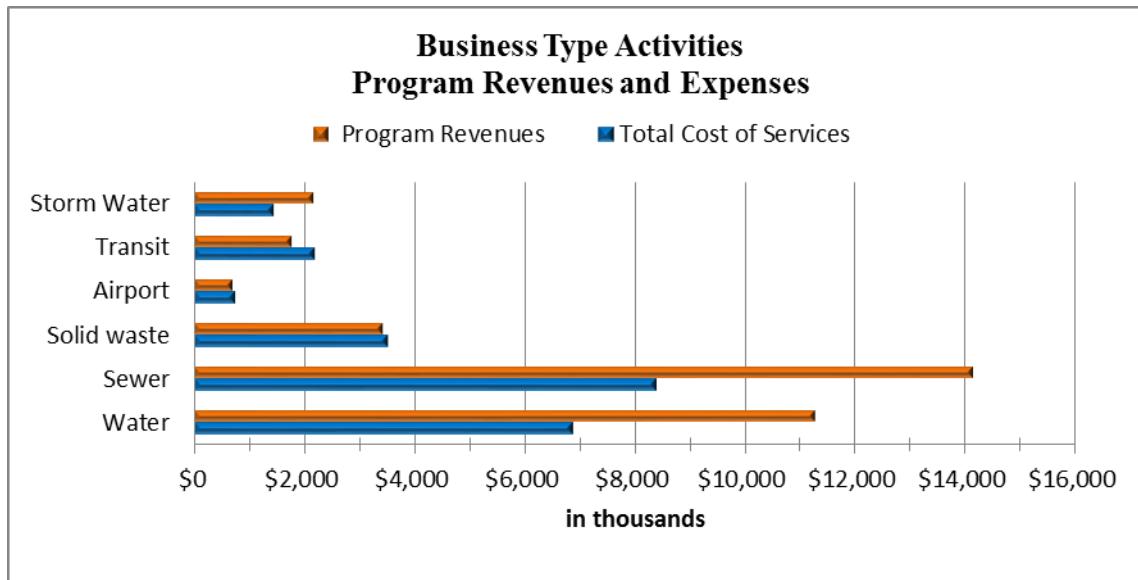
	<u>Total Cost of Services</u>	<u>Program Revenues</u>	<u>Revenues as % of Total Costs</u>	<u>Net Revenue from Operations</u>
Water	\$6,873	\$11,283	164%	\$4,410
Sewer	\$8,402	\$14,139	168%	\$5,737
Solid waste	\$3,511	\$3,424	98%	(\$87)
Airport	\$741	\$707	95%	(\$34)
Transit	\$2,189	\$1,767	81%	(\$422)
Storm Water	<u>\$1,450</u>	<u>\$2,174</u>	<u>150%</u>	<u>\$724</u>
Total	<u>\$23,166</u>	<u>\$33,494</u>	<u>145%</u>	<u>\$10,328</u>

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

Sewer rates were increased in late 2015, adding a 10% surcharge to all accounts. The surcharge is to replace aging sewer infrastructure. Water rates increased 7.5% in 2016. Water charges were increased by 7.5% again in 2017 along with a 15% increase in sewer and an additional \$0.75 per month for refuse removal. Sewer rates were increased 15% in 2018. Total cost of services vary for these funds due to capital improvement projects.

Storm water received \$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 2018 was \$724.

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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, three of which are considered major funds. Assets of those three funds comprise approximately 64.24% of the total governmental funds' assets of \$41,061. The following table (in thousands) summarizes the activities of these major funds.

Table 5
Financial Highlights
Major Governmental Funds
(in thousands)

	General Fund	Special Assessment	
	Debt Service	Capital Improvements	
Total assets	\$ 21,656	1,779	2,942
Total liabilities	(1,725)	-	(1,647)
Deferred inflow of resources	(5,172)	(1,314)	(658)
Fund balance	<u>14,759</u>	<u>465</u>	<u>637</u>
Unassigned fund balance	\$ 7,404	-	-
Revenues	\$ 30,448	255	3,559
Expenditures	(27,993)	(254)	(3,376)
Other financing sources/uses	(1,028)	-	-
Net change in fund balance	\$ 1,427	1	183

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General Fund. The fund balance at the end of 2018 was \$14,759. This was an increase 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 and \$8,964 in 2014, \$9,805 in 2013 and \$11,024 in 2012. The fund balance had been decreasing since 2010 until 2015 with an increase of \$495 and an even larger increase of \$995 for 2016 and \$2,878 in 2017. This increase is attributed to increased income tax revenues.

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

Capital Improvement Fund. This fund typically relies heavily upon grants for capital improvement projects. Expenditures increased in 2015, and 2016 due to large street projects. This fund also received state and federal grants for street improvements in both 2017 and 2018.

B. Proprietary funds

1) Enterprise funds

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

Table 6
Financial Highlights
Enterprise Funds
(in thousands)

	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>	<u>Storm Water</u> <u>Fund</u>	<u>Solid Waste</u> <u>Fund</u>
Total assets	\$ 38,871	51,287	11,783	835
Total deferred outflows of resources	314	399	65	7
Total liabilities	(6,076)	(7,638)	(442)	(597)
Total deferred inflows of resources	(288)	(329)	(62)	(6)
Total net position	<u>32,821</u>	<u>43,719</u>	<u>11,344</u>	<u>239</u>
Unrestricted net position	<u>8,537</u>	<u>15,242</u>	<u>1,418</u>	<u>(174)</u>
Operating revenues	10,281	14,128	2,069	3,424
Operating expenses	(7,149)	(8,267)	(1,450)	(3,511)
Net non-operating revenues (expenses)	19	63	23	-
Net contributions and transfers	1,104	83	122	-
Net change in net position	<u>\$ 4,255</u>	<u>6,007</u>	<u>764</u>	<u>(87)</u>

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FOR THE YEAR ENDED DECEMBER 31, 2018**

Water Fund. Water Fund rates are set to cover the fund's operating cost and to accumulate cash resources for future capital expenditures. The change in net position for 2018 is \$4,255 with an increase in total assets by \$4,065. The increase in assets is due to work on Yankee Road and other large construction projects in the City. 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, \$1,259 for 2015, \$854 for 2014, and \$78 for 2013. The largest factor for operating revenue increases in 2015, 2016 and 2017 is due to increased water rates. Rates increased 5% in 2015 and 7.5% in both 2016 and 2017. The 2018 operating revenues increased due to a substantial increase in water usage.

Sewer Fund. In 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, with \$246 for 2014 and \$507 for 2013. A 10% sewer surcharge was added to all accounts in late 2015 and sewer rates were increased 10% in 2014. The balance in the fund is to be used for large capital projects and infrastructure improvements.

Storm Water Fund. The Storm Water Fund ended the year with \$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 2018. The net change in net position is (\$87) and the 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 2018 with a net position of (\$1,233) 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 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, \$7,811 in 2014, \$7,184 in 2013 and \$6,955 in 2012. Funds are being set aside for future vehicle purchases according to a multi-year plan developed by the fleet manager.

CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2018

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 91. There were significant variances for the General Fund's actual results compared to budget in 2018. Revenue exceeded budget by \$704,153 and actual expenses were \$1,570,371 less than the budgeted amount. The General Fund's original appropriation of \$30,033 was amended to \$30,006 with supplemental appropriations and de-appropriations. The General Fund's actual expenditures on a budget basis were \$28,435.

Original 2018 appropriations were increased during the year by \$6,313 for all funds. The majority of the supplemental appropriations included the following:

- \$250 for auto and truck depreciation to purchase two new fire trucks;
- \$75 for purchase of new electronic billboard;
- \$294 for TIF payment reimbursements to the school district;
- \$200 for CDBG salary reimbursement;
- \$800 for the demolition of Studio Theater and other blight properties in the City;
- \$100 for the Yankee Road project;
- \$100 for EZ agreements to schools and CRA payments;
- \$500 for payment to AK Steel per a development agreement;

V. CAPITAL ASSET AND DEBT ADMINISTRATION

A. Capital assets

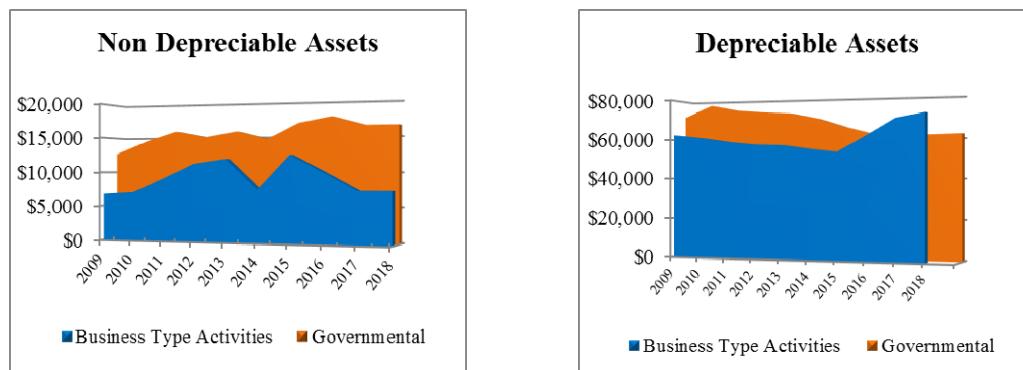
Capital assets are divided into two categories – depreciable and non-depreciable. Land and construction-in-progress are the only non-depreciable assets recorded for the City of Middletown. Construction-in-progress will be categorized with depreciable assets once the improvement project is completed with 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.

CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2018

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

	<u>Governmental</u>	<u>Business-Type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Land	\$ 15,424	3,892	19,316
Land improvements	239	469	708
Buildings	9,379	14,413	23,791
Equipment	6,586	7,375	13,961
Infrastructure	45,839	49,483	95,322
Construction in Progress	43	1,894	1,937
Total	<u>\$ 77,509</u>	<u>77,526</u>	<u>155,036</u>

(Asset amounts shown in thousands)



The City had approximately \$155,036 in capital assets at the end of 2018 and \$155,059 in capital assets at year end of 2017.

1) Governmental activities non-depreciable assets:

- a. Land – Total of capital assets at year end was \$15,424 an increase of \$860 due to purchase of property for right of way access for the Yankee Road – Phase 3 project.
- b. Construction in progress – total for 2018 is \$43 at year end, a decrease of \$1,923 from 2017 year end. All current projects are reported in the Capital Improvement Fund for various street projects with the exception of the Rathman Field project that are both paid from the General Fund. The current projects are:
 - 2018 Pavement Markings - \$33
 - Rathman Field/Smith Park - \$10

The following projects were completed and placed in service as of December 31, 2018:

- Yankee Road – Phase 3 - \$1,150
- Yankee Road right-of-way acquisitions - \$855
- Central Avenue Street Lights - \$20

CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2018

- 2) Governmental activities for depreciable assets:
 - a. Land improvements– no changes in 2018.
 - b. Buildings – a total of \$87 was added for major building upgrades. Chillers, security door scanners and cameras, and fiber optic cable installation were some of the improvements.
 - c. Equipment – a total of \$2,217 was added for equipment with the majority of purchases (\$1,089) for vehicles and (\$306) for computer equipment.
 - d. Infrastructure – an additional \$4,847 was added for 2018. This consisted mainly of street improvements. This increase is due to the completion of the Yankee Road – Phase 3 project (listed above in 1b), the 2017 and 2018 Road Improvement Program, contributed roadway capital in the Renaissance development and construction in progress that was placed in service in 2018.
- 3) Business-type activities non-depreciable assets:
 - a. Land – Increase of \$119 for 2018.
 - b. Construction in progress – current projects are:
 - New well/abandonment of wells 17 & 18 - \$167
 - Kensington Pump Station Upgrade - \$938
 - WTP tank deck restoration - \$56
 - WWTP Centrifuge, Conveyor, Control Cabinets - \$374
 - 2018 Local Street Improvements - \$284
 - Airport Fuel Tank Installation - \$7
- 4) Business type activities depreciable assets:
 - a. Land improvements – \$173 for an aqua block installation in the hydraulic canal
 - b. Buildings – a total of \$73; Roof repairs/replacements at various buildings and storage shed construction in house fuel tank at the Middletown Regional Airport; Air conditioning for chlorine room at Water Treatment Plant
 - c. Equipment –
 - \$242 for a camera van for sewer
 - \$408 for influent valves at WWTP
 - \$102 for water meters, decoders and valves
 - \$25 for # 4 blower repair at WWTP
 - \$25 for condensing unit for CO2 storage tank at WTP
 - \$349 for runway lighting at the Middletown Regional Airport
 - \$12 for #2 influent raw pump at WWTP
 - \$12 for Worthington rotating assembly pump # 2 rebuild at WWTP
 - d. Infrastructure –
 - \$3,018 Yankee Road – Phase 3 Project
 - \$527 East Interceptor Sewer repairs/upgrades
 - \$242 Renaissance Development Sewer and Storm
 - \$213 University Blvd Storm Sewer improvements

**CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2018**

- \$115 Storm Basin at Grand/University
- \$105 North Interceptor Sewer repairs/upgrades
- \$84 Airport Taxiway and Apron improvements
- \$57 Oxford State/South Verity Pkwy Waterline Replacement
- \$12 Sewer lateral replacement Curryer Road

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 2018. In 2017, the City refinanced \$11,205,000 in debt saving \$902,872 over the duration of thirteen years. The newly refinanced debt matures in or before 2029.

Long term obligations are presented on pages 77 through 80 in Note 11.

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

The City of Middletown has experienced over \$1 billion dollars of investment made by area businesses since 2007. These investments include a variety of businesses including industrial, commercial, educational, and medical facilities. Unemployment in the Cincinnati-Middletown region is down to approximately 3.6% for the third month of 2019. Aging infrastructure is being addressed. Downtown is alive with more new businesses and entertainment.

Building inspection processed 1,915 permits in 2018 with a valuation of \$54 million. The decrease in valuation is due to the completion of several large construction projects in 2017 and early 2018. This is a strong indicator that our local economy is on the rebound and heading in the right direction. In 2017 there were 1,607 permits with a valuation of over \$70 million. In 2016 building inspection processed 2,341 permits with a valuation of \$65 million.

The financial results from the City show that we have made positive progress. In 2014, 2015 and 2016 we experienced an increase in tax revenue of about 3 percent each year. The increase 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.

Significant Statistics/Changes for 2019 Budget:

- Keep public safety, finances, revitalization and street improvements as a priority
- 2% cost of living adjustment for all employees
- No performance based incentive program in 2019
- No water rate increase in 2019
- No solid waste rate increase in 2019
- No storm water rate increase in 2019
- Sewer rates will increase 10% in 2019
- Health insurance costs increase 6%
- 2019 will end with 15.0% General Fund Balance

**CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2018**

VII. REQUESTS FOR ADDITIONAL INFORMATION

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

DEPARTMENT OF FINANCE



Jacob Burton
Finance Director



CITY OF MIDDLETOWN, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equity in pooled cash, deposits and investments	\$ 29,081,867	\$ 28,301,196	\$ 57,383,063
Receivables (net of allowance for uncollectibles):			
Income taxes	3,500,000	-	3,500,000
Property taxes	4,693,952	-	4,693,952
Payments in lieu of taxes	921,369	-	921,369
Accounts	1,565,938	2,953,333	4,519,271
Interest	150,512	-	150,512
Loans	951,864	101,440	1,053,304
Intergovernmental	1,921,857	555,420	2,477,277
Special assessments	1,593,814	56,163	1,649,977
Inventory of supplies	873,679	472,380	1,346,059
Internal balances	(2,647,079)	2,647,079	-
Capital assets			
Non-depreciable	15,467,036	5,785,833	21,252,869
Depreciable, net	62,042,409	71,740,633	133,783,042
Total assets	120,117,218	112,613,477	232,730,695
Deferred outflows of resources			
Deferred charge on refunding	340,377	73,574	413,951
Pension related	7,601,301	663,119	8,264,420
OPEB related	3,868,804	128,707	3,997,511
Total deferred outflows of resources	11,810,482	865,400	12,675,882
Liabilities			
Accounts payable	1,287,651	1,198,885	2,486,536
Accrued wages and benefits	1,343,556	224,850	1,568,406
Other accrued liabilities	323,657	5,680	329,337
Accrued interest payable	66,378	25,954	92,332
Due to other governments	123,349	1,881	125,230
Due to other individuals	-	908,367	908,367
Unearned revenue	-	101,440	101,440
Non current liabilities:			
Due within one year	4,660,153	1,194,239	5,854,392
Due in more than one year	94,625,435	12,626,656	107,252,091
Total liabilities	102,430,179	16,287,952	118,718,131
Deferred inflows of resources			
Revenues levied for the next year	5,139,474	-	5,139,474
Pension related	5,726,925	575,350	6,302,275
OPEB related	1,064,355	175,790	1,240,145
Total deferred inflows of resources	11,930,754	751,140	12,681,894
Net Position			
Net investment in capital assets	59,480,032	68,619,077	128,099,109
Restricted for capital projects	1,017,863	-	1,017,863
Restricted for debt service	2,916,032	-	2,916,032
Restricted for housing assistance	400,512	-	400,512
Restricted for community development	1,980,620	-	1,980,620
Restricted for public safety	2,340,164	-	2,340,164
Restricted for roads	3,130,435	-	3,130,435
Restricted for other purposes	209,006	-	209,006
Unrestricted	(53,907,897)	27,820,708	(26,087,189)
Total net position	\$ 17,566,767	\$ 96,439,785	\$ 114,006,552

See accompanying notes to the basic financial statements.

CITY OF MIDDLETOWN, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental activities:							
Public safety	\$ 28,186,584	\$ 4,903,310	\$ 811,339	\$ 337,690	\$ (22,134,245)		\$ (22,134,245)
Public health and welfare	643,859	340,602	30,581	-	(272,676)		(272,676)
Leisure time activities	1,223,281	-	-	-	(1,223,281)		(1,223,281)
Community environment	5,753,454	887,671	896,390	1,069,095	(2,900,298)		(2,900,298)
Highways and streets	6,704,370	118,553	-	2,625,360	(3,960,457)		(3,960,457)
General government	6,943,451	3,087,613	-	-	(3,855,838)		(3,855,838)
Interest on long-term debt	838,608	-	-	-	(838,608)		(838,608)
Total governmental activities	<u>\$ 50,293,607</u>	<u>\$ 9,337,749</u>	<u>\$ 1,738,310</u>	<u>\$ 4,032,145</u>	<u>\$ (35,185,403)</u>		<u>\$ (35,185,403)</u>
Business-type activities:							
Water	\$ 6,873,428	\$ 10,141,095	\$ -	\$ 1,142,717	\$ -	\$ 4,410,384	\$ 4,410,384
Sewer	8,402,395	14,017,503	-	121,013	-	5,736,121	5,736,121
Solid Waste	3,510,786	3,423,980	-	-	-	(86,806)	(86,806)
Airport	740,436	266,294	-	441,345	-	(32,797)	(32,797)
Transit	2,189,340	107,322	1,542,126	117,645	-	(422,247)	(422,247)
Storm Water	1,450,103	2,052,388	-	121,683	-	723,968	723,968
Total business-type activities	<u>\$ 23,166,488</u>	<u>\$ 30,008,582</u>	<u>\$ 1,542,126</u>	<u>\$ 1,944,403</u>	<u>\$ -</u>	<u>\$ 10,328,623</u>	<u>\$ 10,328,623</u>
Total	<u>\$ 73,460,095</u>	<u>\$ 39,346,331</u>	<u>\$ 3,280,436</u>	<u>\$ 5,976,548</u>	<u>\$ (35,185,403)</u>	<u>\$ 10,328,623</u>	<u>\$ (24,856,780)</u>
General revenues:							
Taxes:							
Income taxes				\$ 23,541,368	\$ -	\$ -	\$ 23,541,368
Property taxes				4,215,276	-		4,215,276
Other taxes				2,553,792	-		2,553,792
Payments in lieu of taxes				1,686,982	-		1,686,982
Grants and contributions not restricted to specific programs				1,806,220	-		1,806,220
Investment earnings				269,144	343,763		612,907
Miscellaneous				138,797	272,673		411,470
Transfers				(83,861)	83,861		-
Total general revenues and transfers				<u>\$ 34,127,718</u>	<u>\$ 700,297</u>		<u>\$ 34,828,015</u>
Change in net position				<u>(1,057,685)</u>	<u>\$ 11,028,920</u>		<u>\$ 9,971,235</u>
Net position beginning of year, restated				<u>18,624,452</u>	<u>\$ 85,410,865</u>		<u>\$ 104,035,317</u>
Net position end of year				<u>\$ 17,566,767</u>	<u>\$ 96,439,785</u>		<u>\$ 114,006,552</u>

See accompanying notes to the basic financial statements.

CITY OF MIDDLETOWN, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General	Special Assessment	Debt Service
Assets:			
Cash and equity in pooled cash, deposits and investments	\$ 9,923,735	\$ 465,435	
Receivables (net of allowance for uncollectibles):			
Income taxes	3,500,000		
Property taxes	2,898,219	-	
Accounts	492,459	-	
Loans	-	-	
Interest	-	-	
Payments in lieu of taxes	-	-	
Special assessments	-	1,313,814	
Due from other funds	4,272,496	-	
Due from other governments	537,504	-	
Inventory of supplies	32,033	-	
Total assets	\$ 21,656,446	\$ 1,313,814	
Liabilities:			
Accounts payable	\$ 303,152	\$ -	
Accrued wages and benefits	1,199,514	-	
Other accrued liabilities	166,268	-	
Due to other funds	56,302	-	
Due to other governments	-	-	
Total liabilities	1,725,236	-	
Deferred inflows of resources:			
Revenues levied for the next year and unavailable revenue	5,172,201	1,313,814	
Total deferred inflows of resources	5,172,201	1,313,814	
Fund balances:			
Nonspendable	4,304,529	-	
Restricted	-	465,435	
Committed	-	-	
Assigned	3,050,144	-	
Unassigned	7,404,336	-	
Total fund balances	14,759,009	465,435	
Total liabilities, deferred inflows of resources and fund balances	\$ 21,656,446	\$ 1,779,249	

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

Capital Improvements	Non Major Governmental Funds	Total Governmental Funds
\$ 2,163,800	\$ 9,055,341	\$ 21,608,311
-	-	3,500,000
621,625	1,174,108	4,693,952
-	394,498	886,957
-	951,864	951,864
-	150,512	150,512
-	921,369	921,369
-	280,000	1,593,814
-	-	4,272,496
157,226	1,227,127	1,921,857
-	528,278	560,311
\$ 2,942,651	\$ 14,683,097	\$ 41,061,443
\$ 148,226	\$ 233,196	\$ 684,574
-	129,171	1,328,685
115,694	41,695	323,657
1,383,500	1,165,853	2,605,655
-	123,349	123,349
1,647,420	1,693,264	5,065,920
657,874	3,360,721	10,504,610
657,874	3,360,721	10,504,610
-	449,691	4,754,220
637,357	7,791,962	8,894,754
-	2,329,089	2,329,089
-	-	3,050,144
-	(941,630)	6,462,706
637,357	9,629,112	25,490,913
\$ 2,942,651	\$ 14,683,097	\$ 41,061,443

CITY OF MIDDLETOWN, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2018

Total governmental fund balances	\$ 25,490,913
<i>Amounts reported for governmental activities in the statement of net position are different due to the following:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	77,509,445
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	1,800,000
Intergovernmental and other receivables	3,565,136
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.	3,482,199
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	(16,706,571)
Special assessment bonds	(1,085,000)
Compensated absences	(5,116,184)
Pension obligation payable	(1,479,414)
Accrued interest on long-term debt	(66,378)
Premium on bonds	(578,219)
Deferred charge on refunding	340,377
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	7,601,301
Deferred outflows - OPEB	3,868,804
Deferred inflows - pension	(5,726,925)
Deferred inflows - OPEB	(1,064,355)
Net pension liability	(39,669,202)
Net OPEB liability	<u>(34,599,160)</u>
Net position of governmental activities	<u>\$ 17,566,767</u>



CITY OF MIDDLETOWN, OHIO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR YEAR ENDED DECEMBER 31, 2018

	General	Special Assessment Debt Service
Revenues:		
Property taxes	\$ 2,594,843	\$ -
Municipal income taxes	18,363,559	-
Payment in lieu of taxes	-	-
Intergovernmental revenues	2,317,359	-
Charges for services	4,712,571	-
Fees, licenses, and permits	452,605	-
Fines and forfeits	6,913	-
Special assessments	-	254,709
Investment income	179,858	-
Miscellaneous	1,820,882	-
Total revenues	30,448,590	254,709
Expenditures:		
Current		
Public safety	19,762,885	-
Public health and welfare	-	-
Leisure time activities	905,548	-
Community environment	1,431,385	-
Highways and streets	-	-
General government	4,716,290	-
Miscellaneous	1,177,180	-
Debt service		
Principal retirement	-	192,000
Interest and fiscal charges	-	61,675
Total expenditures	27,993,288	253,675
Excess of revenues over (under) expenditures	2,455,302	1,034
Other financing sources (uses):		
Transfers-in	43,283	-
Transfers-out	(1,071,218)	-
Total other financing sources (uses)	(1,027,935)	-
Net change in fund balances	1,427,367	1,034
Fund balance, beginning of year	13,331,642	464,401
Fund balance, end of year	\$ 14,759,009	\$ 465,435

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

Capital Improvements	Non Major Governmental Funds	Total Governmental Funds
\$ 558,440	\$ 1,044,649	\$ 4,197,932
-	5,077,809	23,441,368
-	1,686,982	1,686,982
2,872,604	4,510,250	9,700,213
15,526	258,977	4,987,074
-	-	452,605
-	1,615,847	1,622,760
-	277,472	532,181
33,587	55,699	269,144
79,000	1,048,341	2,948,223
3,559,157	15,576,026	49,838,482
7,590	5,580,982	25,351,457
-	563,168	563,168
97,049	-	1,002,597
-	3,907,070	5,338,455
3,263,672	2,423,245	5,686,917
-	387,060	5,103,350
7,240	1,366,462	2,550,882
-	2,374,348	2,566,348
-	816,130	877,805
3,375,551	17,418,465	49,040,979
183,606	(1,842,439)	797,503
-	944,074	987,357
-	-	(1,071,218)
-	944,074	(83,861)
183,606	(898,365)	713,642
453,751	10,527,477	24,777,271
\$ 637,357	\$ 9,629,112	\$ 25,490,913

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, 2018

Net change in fund balances - total governmental funds	\$ 713,642
<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 less than depreciation and loss on disposal in the current period:	
Capital outlay, net	6,074,264
Depreciation expense	(6,844,077)
Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows in the funds:	
Income taxes	100,000
Intergovernmental and other revenues	(847,831)
Governmental Funds report premiums as other financing sources, whereas these amounts are deferred and amortized in the statement of activities:	
Amortization of bond premiums	148,838
Deferred charges on refunding are recorded as deferred outflows of resources and amortized in the statement of activities:	
Amortization of deferred charge on refunding	(121,234)
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	2,566,348
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	11,593
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	(98,152)
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.	1,257,363
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	
Pension	3,668,719
OPEB	54,314
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	(4,997,803)
OPEB	(2,841,410)
Change in net position of governmental activities	<u>\$ (1,057,685)</u>



CITY OF MIDDLETOWN, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2018

Business Type Activities - Enterprise Funds

	Water	Sewer	Storm Water
Assets			
Current assets:			
Equity in pooled cash and investments			
Receivables	\$ 10,303,215	\$ 15,944,999	\$ 1,639,559
Accounts	1,081,119	1,480,320	217,319
Loans	101,440	-	-
Due from other funds	-	-	-
Intergovernmental	-	-	-
Special Assessments	-	56,163	-
Inventory of supplies	257,219	215,161	-
Total current assets	11,742,993	17,696,643	1,856,878
Noncurrent assets:			
Capital assets:			
Construction in progress	1,082,637	452,193	283,823
Land	1,315,164	165,000	504,612
Land improvements	5,875	200,046	36,046
Infrastructure assets	35,035,397	49,724,280	10,188,326
Buildings	16,515,016	13,193,232	69,270
Equipment	6,703,070	13,965,902	685,860
Less: Accumulated depreciation	(33,529,070)	(44,110,336)	(1,841,849)
Total capital assets (net of accumulated depreciation)	27,128,089	33,590,317	9,926,088
Total noncurrent assets	27,128,089	33,590,317	9,926,088
Total assets	38,871,082	51,286,960	11,782,966
Deferred outflows of resources:			
Deferred charge on refunding	10,442	52,242	-
Pension related	254,273	290,544	54,834
OPEB related	49,353	56,393	10,643
Total deferred outflows of resources	314,068	399,179	65,477
Liabilities			
Current liabilities:			
Accounts payable	178,374	239,631	14,655
Accrued wages and benefits	89,382	107,044	18,674
Other accrued liabilities	-	-	-
Accrued interest payable	8,054	15,100	-
Due to other funds	7,119	5,375	6,644
Due to other governments	1,881	-	-
Due to individuals	908,367	-	-
General obligation bonds payable	393,428	435,000	-
Unearned revenue	101,440	-	-
Compensated absences (short term portion)	136,587	115,563	23,161
Total current liabilities	1,824,632	917,713	63,134
Long-term liabilities:			
General obligation bonds payable	2,551,078	4,785,509	-
Compensated absences	105,638	112,664	35,191
Net pension liability	923,652	1,055,411	199,187
Net OPEB liability	670,644	766,312	144,626
Total long-term liabilities	4,251,012	6,719,896	379,004
Total liabilities	6,075,644	7,637,609	442,138
Deferred inflows of resources:			
Pension related	220,617	252,088	47,577
OPEB related	67,406	77,022	14,536
Total deferred inflows of resources:	288,023	329,110	62,113
Net position			
Net investment in capital assets	24,284,084	28,477,528	9,926,088
Unrestricted	8,537,399	15,241,892	1,418,104
Total net position	\$ 32,821,483	\$ 43,719,420	\$ 11,344,192

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	
\$ 247,733	\$ 165,690	\$ 28,301,196	\$ 7,473,556	
174,575	-	2,953,333	678,981	
-	-	101,440	-	
-	-	-	107,784	
-	555,420	555,420	-	
-	-	56,163	-	
-	-	472,380	313,368	
422,308	721,110	32,439,932	8,573,689	
-	75,448	1,894,101	-	
382,600	1,524,356	3,891,732	195,750	
8,500	666,367	916,834	-	
12,300	1,688,161	96,648,464	-	
74,652	3,259,398	33,111,568	521,872	
-	4,467,761	25,822,593	12,959,717	
(64,761)	(5,212,810)	(84,758,826)	(10,408,071)	
413,291	6,468,681	77,526,466	3,269,268	
413,291	6,468,681	77,526,466	3,269,268	
835,599	7,189,791	109,966,398	11,842,957	
-	10,890	73,574	-	
5,599	57,869	663,119	48,125	
1,086	11,232	128,707	9,341	
6,685	79,991	865,400	57,466	
561,930	204,295	1,198,885	603,077	
-	9,750	224,850	14,871	
-	5,680	5,680	-	
-	2,800	25,954	-	
-	255,487	274,625	1,500,000	
-	-	1,881	-	
-	-	908,367	-	
-	85,000	913,428	-	
-	-	101,440	-	
-	5,500	280,811	21,008	
561,930	568,512	3,935,921	2,138,956	
-	876,495	8,213,072	-	
-	2,312	255,805	30,830	
20,342	210,208	2,408,800	174,813	
14,770	152,627	1,748,979	126,928	
35,112	1,241,632	12,626,656	332,571	
597,042	1,810,144	16,562,577	2,471,527	
4,859	50,209	575,350	41,755	
1,485	15,341	175,790	12,758	
6,344	65,550	751,140	54,513	
413,291	5,518,086	68,619,077	3,269,268	
(174,393)	(123,998)	24,899,004	6,105,115	
\$ 238,898	\$ 5,394,088	\$ 93,518,081	\$ 9,374,383	
Adjustment to reflect consolidation of internal service fund activities		2,921,704		
Total net position from above		93,518,081		
Net position of business-type activities	\$	96,439,785		

CITY OF MIDDLETOWN, OHIO
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES OF NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Business Type Activities - Enterprise Funds

	Water	Sewer	Storm Water
Operating revenues:			
Charges for services	\$ 10,141,095	\$ 14,017,503	\$ 2,052,388
Other operating revenue	139,598	110,468	16,988
Total operating revenues	10,280,693	14,127,971	2,069,376
Operating expenses:			
Personal services	2,495,663	2,876,512	633,895
Contractual services	2,440,956	2,580,914	229,639
Commodities	918,118	614,574	36,581
Depreciation	1,072,927	1,467,101	237,236
Other operating expenses	220,977	728,331	312,752
Total operating expenses	7,148,641	8,267,432	1,450,103
Operating income (loss)	3,132,052	5,860,539	619,273
Non-operating revenues (expenses):			
Interest revenue	121,613	198,678	23,472
Interest expense and fiscal charges	(102,959)	(134,963)	-
Operating grants	-	-	-
Total non-operating revenues (expenses)	18,654	63,715	23,472
Income (loss) before contributions and transfers	3,150,706	5,924,254	642,745
Capital contributions	1,142,717	121,013	121,683
Transfers-in	-	-	-
Transfers-out	(37,928)	(37,928)	-
Change in net position	4,255,495	6,007,339	764,428
Total net position, beginning of year, restated	28,565,988	37,712,081	10,579,764
Total net position, end of year	\$ 32,821,483	\$ 43,719,420	\$ 11,344,192

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		
\$ 3,423,980 65	\$ 373,616 5,554	\$ 30,008,582 272,673	\$ 9,084,833 46,716		
3,424,045	379,170	30,281,255	9,131,549		
12,071 3,484,266 8,594 2,357 3,498	296,838 1,866,779 15,723 674,067 52,024	6,314,979 10,602,554 1,593,590 3,453,688 1,317,582	493,955 5,148,164 807,361 813,358 85,955		
3,510,786	2,905,431	23,282,393	7,348,793		
(86,741)	(2,526,261)	6,998,862	1,782,756		
- - - - -	- (24,345) 1,542,126	343,763 (262,267) 1,542,126	108,106 - -		
	1,517,781	1,623,622	108,106		
(86,741)	(1,008,480)	8,622,484	1,890,862		
- - - -	558,990 203,000 (43,283)	1,944,403 203,000 (119,139)	- - -		
(86,741)	(289,773)	10,650,748	1,890,862		
325,639	5,683,861	82,867,333	7,483,521		
\$ 238,898	\$ 5,394,088	\$ 93,518,081	\$ 9,374,383		

Adjustment to reflect consolidation of Internal Service Fund Activities
 Changes in net position of enterprise funds
 Changes in net position of business-type activities

\$ 378,172
 10,650,748
 \$ 11,028,920

CITY OF MIDDLETOWN, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR YEAR ENDED DECEMBER 31, 2018

	Business Type Activities - Enterprise Funds						Governmental Activities -	
			Water	Sewer	Storm Water	Solid Waste Disposal	Non Major Enterprise Funds	Internal Service Funds
	Water	Sewer	Storm Water	Solid Waste Disposal	Non Major Enterprise Funds	Totals	Internal Service Funds	
Cash flows from operating activities:								
Cash received from customers	\$ 10,075,047	\$ 13,925,958	\$ 2,057,772	\$ 3,359,769	\$ 379,170	\$ 29,797,716	\$ -	\$ -
Cash payments to suppliers for goods and services	(3,401,861)	(3,357,680)	(417,564)	(3,442,010)	(1,540,611)	(12,159,726)	(6,756,594)	(485,218)
Cash payments to employees for services	(1,955,687)	(2,738,921)	(600,226)	(9,633)	(373,800)	(5,678,267)		
Miscellaneous revenues	146,470	-	-	-	-	146,470		
Cash received from interfund services provided	-	-	-	-	-			8,796,036
Cash payments for interfund services used	(528,040)	(557,645)	(153,593)	-	(194,029)	(1,433,307)	(61,196)	
Net cash provided (used) by operating activities	4,335,929	7,271,712	886,389	(91,874)	(1,729,270)	10,672,886		1,493,028
Cash flows from non-capital financing activities:								
Operating grants	-	-	-	-	-	1,547,030	1,547,030	-
Interfund loan receipts/(payments)	-	-	-	-	-	(399,448)	(399,448)	(500,000)
Transfers-in from other funds	-	-	-	-	-	203,000	203,000	-
Transfers-out to other funds	(37,928)	(37,928)	-	-	-	(43,283)	(119,139)	-
Net cash provided (used) by non-capital financing activities	(37,928)	(37,928)				1,307,299	1,231,443	(500,000)
Cash flows from capital and related financing activities:								
Purchase of capital assets	(953,114)	(1,771,234)	(730,952)	-	(502,837)	(3,958,137)		(1,089,631)
Interest expense and fiscal charges	(108,908)	(182,300)	-	-	(33,600)	(324,808)		
Repayment of debt principal	(380,652)	(435,000)	-	-	(80,000)	(895,652)		
Capital grants	1,142,717	-	-	-	944,616	2,087,333		
Net cash used by capital and related financing activities	(299,957)	(2,388,534)	(730,952)			328,179	(3,091,264)	(1,089,631)
Cash flows from investing activities:								
Interest income	121,613	198,678	23,472	-	-	343,763		108,106
Net cash provided by investing activities	121,613	198,678	23,472			343,763		108,106
Net change in cash and cash equivalents	4,119,657	5,043,928	178,909	(91,874)	(93,792)	9,156,828		11,503
Cash and pooled investments, beginning of year	6,183,558	10,901,071	1,460,650	339,607	259,482	19,144,368		7,462,053
Cash and pooled investments, end of year	\$ 10,303,215	\$ 15,944,999	\$ 1,639,559	\$ 247,733	\$ 165,690	\$ 28,301,196		\$ 7,473,556

continued

CITY OF MIDDLETOWN, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR YEAR ENDED DECEMBER 31, 2018

							Governmental Activities - Internal Service Funds	
Business Type Activities - Enterprise Funds								
	Water	Sewer	Storm Water	Solid Waste Disposal	Non Major Enterprise Funds	Totals		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	\$ 3,132,052	\$ 5,860,539	\$ 619,273	\$ (86,741)	\$ (2,526,261)	\$ 6,998,862	\$ 1,782,756	
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation	1,072,927	1,467,101	237,236	2,357	674,067	3,453,688	813,358	
Changes in assets and liabilities:								
Decrease (increase) in accounts receivable (net)	(98,683)	(194,993)	(11,604)	(64,276)	-	(369,556)	(357,454)	
Decrease (increase) in special assessment receivable (net)	-	(7,020)	-	-	-	(7,020)	-	
Decrease (increase) in inventory of supplies	(13,420)	42,098	-	-	-	28,678	(45,338)	
Decrease (increase) in due from other funds	-	-	-	-	-	-	21,941	
Decrease (increase) in deferred outflows of resources - pension related	303,469	346,760	65,444	6,684	69,064	791,421	57,436	
Decrease (increase) in deferred outflows of resources - OPEB related	(41,614)	(47,550)	(8,974)	(916)	(9,471)	(108,525)	(7,876)	
Increase (decrease) in accounts payable	98,256	(33,259)	7,023	54,348	112,330	238,698	(730,972)	
Increase (decrease) in accrued wages and benefits	6,260	7,848	1,035	-	(5,330)	9,813	1,184	
Increase (decrease) in due to other funds	(7,504)	(345)	792	-	433	(6,624)	-	
Increase (decrease) in compensated absences payable	(4,199)	3,290	8,769	-	(9,694)	(1,834)	(13,393)	
Increase (decrease) in due to other governments	68	-	-	-	-	68	-	
Increase (decrease) in due to individuals	39,507	-	-	-	-	39,507	-	
Increase (decrease) in net pension liability	(459,493)	(525,040)	(99,091)	(10,120)	(104,573)	(1,198,317)	(86,965)	
Increase (decrease) in net OPEB liability	30,747	35,133	6,631	677	6,997	80,185	5,819	
Increase (decrease) in deferred inflows of resources - pension related	210,150	240,128	45,319	4,628	47,827	548,052	39,774	
Increase (decrease) in deferred inflows of resources - OPEB related	67,406	77,022	14,536	1,485	15,341	175,790	12,758	
Total adjustments	1,203,877	1,411,173	267,116	(5,133)	796,991	3,674,024	(289,728)	
Net cash provided (used) by operating activities	\$ 4,335,929	\$ 7,271,712	\$ 886,389	\$ (91,874)	\$ (1,729,270)	\$ 10,672,886	\$ 1,493,028	
Noncash investing, capital and financing activities:								
Capital contribution of assets from developers	\$ -	\$ 121,013	\$ 121,683	\$ -	\$ 242,696	\$ -	\$ -	

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, 2018

	Total Agency Funds
Assets:	
Cash and equity in pooled cash, deposits and investments	\$ 392,564
Cash with fiscal and escrow agent	370,104
Total assets	<u>\$ 762,668</u>
Liabilities:	
Due to other governments	\$ 329,439
Due to individuals	250,014
Unapportioned monies	183,215
Total liabilities	<u>\$ 762,668</u>

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

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

Blended Component Unit

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

Discretely Presented Component Units

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

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

Related Organization

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

Included within the reporting entity:

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

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

B. BASIS OF PRESENTATION

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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.

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

CITY OF MIDDLETOWN
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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, 2018, 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.

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.

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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 2018, interest costs incurred on construction projects were not material.

J. FUND BALANCES

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

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

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

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

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

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

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

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

CITY OF MIDDLETOWN
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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:

INTERFUND TRANSFERS

	Transfers In	Transfers Out
<hr/>		
Governmental Funds:		
General Fund	\$43,283	\$1,071,218
Non Major Governmental Funds	\$944,074	\$0
<hr/>		
Enterprise Funds:		
Water Fund	\$0	\$37,928
Sewer Fund	\$0	\$37,928
Non Major Enterprise Funds	\$203,000	\$43,283
TOTAL	\$1,190,357	\$1,190,357

CITY OF MIDDLETOWN
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A brief description of all transfers include:

- \$400,000 to the Nuisance Abatement Fund for nuisance and demolition
- \$225,856 in 2018 for anticipated computer replacements
- \$193,218 to the Economic Development Bond Fund for debt payments
- \$133,000 to the Airport Fund for airport operations and maintenance
- \$75,000 to the Downtown Improvements Fund for downtown improvements
- \$70,000 to the Transit Fund for Transit operations
- \$50,000 to the Conservancy Fund for property tax payments
- \$43,283 to the General Fund upon closing the Golf Course Fund

L. INTERGOVERNMENTAL REVENUES

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

M. COMPENSATED ABSENCES

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

Accumulated Unpaid Vacation

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

Accumulated Unpaid Sick Leave

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

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

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

At December 31, 2018, the total liability of the City for compensated absences was \$5,704,638.

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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.

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, 2018, but which were levied to finance fiscal year 2019 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

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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 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 2018.

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 2018 increased the original 2018 Appropriation Resolution by \$6,312,845 for all budgeted funds. The majority of these supplemental appropriations are due to the following factors:

- \$800,000 for demolition of blight throughout the City

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- \$500,000 for payment to AK Steel per development agreement
- \$294,500 for TIF payment reimbursements to the school district
- \$250,000 for fire depreciation to cover the cost of fire trucks
- \$200,000 for CDBG payments that are reimbursed to the City
- \$175,000 to cover increase in miscellaneous costs and 2019 billboard purchase
- \$100,000 payment for EZ agreements to schools
- \$100,000 for the Yankee Road – Phase 3 project
- \$67,000 for City building repairs including cooling towers, ceiling tiles, and exterior lighting
- \$62,513 for payment of hotel/motel tax revenue to a CVB
- \$57,000 for various maintenance issues and repairs at Middletown Regional Airport
- \$56,488 for jail food and medical doctor price increases
- \$45,000 for engineering and grant administration services for rehabilitation of the airport taxiway and lighting system

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 2018 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 2018, including all supplemental appropriations and modifications.

Encumbrances

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

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be re-appropriated. However, the budgetary schedules for funds that had outstanding encumbrances at December 31, 2017, 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, 2018, are comprised of the following:

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Deposits	
Petty Cash	\$5,625
Certificate of Deposit	\$5,515,732
Demand deposit accounts	<u>4,205,489</u>
Subtotal deposits	\$9,726,846
 Investments	
Money Market Funds	\$20,292,411
U.S. Government and Agency	\$19,836,550
STAR Ohio	<u>\$8,289,924</u>
Subtotal investments	<u>\$48,418,885</u>
 Total	 <u>\$58,145,731</u>

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

Deposits

Custodial Credit Risk

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

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

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

At year-end, 64.9% (\$9,253,596) of the City's bank balance of \$14,247,780 was covered by Federal Deposit Insurance Corporation (FDIC) and the remaining was covered by pooled collateral.

The City's investments at December 31, 2018 are summarized as follows:

	<u>Fair Value</u>	<u>Average Maturity</u>
		<u>Years</u>
U.S. Government and Agency	\$19,836,550	2.27
Star Ohio	\$8,289,924	n/a
US Money Market Funds	<u>\$20,292,411</u>	n/a
	<u>\$48,418,885</u>	

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Fair Value Measurement

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

Credit Risk

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

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

Custodial Credit Risk

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

Interest Rate Risk

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

NOTE 4 – COMPLIANCE AND ACCOUNTABILITY

The 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, 2018 (using the current financial resource measurement focus), the following funds had a deficit fund balance: Nuisance Abatement (\$337,121), 2018 Sidewalk, Curb, and Gutter Program (\$276,524), Conservancy District (\$100,712), Central Ave Sidewalk & Curb (\$83,812), Community Development (\$64,461), Neighborhood Stabilization Program (\$47,141) and HOME Program (\$31,859).

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

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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 2018 taxes were collected was \$702,965,460. The full tax rate for all City operations for the fiscal year ended December 31, 2018, 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, 2018. 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 2018 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.

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

GOVERNMENTAL ACTIVITIES				
<i><u>Capital Asset</u></i>	<i><u>Beginning Balance</u></i>	<i><u>Increase</u></i>	<i><u>Decrease</u></i>	<i><u>Ending Balance</u></i>
Capital assets, not being depreciated:				
Land	\$14,564,160	\$859,687	\$0	\$15,423,847
Construction in progress	\$1,966,541	\$101,406	(\$2,024,758)	\$43,189
Total capital assets, not being depreciated	\$16,530,701	\$961,093	(\$2,024,758)	\$15,467,036
Capital assets, being depreciated:				
Land improvements	\$786,331	\$0	\$0	\$786,331
Buildings	\$29,588,660	\$87,093	(\$79,417)	\$29,596,336
Equipment	\$25,720,170	\$2,217,230	(\$677,041)	\$27,260,359
General infrastructure	\$201,371,089	\$4,847,191	\$0	\$206,218,280
Total capital assets, being depreciated	\$257,466,250	\$7,151,514	(\$756,458)	\$263,861,306
Totals at Historical Cost	\$273,996,951	\$8,112,607	(\$2,781,216)	\$279,328,342
Less accumulated depreciation:				
Land improvements	\$516,660	\$30,473	\$0	\$547,133
Buildings	\$19,427,850	\$858,443	(\$68,733)	\$20,217,560
Equipment	\$19,949,062	\$1,399,931	(\$674,140)	\$20,674,853
General infrastructure	<u>\$155,824,121</u>	<u>\$4,555,231</u>	<u>\$0</u>	<u>\$160,379,352</u>
Total depreciation	\$195,717,693	\$6,844,078	(\$742,873)	\$201,818,898
Capital Assets, Net	\$78,279,258	\$1,268,530	(\$2,038,343)	\$77,509,445

Depreciation was charged to governmental functions as follows:

Community environment	\$370,739
General Government	\$1,215,625
Leisure	\$201,672
Public health and welfare	\$14,563
Public safety	\$661,584
Streets and highways	<u>\$4,379,894</u>
Total	<u>\$6,844,077</u>

CITY OF MIDDLETOWN
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<i>BUSINESS-TYPE ACTIVITIES</i>				
<i><u>Capital Asset</u></i>	<i><u>Beginning Balance</u></i>	<i><u>Increase</u></i>	<i><u>Decrease</u></i>	<i><u>Ending Balance</u></i>
Capital assets, not being depreciated:				
Land	\$3,773,182	\$118,550	\$0	\$3,891,732
Construction in progress	\$3,678,785	\$1,451,580	(\$3,236,264)	\$1,894,101
Total capital assets, not being depreciated	\$7,451,967	\$1,570,130	(\$3,236,264)	\$5,785,833
Capital assets, being depreciated:				
Land improvements	\$743,369	\$173,465	\$0	\$916,834
Buildings	\$33,038,629	\$72,939	\$0	\$33,111,568
Equipment	\$24,995,620	\$1,244,973	(\$418,000)	\$25,822,593
General infrastructure	\$92,272,874	\$4,375,590	\$0	\$96,648,464
Total capital assets, being depreciated	\$151,050,492	\$5,866,967	(\$418,000)	\$156,499,459
Totals at Historical Cost	\$158,502,459	\$7,437,097	(\$3,654,264)	\$162,285,292
Less accumulated depreciation:				
Land improvements	\$406,124	\$41,447	\$0	\$447,571
Buildings	\$17,930,211	\$768,697	\$0	\$18,698,908
Equipment	\$18,005,065	\$860,168	(\$418,000)	\$18,447,233
General infrastructure	\$45,381,737	\$1,783,376	\$0	\$47,165,113
Total depreciation	\$81,723,137	\$3,453,688	(\$418,000)	\$84,758,825
Total capital assets, being depreciated, net	\$69,327,354	\$2,413,279	\$0	\$71,740,633
Capital Assets, Net	\$76,779,321	\$3,983,409	(\$3,236,264)	\$77,526,466

Depreciation was charged to Enterprise Funds as follows:

Water	\$1,072,927
Sewer	\$1,467,101
Storm	\$237,236
Solid Waste	\$2,357
Airport	\$230,957
Transit	<u>\$443,110</u>
Total	<u>\$3,453,688</u>

CITY OF MIDDLETOWN
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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 per *Note 8* 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.

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

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

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.

CITY OF MIDDLETOWN
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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:

	State and Local	Public Safety	Law Enforcement
2018 Statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee	10.0%	*	**
2018 Actual Contribution Rates			
Employer:			
Pension	14.0%	18.1%	18.1%
Post-employment Health Care Benefits	0.0%	0.0%	0.0%
Total Employer	14.0%	18.1%	18.1%
Employee	10.0%	12.0%	13.0%

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$1,743,281 for 2018. Of this amount, \$145,273 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.

CITY OF MIDDLETOWN
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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>
2018 Statutory Maximum Contribution Rates		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
2018 Actual Contribution Rates		
Employer:		
Pension	19.00%	23.50%
Post-employment Health Care Benefits	0.50%	0.50%
<hr/>	<hr/>	<hr/>
Total Employer	<u>19.50%</u>	<u>24.00%</u>
<hr/>	<hr/>	<hr/>
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 \$2,256,918 for 2018. Of this amount \$188,077 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, 2018, the specific liability of the City was \$1,479,414 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, 2017, 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, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. 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	\$ 12,668,078	\$ 29,409,924	\$ 42,078,002
Proportion of the Net Pension Liability			
Current Measurement Date	0.080750%	0.479188%	
Prior Measurement Date	0.083538%	0.464288%	
Change in Proportionate Share	<u>-0.002788%</u>	<u>0.014900%</u>	
Pension Expense	\$ 2,485,636	\$ 2,984,803	\$ 5,470,439

At December 31, 2018, 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			
Changes in employer proportion and differences between contributions and proportionate share of contributions	\$ 217,263	\$ 792,456	\$ 1,009,719
Differences between expected and actual experience	12,937	446,098	459,035
Change in Assumptions	1,513,920	1,281,547	2,795,467
Entity contributions subsequent to the measurement date	<u>1,743,281</u>	<u>2,256,918</u>	<u>4,000,199</u>
Total Deferred Outflows of Resources	<u>\$ 3,487,401</u>	<u>\$ 4,777,019</u>	<u>\$ 8,264,420</u>
	OPERS	OP&F	Total
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$ 2,719,669	\$ 1,016,591	\$ 3,736,260
Differences between expected and actual experience	249,648	51,882	301,530
Changes in employer proportion and differences between contributions and proportionate share of contributions	<u>56,492</u>	<u>2,207,993</u>	<u>2,264,485</u>
Total Deferred Inflows of Resources	<u>\$ 3,025,809</u>	<u>\$ 3,276,466</u>	<u>\$ 6,302,275</u>

CITY OF MIDDLETOWN
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The City reported \$4,000,199 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, 2019. 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:			
2019	\$ 1,306,454	\$ 223,838	\$ 1,530,292
2020	(272,996)	(79,401)	(352,397)
2021	(1,197,598)	(1,106,957)	(2,304,555)
2022	(1,117,549)	(385,631)	(1,503,180)
2023	-	476,667	476,667
Thereafter	-	115,119	115,119
Total	<u>\$ (1,281,689)</u>	<u>\$ (756,365)</u>	<u>\$ (2,038,054)</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 was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67:

Measurement and Valuation Date	December 31, 2017
Experience Study	5-Year Period Ended December 31, 2015
Actuarial Cost Method	Individual Entry Age
Actuarial Assumptions:	
Investment Rate of Return	7.5 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

CITY OF MIDDLETOWN
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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 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 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.20%
Domestic Equities	19.00%	6.37%
Real Estate	10.00%	5.26%
Private Equity	10.00%	8.97%
International Equities	20.00%	7.88%
Other investments	18.00%	5.26%
 Total	100.00%	5.66%

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 2017, 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 the 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 16.82% for 2017.

Discount Rate The discount rate used to measure the total pension liability was 7.5%. 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 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	Current		
	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Entity's proportionate share of the net pension liability	\$ 22,495,335	\$ 12,668,078	\$ 4,475,165

Actuarial Assumptions – OPF

OPF's total pension liability as of December 31, 2017 is based on the results of an actuarial valuation date of January 1, 2017, 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 are presented below:

Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Actuarial Assumptions:	
Experience Study Date	5 year period ended December 31, 2016
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%

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

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 Conduent 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 Conduent 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, 2017 are summarized below:

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

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	\$ 40,769,877	\$ 29,409,924	\$ 20,144,856

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.

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

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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 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. 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 employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. 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 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City's contractually required contribution was \$0 for 2018.

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 2018, 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 \$54,314 for 2018. Of this amount, \$4,526 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, 2016, rolled forward to the measurement date of December 31, 2017, 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, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. 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:	\$ 9,198,025	\$ 27,150,114	\$ 36,348,139
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.084702%	0.479188%	
Prior Measurement Date	0.086891%	0.464288%	
Change in Proportionate Share	<u>-0.002189%</u>	<u>0.014900%</u>	
OPEB Expense	\$ 775,451	\$ 2,213,409	\$ 2,988,860

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At December 31, 2018, 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			
Changes in employer proportion and differences between contributions and proportionate share of contributions	\$ -	\$ 617,043	\$ 617,043
Differences between expected and actual experience	7,165	-	7,165
Change in Assumptions	669,714	2,649,275	3,318,989
Contributions subsequent to the measurement date	-	54,314	54,314
Total Deferred Outflows of Resources	<u>\$ 676,879</u>	<u>\$ 3,320,632</u>	<u>\$ 3,997,511</u>
 Deferred Inflows of Resources			
Net difference between projected and actual earnings on OPEB plan investments	\$ 685,191	\$ 178,716	\$ 863,907
Differences between expected and actual experience	-	136,936	136,936
Changes in employer proportion and differences between contributions and proportionate share of contributions	239,302	-	239,302
Total Deferred Inflows of Resources	<u>\$ 924,493</u>	<u>\$ 315,652</u>	<u>\$ 1,240,145</u>

\$54,314 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 2019. 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:			
2019	37,909	412,833	450,742
2020	37,909	412,833	450,742
2021	(152,134)	412,833	260,699
2022	(171,298)	412,833	241,535
2023	-	457,512	457,512
Thereafter	-	841,822	841,822
Total	<u>\$ (247,614)</u>	<u>\$ 2,950,666</u>	<u>\$ 2,703,052</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include

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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, 2016, rolled forward to the measurement date of December 31, 2017. 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:

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.

During 2017, 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-

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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 is 15.2 percent for 2017.

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 2017 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%	1.88%
Domestic Equities	21.00%	6.37%
Real Estate Investment Trust	6.00%	5.91%
International Equities	22.00%	7.88%
Other investments	<u>17.00%</u>	5.39%
 Total	 <u>100.00%</u>	 <u>4.98%</u>

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. 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 6.50 percent and a municipal bond rate of 3.31 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 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

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 3.85 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 (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

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	1% Decrease	Current	1% Increase
	(2.85%)	Discount Rate	(4.85%)
Entity's proportionate share of the net OPEB liability	\$ 12,219,958	\$ 9,198,025	\$ 6,753,290

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 2018 is 7.50 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	Assumption	1% Increase	Current Health Care Cost Trend Rate
Entity's proportionate share of the net OPEB liability	\$ 8,800,538	\$ 9,198,025	\$ 9,608,595	\$ 9,198,025

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, 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 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

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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, 2017, with actuarial liabilities rolled forward to December 31, 2017
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	3.24 percent
Prior Measurement Date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased 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 Conduent 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%

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 Conduent 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.

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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 average 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, 2017, are summarized below:

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

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 The total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from 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 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, 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 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 3.24 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 (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
	(2.24%)	(3.24%)	(4.24%)
Entity's proportionate share of the net OPEB liability	\$ 33,937,978	\$ 27,150,114	\$ 21,927,162

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

Year	Non-Medicare				Medicare	
	Medicare	Non-AARP	AARP	RX Drug	Part B	
2017	-0.47%	-2.50%	4.50%	-0.47%	5.20%	
2018	7.00%	7.00%	4.50%	7.00%	5.10%	
2019	6.50%	6.50%	4.50%	6.50%	5.00%	
2020	6.00%	6.00%	4.50%	6.00%	5.00%	
2021	5.50%	5.50%	4.50%	5.50%	5.00%	
2022	5.00%	5.00%	4.50%	5.00%	5.00%	
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%	

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	Current		
	1% Decrease	Discount Rates	1% Increase
Entity's proportionate share of the net OPEB liability	\$ 21,090,702	\$ 27,150,114	\$ 35,316,167

Changes between Measurement Date and Report Date

In March 2018, the OP&F Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be

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offered. In its place is a stipend-based health care model. 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. The impact to the City's NOL is not known.

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, 2018, 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 \$504,716.

Year	Beginning of Fiscal Year Liability	Current Year Claims & Changes In Estimate	Claims Payments	Balance At Fiscal Year End
2017	\$1,240,182	\$5,031,916	\$5,247,295	\$1,024,803
2018	\$1,024,803	\$4,767,339	\$5,287,426	\$504,716

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NOTE 11 - LONG TERM OBLIGATIONS

Long-term obligation of the City as of December 31, 2018 are as follows:

A. GOVERNMENTAL ACTIVITIES

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Principal Due Within One Year	Interest Paid in 2018
1998 Lewis Street Improvements	\$5,000	\$0	\$5,000	\$0	\$0	\$269
1999 Marshall Road Improvements	\$70,000	\$0	\$35,000	\$35,000	\$35,000	\$3,850
2000 Burbank Street Improvements	\$45,000	\$0	\$15,000	\$30,000	\$15,000	\$3,015
2001 Illinois/Longfellow Improve.	\$62,403	\$0	\$13,566	\$48,837	\$16,279	\$3,619
2001 Dick's Creek	\$32,361	\$0	\$7,035	\$25,326	\$8,442	\$1,877
2001 Oxford State Rd Water Line	\$20,236	\$0	\$4,399	\$15,837	\$5,279	\$1,174
2001 Oxford State Rd Intersection	\$16,000	\$0	\$4,000	\$12,000	\$4,000	\$936
2004 Roosevelt Ave. Improvements	\$275,000	\$0	\$35,000	\$240,000	\$35,000	\$15,125
2017 Towne Blvd. Improvements	\$365,000	\$0	\$15,000	\$350,000	\$15,000	\$13,600
2007 Cincinnati Dayton Rd Sewer	\$86,000	\$0	\$8,000	\$78,000	\$8,000	\$4,085
2014 Jefferson Road	\$105,000	\$0	\$5,000	\$100,000	\$5,000	\$5,350
2014 S Main St Lighting	\$140,000	\$0	\$20,000	\$120,000	\$20,000	\$6,700
2014 S Main St Sidewalk, Curb & Gutter	\$55,000	\$0	\$25,000	\$30,000	\$30,000	\$2,075
Total Special Assessment Bonds	\$1,277,000	\$0	\$192,000	\$1,085,000	\$197,000	\$61,675

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	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Principal Due Within One Year	Interest Paid in 2018
<i>General Obligation Bonds:</i>						
2008 Downtown Improvements	\$1,570,919	\$0	\$769,348	\$801,571	\$801,571	\$64,680
2017 Towne Blvd/SR 122/I-75	\$385,000	\$0	\$45,000	\$340,000	\$45,000	\$13,650
2017 Towne Blvd. Extension	\$1,050,000	\$0	\$190,000	\$860,000	\$200,000	\$35,100
SR 122/I-75 Interchange	\$600,000	\$0	\$295,000	\$305,000	\$305,000	
2017 Refunding Bonds	\$3,770,000	\$0	\$0	\$3,770,000	\$0	\$147,100
2010 Downtown Parking Flat Lot	\$390,000	\$0	\$95,000	\$295,000	\$95,000	\$11,713
2010 Greentree Health Science Academy	\$3,995,000	\$0	\$235,000	\$3,760,000	\$240,000	\$231,333
2013 Court of Appeals	\$1,471,950	\$0	\$227,700	\$1,244,250	\$232,400	\$46,810
2013 MRH Land	\$2,048,050	\$0	\$322,300	\$1,725,750	\$327,600	\$65,690
2015 AK Steel Holding Corp Project	\$1,905,000	\$0	\$75,000	\$1,830,000	\$75,000	\$83,218
2015 Bender Tract	\$1,895,000	\$0	\$120,000	\$1,775,000	\$120,000	\$72,573
Premiums	\$727,057	\$0	\$148,838	\$578,219	\$0	\$0
Total General Obligation Bonds	\$19,807,976	\$0	\$2,523,186	\$17,284,790	\$2,441,571	\$771,866
Compensated Absences	\$5,083,263	\$2,000,329	\$1,915,570	\$5,168,022	\$1,923,841	
Police & Fire Pension						
Unfunded Accrued Liability	\$1,577,155	\$0	\$97,741	\$1,479,414	\$97,741	
Net Pension Liability:						
OPERS	\$15,363,013		\$5,103,735	\$10,259,278	\$0	
OP&F	\$29,407,539	\$2,385	\$0	\$29,409,924	\$0	
Total Net Pension Liability	\$44,770,552	\$2,385	\$5,103,735	\$39,669,202	\$0	
Net OPEB Liability:						
OPERS	\$7,107,531	\$341,515	\$0	\$7,449,046	\$0	
OP&F	\$22,038,709	\$5,111,405	\$0	\$27,150,114	\$0	
Total Net OPEB Liability	\$29,146,240	\$5,452,920	\$0	\$34,599,160	\$0	
Total Governmental Activities	\$101,662,186	\$7,455,634	\$9,832,232	\$99,285,588	\$4,660,153	\$833,541

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, 2018

B. BUSINESS TYPE ACTIVITIES

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Principal Due Within One Year	Interest Paid in 2018
<i><u>General Obligation Bonds:</u></i>						
2008 Water	\$379,079	\$0	\$185,652	\$193,427	\$193,428	\$15,608
2008 Airport	\$80,000	\$0	\$80,000	\$0	\$0	\$0
2017 Airport	\$870,000	\$0	\$0	\$870,000	\$85,000	\$33,600
2008 Sewer	\$380,000	\$0	\$380,000	\$0	\$0	\$0
2017 Sewer	\$4,045,000	\$0	\$0	\$4,045,000	\$385,000	\$156,900
2014 Wastewater Energy Improvements	\$760,000	\$0	\$55,000	\$705,000	\$50,000	\$25,400
2014 Water Energy Improvements	\$2,800,000	\$0	\$195,000	\$2,605,000	\$200,000	\$93,300
Premium	\$786,178	\$0	\$78,105	\$708,073	\$0	\$0
Total General Obligation Bonds Payable	\$10,100,257	\$0	\$973,757	\$9,126,500	\$913,428	\$324,808
Compensated Absences	\$538,450	\$243,819	\$245,653	\$536,616	\$280,811	\$0
Net Pension Liability - OPERS	\$3,607,117	\$0	\$1,198,317	\$2,408,800	\$0	\$0
Net OPEB Liability - OPERS	\$1,668,794	\$80,185	\$0	\$1,748,979	\$0	\$0
Total Business Type Activities	\$15,914,618	\$324,004	\$2,417,727	\$13,820,895	\$1,194,239	\$324,808

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 \$59,220,219 at December 31, 2018. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2018 are as follows:

GOVERNMENTAL ACTIVITIES			
Police and Fire Pension Debt Schedule 12/31/18			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$52,217	\$45,524	\$97,741
2020	\$52,217	\$45,524	\$97,741
2021	\$52,217	\$45,524	\$97,741
2022	\$52,217	\$45,524	\$97,741
2023	\$52,217	\$45,524	\$97,741
2024-2028	\$261,085	\$227,620	\$488,705
2029-2033	\$261,085	\$227,620	\$488,705
2034	\$7,149	\$6,150	\$13,299
Total	\$790,404	\$689,010	\$1,479,414

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

GOVERNMENTAL ACTIVITIES

General Obligation and Assessment Bonds Schedule 12/31/18

	General Obligation Bonds			Special Assessment Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$2,441,571	\$743,652	\$3,185,223	\$197,000	\$52,888	\$249,888
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
2024-2028	\$4,825,000	\$1,444,646	\$6,269,646	\$312,000	\$36,023	\$348,023
2029-2033	\$2,445,000	\$341,380	\$2,786,380	\$40,000	\$9,713	\$49,713
2034-2035	\$295,000	\$22,250	\$317,250	\$10,000	\$525	\$10,525
Total	\$16,706,571	\$4,704,099	\$21,410,670	\$1,085,000	\$228,814	\$1,313,814

BUSINESS TYPE ACTIVITIES

General Obligation Bonds Schedule - 12/31/18

	Principal	Interest	Total
2019	\$913,428	\$311,454	\$1,224,882
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
2024-2028	\$3,954,999	\$558,900	\$4,513,899
2029	\$360,000	\$14,400	\$374,400
Total	\$8,418,427	\$1,859,704	\$10,278,131

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, 2018

NOTE 12 – DEFEASED DEBT

In 2008, the City defeased various bond issues by creating separate irrevocable trust funds. New debt had been issued and the proceeds were used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's financial statements. As of December 31, 2018, the amount of defeased debt outstanding amounted to \$1,035,000.

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

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

NOTE 13 - INTERFUND RECEIVABLES AND PAYABLES

The City's inter-fund receivables and payables at the end of 2018 were comprised of operating advances from the General Fund to other operating funds (\$4,272,496) and payments to the Municipal Garage Fund by the City operating funds for December 2018 services (\$107,784). Inter-fund balances as of December 31, 2018 are as follows:

Fund	Receivables	Payables
Governmental Funds:		
General Fund	\$4,272,496	\$56,302
Capital Improvements Fund	\$0	\$1,383,500
Non major government funds	\$0	\$1,165,853
Total governmental funds	\$4,272,496	\$2,605,655
Enterprise Funds:		
Water	\$0	\$7,119
Sewer	\$0	\$5,375
Storm Water	\$0	\$6,644
Non major business type activities	\$0	\$255,487
Total enterprise funds	\$0	\$274,625
Internal Service Funds		
Internal service funds	\$107,784	\$1,500,000
Total internal service funds	\$107,784	\$1,500,000
Total all funds	\$4,380,280	\$4,380,280

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 14 - CONTINGENT LIABILITY

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

For the period January 1, 2018, to December 31, 2018, the City received federal and State grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial to the financial statements as a whole.

NOTE 15 - RISK MANAGEMENT

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

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other accountants) conform to generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017 and 2016:

<u>Casualty & Property Coverage</u>	<u>2016</u>	<u>2017</u>
Assets	\$42,182,281	\$44,452,326
Liabilities	(\$13,396,700)	(\$13,004,011)
Net position - Unrestricted	<u>\$28,785,581</u>	<u>\$31,448,315</u>

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
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At December 31, 2017 and 2016, the liabilities above included incurred claims payable. The assets above also include unpaid claims to be billed to approximately 527 member governments in the future, as of December 31, 2017 and 2016, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. At December 31, 2017, the city's share of these unpaid claims collectible in future years is approximately \$657,104.

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

Contributions to PEP	
2014	\$594,402
2015	\$596,896
2016	\$619,043
2017	\$618,127
2018	\$577,497

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

NOTE 16 - SIGNIFICANT CONTRACTUAL & ENCUMBRANCE COMMITMENTS

A. Contractual Commitments

As of December 31, 2018, 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
Sutphen Corporation	Purchase of 2 new fire trucks	\$937,050
Building Crafts Inc	WTP Kensington Pump Station upgrade	\$831,566
Barrett Paving Materials Inc	2018 Local Street Improvements	\$653,816
Compass Minerals America Inc	Highway road salt for 2018-2019 season	\$352,845
Woolpert Inc	Airport Master Plan/ALP update	\$256,154
National Water Services LLC	Well drilling	\$167,925
Kelchner Inc	Yankee Rd Phase 3 (Oxford St - Lafayette)	\$156,067
Municipal Contractor's Sealing Product Inc	2018 manhole lining	\$150,000
Williams Creek Consulting	Green infrastructure project design	\$131,150
Garland/DBS Inc	Repair and coating of City Building roof	\$113,327
Brown & Caldwell Ohio LLC	Sewer collection system pipeline assessment	\$102,357
Butler County T.I.D.	Yankee Rd/Salzman Rd extension project	\$100,159
Total		\$3,952,416

**CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

B. Encumbrance Commitments

At December 31, 2018, the City had encumbrance commitments of \$1,134,863 in the General Fund, \$724,841 in the Capital Improvements Fund and \$2,640,925 for all other Governmental Funds.

NOTE 17 - RELATED ORGANIZATION

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

NOTE 18 – LOAN RECEIVABLE

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

NOTE 19 – CONDUIT DEBT

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

City of Middletown conduit debt issues outstanding at December 31, 2018 is \$165,490,000 hospital facilities revenue bonds issued on behalf of Atrium Medical Center.

NOTE 20 - JOINT ECONOMIC DEVELOPMENT DISTRICTS

The City of Middletown participates in a Joint Economic Development District (JEDD) with Liberty Township and the City of Mason. The JEDD is located entirely within Liberty Township, Butler County, Ohio near State Route 129. The purpose of the JEDD is to facilitate the development of jobs and

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

employment opportunities along with improving the welfare of people in the State of Ohio and the area of the contracting parties. The JEDD creates a Board of Directors which consists of a Municipal Member, a Liberty Township member, a member who represents the owners of the businesses within the JEDD, a member who represents the persons working within the JEDD, and one member who is selected by the above members who serves as chairperson.

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

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

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

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

NOTE 21 – FUND BALANCE

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

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Fund Balances	General Fund	Special Assessment Debt Service Fund	Capital Improvements Fund	Non-major Governmental Funds	Total Governmental Funds
Nonspendable					
Inventory of supplies	\$ 32,033	\$ -	\$ -	\$ 449,691	\$ 481,724
Interfund loans	4,272,496				4,272,496
Total Nonspendable	4,304,529	-	-	449,691	4,754,220
Restricted for					
Capital improvements			637,357	123,864	761,221
Debt service		465,435		34,406	499,841
Purposes allowed by				-	-
TIF agreement				1,136,783	1,136,783
Housing assistance				400,512	400,512
Community Development				1,980,620	1,980,620
Public health				107,186	107,186
Public safety				2,275,260	2,275,260
Roads				1,733,331	1,733,331
Total Restricted	-	465,435	637,357	7,791,962	8,894,754
Committed					
Capital improvements				441,535	441,535
Debt service				179,830	179,830
Recreation				151,947	151,947
Purchase of capital assets				1,555,777	1,555,777
Total Committed	-	-	-	2,329,089	2,329,089
Assigned					
Purchase commitments- General Government	1,635,000			-	1,635,000
Next Year's Budget	1,415,144				1,415,144
Total Assigned	3,050,144	-	-	-	3,050,144
Unassigned (deficit)	7,404,336			(941,630)	6,462,706
Total Fund Balances	\$ 14,759,009	\$ 465,435	\$ 637,357	\$ 9,629,112	\$ 25,490,913

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 22 – TAX ABATEMENTS

As of December 31, 2018, 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 affected Board of Education. Tax incentive review councils shall annually submit a copy of the written recommendations required by division (C) (1) of section 5709.85 of the Revised Code to the director of the development services agency. No other commitments were made by the City as part of those agreements.

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

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

There were no abated property taxes from Community Reinvestment Area (CRA) abatement agreements in 2018. The City abated property taxes of approximately \$667,000 under the Enterprise Zone Agreement

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

program during 2018, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

- A 75% property tax abatement to a large manufacturing and distribution company for construction of a new 350,000 square foot facility. The abatement amounted to an estimated \$397,000.
- A 75% property tax abatement to a packaging company for an expansion of their facility and increasing employment. The abatement amounted to approximately \$132,000.
- A 75% property tax abatement to a developer to construct a 50,000 square foot LEED certified office building. The abatement amounted to approximately \$77,000.

NOTE 23 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017, Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the City's 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 75 established standards for measuring and recognizing postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement impacted the previously reported net position at December 31, 2017, as displayed in the table below. Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

In addition to the restatements required by GASB 75, the City is restating the net position of the Solid Waste and Airport Funds. The restatements are to account for understated accounts payable in the Solid Waste Fund of \$243,451 and understated intergovernmental receivables of \$833,196 in the Airport Fund, in the previously issued December 31, 2017 financial statements.

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

	Governmental Activities	Business-Type Activities
Net position December 31, 2017	\$ 47,632,067	\$ 86,469,732
Adjustment for Accounts Payable	-	(243,451)
Adjustment for Intergovernmental Receivable	-	833,196
	<u>47,632,067</u>	<u>87,059,477</u>
GASB 75 Adjustments:		
Net OPEB Liability	(29,146,240)	(1,668,794)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>138,625</u>	<u>20,182</u>
Restated Net Position December 31, 2017	<u><u>\$ 18,624,452</u></u>	<u><u>\$ 85,410,865</u></u>

	Water	Sewer	Storm Water	Solid Waste
Net position December 31, 2017	\$ 29,198,146	\$ 38,434,417	\$ 10,716,090	\$ 583,013
Adjustment for Accounts Payable	-	-	-	(243,451)
	<u>29,198,146</u>	<u>38,434,417</u>	<u>10,716,090</u>	<u>339,562</u>
GASB 75 Adjustments:				
Net OPEB Liability	(639,897)	(731,179)	(137,995)	(14,093)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>7,739</u>	<u>8,843</u>	<u>1,669</u>	<u>170</u>
Restated Net Position December 31, 2017	<u><u>\$ 28,565,988</u></u>	<u><u>\$ 37,712,081</u></u>	<u><u>\$ 10,579,764</u></u>	<u><u>\$ 325,639</u></u>

	Non-Major Enterprise	Internal Service
Net position December 31, 2017	\$ 4,994,534	\$ 7,603,165
Adjustment for Intergovernmental Receivable	833,196	-
	<u>5,827,730</u>	<u>7,603,165</u>
GASB 75 Adjustments:		
Net OPEB Liability	(145,630)	(121,109)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>1,761</u>	<u>1,465</u>
Restated Net Position December 31, 2017	<u><u>\$ 5,683,861</u></u>	<u><u>\$ 7,483,521</u></u>



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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property taxes	\$ 2,579,431	\$ 2,579,431	\$ 2,594,843	\$ 15,412
Municipal income taxes	16,984,608	18,904,608	18,798,213	(106,395)
Intergovernmental revenue	2,411,997	2,411,997	2,257,346	(154,651)
Charges for services	4,615,419	4,615,419	4,680,524	65,105
Fees, licenses, and permits	430,000	430,000	455,002	25,002
Fines and forfeits	9,798	9,798	8,138	(1,660)
Interest earnings	85,660	85,660	114,958	29,298
Miscellaneous	1,109,420	1,109,420	1,941,462	832,042
Total revenues	28,226,333	30,146,333	30,850,486	704,153
Expenditures:				
Current				
Community Environment				
Community revitalization administration				
Personal services	115,791	115,791	104,489	11,302
Other	12,000	12,000	11,334	666
Community development				
Personal services	461,615	461,615	434,354	27,261
Street lighting				
Other	710,497	710,497	676,973	33,524
Total community environment	1,299,903	1,299,903	1,227,150	72,753
Leisure Time Activities				
Community center				
Other	120,000	120,000	120,000	-
Recreation				
Other	27,221	27,221	25,000	2,221
Parks maintenance				
Personal services	523,597	523,597	503,919	19,678
Other	330,770	330,770	273,586	57,184
Total leisure time activities	1,001,588	1,001,588	922,505	79,083

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Public Safety				
Fire administration				
Personal services	346,087	352,087	353,000	(913)
Other	10,096	10,096	9,491	605
Fire operations				
Personal services	6,311,489	6,086,489	6,093,325	(6,836)
Other	1,682,524	1,932,524	1,901,203	31,321
Fire prevention/training				
Personal services	500,352	510,352	511,569	(1,217)
Other	8,866	8,866	5,121	3,745
Police administration				
Personal services	445,107	435,107	427,614	7,493
Other	97,000	97,000	77,920	19,080
Criminal investigation				
Personal services	1,267,457	1,196,457	1,154,845	41,612
Other	20,000	20,000	17,687	2,313
Narcotics				
Personal services	720,687	708,687	702,799	5,888
Other	20,000	20,000	15,674	4,326
Uniform patrol				
Personal services	4,788,284	4,558,284	4,465,178	93,106
Other	926,633	968,353	869,257	99,096
Police services				
Personal services	302,836	302,836	301,470	1,366
Other	8,450	8,450	7,476	974
Police and fire dispatch				
Personal services	1,153,195	1,178,195	1,152,766	25,429
Other	79,250	79,250	79,027	223
Jail management				
Personal services	915,213	915,213	890,810	24,403
Other	318,822	375,310	364,456	10,854
Building inspection and services				
Personal services	445,498	400,498	363,525	36,973
Other	112,824	112,824	111,283	1,541
Building maintenance				
Personal services	237,806	237,806	220,197	17,609
Other	342,957	409,957	397,896	12,061
Total public safety	21,061,433	20,924,641	20,493,589	420,838

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
General Government				
City council				
Personal services	117,627	117,627	115,526	2,101
Other	35,366	35,366	34,690	676
City manager				
Personal services	295,290	285,290	275,416	9,874
Other	181,748	190,701	165,345	25,356
Finance administration				
Personal services	216,458	216,458	211,812	4,646
Other	44,390	44,390	40,779	3,611
Treasury				
Personal services	212,161	212,161	188,555	23,606
Other	7,451	7,451	7,447	4
Information systems				
Personal services	624,076	599,076	584,837	14,239
Other	96,128	96,128	65,238	30,890
Personnel				
Personal services	257,400	192,400	177,921	14,479
Other	160,348	160,348	130,364	29,984
Law				
Personal services	511,148	461,148	450,955	10,193
Other	183,489	183,489	171,492	11,997
Purchasing				
Personal services	51,866	51,866	47,809	4,057
Other	4,051	4,051	2,842	1,209
Planning				
Personal services	160,439	135,439	129,705	5,734
Other	226,763	226,763	213,186	13,577
Economic development				
Personal services	433,779	433,779	428,179	5,600
Other	369,912	369,912	312,980	56,932
Communications				
Personal services	79,423	79,423	78,880	543
Other	44,050	44,050	41,627	2,423
Engineering				
Personal services	357,653	357,653	329,864	27,789
Other	294,034	294,034	121,475	172,559
Total general government	4,965,050	4,799,003	4,326,924	472,079

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Miscellaneous				
Non-departmental				
Personal services	33,500	33,500	25,253	8,247
Other	1,672,136	1,947,136	1,439,979	507,157
Total miscellaneous	1,705,636	1,980,636	1,465,232	515,404
 Total expenditures	 30,033,610	 30,005,771	 28,435,400	 1,570,371
 Excess of revenues over (under) expenditures	 (1,807,277)	 140,562	 2,415,086	 2,274,524
 Other financing sources (uses)				
Transfers-In	105,000	148,283	43,283	(105,000)
Advances In	-	-	906,148	906,148
Advances Out	-	(563,184)	(348,184)	215,000
Transfers-out	(516,218)	(1,071,218)	(1,071,218)	-
Other sources	-	-	2,725	2,725
Total other financing sources (uses)	(411,218)	(1,486,119)	(467,246)	1,018,873
 Net change in fund balance	 (2,218,495)	 (1,345,557)	 1,947,840	 3,293,397
Fund balance, beginning of year	5,045,808	5,045,808	5,045,808	-
Appropriation for prior year encumbrances	884,534	884,534	884,534	-
Fund balance, end of the year	\$ 3,711,847	\$ 4,584,785	\$ 7,878,182	\$ 3,293,397

See notes to the required supplementary information.

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 Five Years *

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

* Information prior to 2014 is not available.

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

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

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

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

* Information prior to 2014 is not available.

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

Significant changes in assumptions – 2018:

The investment rate of return changed to 8.00% from 8.25%.
Projected salary increases changed to 3.75% to 10.50% from 4.25% to 11.00%.
Payroll growth changed to 2.75% from 3.25%.
DROP interest rate changed to 4.0% from 4.5%.
CPI-based COLA changed to 2.2% from 2.6%.

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

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

	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 2,256,918	\$ 2,188,619	\$ 2,019,817	\$ 2,108,003	\$ 2,273,530
Contributions in Relation to the Contractually Required Contribution	<u>(2,256,918)</u>	<u>(2,188,619)</u>	<u>(2,019,817)</u>	<u>(2,108,003)</u>	<u>(2,273,530)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
Entity Covered Payroll	\$ 10,754,471	\$ 10,409,924	\$ 9,631,388	\$ 9,724,488	\$ 10,647,153
Contributions as a Percentage of Covered Payroll	20.99%	21.02%	20.97%	21.68%	21.35%
	2013	2012	2011	2010	2009
Contractually Required Contribution	\$ 2,750,824	\$ 2,446,776	\$ 2,403,989	\$ 2,332,959	\$ 2,298,244
Contributions in Relation to the Contractually Required Contribution	<u>(2,750,824)</u>	<u>(2,446,776)</u>	<u>(2,403,989)</u>	<u>(2,332,959)</u>	<u>(2,298,244)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
Entity Covered Payroll	\$ 11,049,711	\$ 10,869,951	\$ 11,108,040	\$ 10,858,318	\$ 10,590,805
Contributions as a Percentage of Covered Payroll	24.89%	22.51%	21.64%	21.49%	21.70%

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 Two Years *

	2018	2017
Entity's Proportion of the Net OPEB Liability	0.08470200%	0.08689100%
Entity's Proportionate Share of the Net OPEB Liability	\$ 9,198,025	\$ 8,776,325
Entity's Covered Payroll	\$ 12,122,858	\$ 11,644,126
Entity's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	75.87%	75.37%
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability	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.

Change in assumptions – in 2018, the single discount rate
changed from 4.23% to 3.85%.

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 Two Years *

	2018	2017
Entity's Proportion of the Net OPEB Liability	0.47918800%	0.46428800%
Entity's Proportionate Share of the Net OPEB Liability	\$ 27,150,114	\$ 22,038,709
Entity's Covered Payroll	\$ 10,409,924	\$ 9,631,388
Entity's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	260.81%	228.82%
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability	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.

Change in assumptions – in 2018, the single discount rate
changed from 3.79% to 3.24%.

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

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

	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 54,314	\$ 52,670	\$ 48,194	\$ 59,155	\$ 54,120
Contributions in Relation to the Contractually Required Contribution	<u>(54,314)</u>	<u>(52,670)</u>	<u>(48,194)</u>	<u>(59,155)</u>	<u>(54,120)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
Entity Covered Payroll	\$ 10,754,471	\$ 10,409,924	\$ 9,631,388	\$ 9,724,488	\$ 10,647,153
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%	0.50%
	2013	2012	2011	2010	2009
Contractually Required Contribution	\$ 308,502	\$ 761,574	\$ 749,292	\$ 732,449	\$ 711,628
Contributions in Relation to the Contractually Required Contribution	<u>(308,502)</u>	<u>(761,574)</u>	<u>(749,292)</u>	<u>(732,449)</u>	<u>(711,628)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
Entity Covered Payroll	\$ 11,049,711	\$ 10,869,951	\$ 11,108,040	\$ 10,858,318	\$ 10,590,805
Contributions as a Percentage of Covered Payroll	2.79%	6.75%	6.75%	6.75%	6.95%

CITY OF MIDDLETON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

NOTE 1 - BUDGETARY ACCOUNTING

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

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

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

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

	General Fund
GAAP basis (as reported)	\$1,427,367
Adjustments: revenue and other sources	404,621
Expenditures and other uses	692,751
Advances In	906,148
Advances Out	(\$348,184)
Encumbrances	(\$1,134,863)
Budget basis	\$1,947,840

**CITY OF MIDDLETOWN
FUND DESCRIPTIONS
DECEMBER 31, 2018**

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 2018

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

HEALTH FUND

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

EMERGENCY MEDICAL SERVICES FUND (EMS)

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

URBAN DEVELOPMENT ACTION GRANT (UDAG) FUND

To account for the Urban Development Action Grant loans.

COURT COMPUTERIZATION FUND

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

LAW ENFORCEMENT TRUST FUND

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

MANDATORY DRUG FINE FUND

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

PROBATION SERVICES FUND

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

INDIGENT DRIVER ALCOHOL TREATMENT FUND

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

**CITY OF MIDDLETON
FUND DESCRIPTIONS
DECEMBER 31, 2018**

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 MIDDLETON
FUND DESCRIPTIONS
DECEMBER 31, 2018**

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 2018

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 2018

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 MIDDLETON
FUND DESCRIPTIONS
DECEMBER 31, 2018**

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 2018

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

GREENTREE FINANCING DISTRICT FUND

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

**CITY OF MIDDLETOWN
FUND DESCRIPTIONS
DECEMBER 31, 2018**

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 2018

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 2018

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 2018

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 2018

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, 2018**

Non Major Capital Project Funds continued:

MAIN STREET SPECIAL ASSESSMENT FUND *No adopted budget for 2018

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 2018

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.

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, 2018

	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	\$ 5,374,437	\$ 1,316,613	\$ 2,364,291	\$ 9,055,341
Receivables (net of allowance for uncollectibles):				
Property taxes	1,174,108	-	-	1,174,108
Accounts	379,238	-	15,260	394,498
Loans	951,864	-	-	951,864
Interest	150,512	-	-	150,512
Special assessments	280,000	-	-	280,000
Payment in lieu of taxes	-	921,369	-	921,369
Due from other governments	1,219,353	7,774	-	1,227,127
Inventory of supplies	528,278	-	-	528,278
Total assets	\$ 10,057,790	\$ 2,245,756	\$ 2,379,551	\$ 14,683,097
Liabilities:				
Accounts payable	\$ 170,159	\$ -	\$ 63,037	\$ 233,196
Accrued wages and benefits	129,171	-	-	129,171
Other accrued liabilities	41,695	-	-	41,695
Due to other funds	644,585	-	521,268	1,165,853
Due to other governments	123,349	-	-	123,349
Total liabilities	1,108,959	-	584,305	1,693,264
Deferred inflows:				
Revenues levied for the next year and unavailable revenue	2,431,578	929,143	-	3,360,721
Total deferred inflows	2,431,578	929,143	-	3,360,721
Fund balances:				
Nonspendable	449,691	-	-	449,691
Restricted	6,496,909	1,136,783	158,270	7,791,962
Committed	151,947	179,830	1,997,312	2,329,089
Unassigned	(581,294)	-	(360,336)	(941,630)
Total fund balances	6,517,253	1,316,613	1,795,246	9,629,112
Total liabilities, deferred inflows and fund balances	\$ 10,057,790	\$ 2,245,756	\$ 2,379,551	\$ 14,683,097

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Non Major Special Revenue Funds	Non Major Debt Service Funds	Non Major Capital Project Funds	Total Non Major Governmental Funds
Revenues:				
Property taxes	\$ 1,044,649	\$ -	\$ -	\$ 1,044,649
Municipal income taxes	3,480,000	1,589,809	8,000	5,077,809
Payment in lieu of taxes	-	1,686,982	-	1,686,982
Intergovernmental revenues	3,863,235	466,332	180,683	4,510,250
Charges for services	258,977	-	-	258,977
Fines and forfeits	1,615,847	-	-	1,615,847
Special assessments	266,821	-	10,651	277,472
Investment income	27,003	-	28,696	55,699
Miscellaneous	613,806	274,510	160,025	1,048,341
Total revenues	11,170,338	4,017,633	388,055	15,576,026
Expenditures:				
Current				
Public safety	5,580,982	-	-	5,580,982
Public health and welfare	563,168	-	-	563,168
Community environment	3,206,563	-	700,507	3,907,070
Highways and streets	2,146,721	-	276,524	2,423,245
General government	-	-	387,060	387,060
Miscellaneous	386,261	980,201	-	1,366,462
Debt service				
Principal retirement	-	2,179,348	195,000	2,374,348
Interest and fiscal charges	-	660,339	155,791	816,130
Total expenditures	11,883,695	3,819,888	1,714,882	17,418,465
Excess of revenues over (under) expenditures	(713,357)	197,745	(1,326,827)	(1,842,439)
Other financing sources (uses):				
Transfers-in	450,000	-	494,074	944,074
Total other financing sources (uses)	450,000	-	494,074	944,074
Net change in fund balances	(263,357)	197,745	(832,753)	(898,365)
Fund balance, beginning of year	6,780,610	1,118,868	2,627,999	10,527,477
Fund balance, end of the year	\$ 6,517,253	\$ 1,316,613	\$ 1,795,246	\$ 9,629,112

CITY OF MIDDLETOWN, OHIO
COMBINING BALANCE SHEET
NON MAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2018

	Auto & Gas Tax	Acquisition for Parks	Health Fund	Emergency Medical Services	Urban Development Action Grant	Court Computer-ization
Assets:						
Cash and equity in pooled cash, deposits and investments	\$ 1,478,584	\$ 151,947	\$ 196,183	\$ 25,611	\$ 110,516	\$ 126,921
Receivables (net of allowance for uncollectibles):						
Property taxes	-	-	-	-	-	-
Accounts	175,906	-	974	-	-	4,308
Interest	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Due from other governments	1,087,623	-	-	-	-	-
Inventory of supplies	449,691	-	-	-	-	-
Total assets	\$ 3,191,804	\$ 151,947	\$ 197,157	\$ 25,611	\$ 110,516	\$ 131,229
Liabilities:						
Accounts payable	\$ 37,453	\$ -	\$ 28,163	\$ -	\$ -	\$ -
Accrued wages and benefits	40,848	-	19,863	-	-	-
Other accrued liabilities	-	-	41,695	-	-	-
Due to other funds	17,474	-	250	-	-	-
Due to other governments	-	-	-	-	-	-
Total liabilities	95,775	-	89,971	-	-	-
Deferred inflows:						
Revenues levied for the next year and unavailable revenue	913,007	-	-	-	-	-
Total deferred inflows	913,007	-	-	-	-	-
Fund balances:						
Nonspendable	449,691	-	-	-	-	-
Restricted	1,733,331	-	107,186	25,611	110,516	131,229
Committed	-	151,947	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	2,183,022	151,947	107,186	25,611	110,516	131,229
Total liabilities, deferred inflows and fund balances	\$ 3,191,804	\$ 151,947	\$ 197,157	\$ 25,611	\$ 110,516	\$ 131,229

Law Enforcement Trust	Mandatory Drug Fine	Probation Services	Indigent Driver Alcohol Treatment	Enforcement Education	Civic Development	Municipal Court	Police Grant	Court IDIAM
\$ 25,787	\$ 191,194	\$ 208,278	\$ 36,782	\$ 43,154	\$ 408,865	\$ 81,393	\$ 142,945	\$ 50,548
- 18,765	- 7,707	- 726	- 241	- 59,498	- 76,506	-	-	-
- -	- -	- -	- -	- -	- -	- -	- -	- -
- -	- -	- -	- -	- -	- -	- -	- -	- -
- -	- -	- -	- -	- -	- -	- -	- -	- -
- -	- -	- -	- -	- -	- -	- -	- -	- -
\$ 25,787	\$ 209,959	\$ 215,985	\$ 37,508	\$ 43,395	\$ 468,363	\$ 157,899	\$ 142,945	\$ 50,548
\$ - \$ 631	\$ - 3,807	\$ -	\$ -	\$ -	\$ 573	\$ 2,948	\$ 4,902	\$ 427
- -	- -	- -	- -	- -	- -	61,779	-	-
- -	- -	- -	- -	- -	- -	-	-	-
- -	- -	- -	- -	- -	- -	587	-	-
- -	- -	- -	- -	- -	- -	-	-	-
- 1,177	3,807	-	-	573	65,314	4,902	427	
- -	- -	- -	- -	- -	- -	- -	- -	- -
25,787	208,782	212,178	37,508	43,395	467,790	92,585	138,043	50,121
- -	- -	- -	- -	- -	- -	- -	- -	- -
25,787	208,782	212,178	37,508	43,395	467,790	92,585	138,043	50,121
\$ 25,787	\$ 209,959	\$ 215,985	\$ 37,508	\$ 43,395	\$ 468,363	\$ 157,899	\$ 142,945	\$ 50,548

(continued)

CITY OF MIDDLETOWN, OHIO
COMBINING BALANCE SHEET
NON MAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2018

	Court Special Projects	Home Program	Community Develop- ment	Community Development Escrow	Police Pension
Assets:					
Cash and equity in pooled cash, deposits and investments	\$ 489,855	\$ 14,903	\$ 52,391	\$ 698,315	\$ 404,764
Receivables (net of allowance for uncollectibles):					
Property taxes	-	-	-	-	209,480
Accounts	8,712	-	-	370	-
Interest	-	-	-	-	-
Loans	-	-	-	701,864	-
Special assessments	-	-	-	-	-
Due from other governments	-	3,238	64,029	-	11,543
Inventory of supplies	-	-	-	-	-
Total assets	\$ 498,567	\$ 18,141	\$ 116,420	\$ 1,400,549	\$ 625,787
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 80,881	\$ -	\$ -
Accrued wages and benefits	2,874	-	-	-	-
Other accrued liabilities	-	-	-	-	-
Due to other funds	-	50,000	100,000	-	-
Due to other governments	-	-	-	-	-
Total liabilities	2,874	50,000	180,881	-	-
Deferred inflows:					
Revenues levied for the next year and unavailable revenue	-	-	-	-	221,023
Total deferred inflows	-	-	-	-	221,023
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	495,693	-	-	1,400,549	404,764
Committed	-	-	-	-	-
Unassigned	-	(31,859)	(64,461)	-	-
Total fund balances	495,693	(31,859)	(64,461)	1,400,549	404,764
Total liabilities, deferred inflows and fund balances	\$ 498,567	\$ 18,141	\$ 116,420	\$ 1,400,549	\$ 625,787

Fire Pension	Neighborhood Stabilization Program	Conservancy District	Nuisance Abatement	Senior Services	HUD Section 108 Loan	Housing Assistance	Totals
\$ 409,564	\$ -	\$ 22,637	\$ 1,535	\$ -	\$ 1,765	\$ -	\$ 5,374,437
209,480	-	91,215	-	663,933	-	-	1,174,108
-	-	-	25,525	-	-	-	379,238
-	-	-	-	-	-	150,512	150,512
-	-	-	-	-	-	250,000	951,864
-	-	-	280,000	-	-	-	280,000
11,543	-	5,378	-	35,999	-	-	1,219,353
-	78,587	-	-	-	-	-	528,278
\$ 630,587	\$ 78,587	\$ 119,230	\$ 307,060	\$ 699,932	\$ 1,765	\$ 400,512	\$ 10,057,790
\$ -	\$ -	\$ 14,181	\$ -	\$ -	\$ -	\$ -	\$ 170,159
-	-	-	-	-	-	-	129,171
-	-	-	-	-	-	-	41,695
-	125,728	-	350,000	-	-	-	644,585
-	-	123,349	-	-	-	-	123,349
-	125,728	123,349	364,181	-	-	-	1,108,959
221,023	-	96,593	280,000	699,932	-	-	2,431,578
221,023	-	96,593	280,000	699,932	-	-	2,431,578
409,564	-	-	-	-	-	-	449,691
-	-	-	-	-	1,765	400,512	6,496,909
-	(47,141)	(100,712)	(337,121)	-	-	-	151,947
409,564	(47,141)	(100,712)	(337,121)	-	1,765	400,512	6,517,253
\$ 630,587	\$ 78,587	\$ 119,230	\$ 307,060	\$ 699,932	\$ 1,765	\$ 400,512	\$ 10,057,790

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, 2018

	Auto & Gas Tax	Acquisition for Parks	Health Fund	Emergency Medical Services	Urban Development Action Grant	Court Computer- ization
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Municipal income taxes	570,000	-	150,000	-	-	-
Intergovernmental revenues	2,263,976	-	24,540	-	-	-
Charges for services	-	-	258,977	-	-	-
Fines and forfeits	-	-	-	-	-	65,652
Special assessments	-	-	-	-	-	-
Interest earnings	19,683	-	-	-	1,620	-
Miscellaneous	144,649	-	82,314	-	-	-
Total revenues	2,998,308	-	515,831	-	1,620	65,652
Expenditures:						
Current						
Public safety	662,015	-	-	-	-	16,804
Public health and welfare	-	-	557,804	5,364	-	-
Community environment	-	-	-	-	3,530	-
Highways and streets	2,146,721	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total expenditures	2,808,736	-	557,804	5,364	3,530	16,804
Excess of revenues over (under) expenditures	189,572	-	(41,973)	(5,364)	(1,910)	48,848
Other financing sources (uses):						
Transfers-in	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	189,572	-	(41,973)	(5,364)	(1,910)	48,848
Fund balance, beginning of year	1,993,450	151,947	149,159	30,975	112,426	82,381
Fund balance, end of the year	\$ 2,183,022	\$ 151,947	\$ 107,186	\$ 25,611	\$ 110,516	\$ 131,229

Law Enforcement Trust	Mandatory Drug Fine	Probation Services	Indigent Driver Alcohol Treatment	Enforcement Education	Civic Development	Municipal Court	Police Grant	Court IDIAM
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	350,000	-	-
-	-	-	-	-	-	7,263	48,022	-
-	-	-	-	-	-	-	-	-
9,007	111,320	105,440	15,007	2,404	-	1,167,543	-	4,852
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	2,250	-
313	9,036	-	-	-	327,243	24,458	-	-
9,320	120,356	105,440	15,007	2,404	327,243	1,549,264	50,272	4,852
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-	130,779	115,779	12,380	4,992	-	1,612,030	52,930	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	315,073	-	-	2,551
-	130,779	115,779	12,380	4,992	315,073	1,612,030	52,930	2,551
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9,320	(10,423)	(10,339)	2,627	(2,588)	12,170	(62,766)	(2,658)	2,301
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
9,320	(10,423)	(10,339)	2,627	(2,588)	12,170	(62,766)	(2,658)	2,301
16,467	219,205	222,517	34,881	45,983	455,620	155,351	140,701	47,820
\$ 25,787	\$ 208,782	\$ 212,178	\$ 37,508	\$ 43,395	\$ 467,790	\$ 92,585	\$ 138,043	\$ 50,121

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CITY OF MIDDLETON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Court Special Projects	Home Program	Community Develop- ment	Community Development Escrow	Police Pension
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 186,500
Municipal income taxes	-	-	-	-	1,090,000
Intergovernmental revenues	-	273,803	1,115,679	-	23,215
Charges for services	-	-	-	-	-
Fines and forfeits	133,622	-	-	-	-
Special assessments	-	-	-	-	-
Interest earnings	-	-	115	3,335	-
Miscellaneous	-	-	250	18	-
Total revenues	133,622	273,803	1,116,044	3,353	1,299,715
Expenditures:					
Current					
Public safety	79,444	-	-	-	1,334,314
Public health and welfare	-	-	-	-	-
Community environment	-	270,018	1,105,712	-	-
Highways and streets	-	-	-	-	-
Miscellaneous	-	-	-	63,618	2,510
Total expenditures	79,444	270,018	1,105,712	63,618	1,336,824
Excess of revenues over (under) expenditures	54,178	3,785	10,332	(60,265)	(37,109)
Other financing sources (uses):					
Transfers-in	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	54,178	3,785	10,332	(60,265)	(37,109)
Fund balance, beginning of year	441,515	(35,644)	(74,793)	1,460,814	441,873
Fund balance, end of the year	\$ 495,693	\$ (31,859)	\$ (64,461)	\$ 1,400,549	\$ 404,764

		Neighborhood								
Fire Pension	Stabilization Program	Conservancy District	Nuisance Abatement	Senior Services	HUD Section 108 Loan	Housing Assistance	Totals			
\$ 186,500	\$ -	\$ 80,039	\$ -	\$ 591,610	\$ -	\$ -	\$ 1,044,649			
1,320,000	-	-	-	-	-	-	3,480,000			
23,215	-	10,865	-	72,657	-	-	3,863,235			
-	-	-	-	-	-	-	258,977			
-	-	-	1,000	-	-	-	1,615,847			
-	-	-	266,821	-	-	-	266,821			
-	-	-	-	-	-	-	27,003			
-	-	-	25,525	-	-	-	613,806			
1,529,715	-	90,904	293,346	664,267	-	-	11,170,338			
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1,559,515	-	-	-	-	-	-	5,580,982			
-	-	-	-	-	-	-	563,168			
-	351,635	124,405	686,996	664,267	-	-	3,206,563			
-	-	-	-	-	-	-	2,146,721			
2,509	-	-	-	-	-	-	386,261			
1,562,024	351,635	124,405	686,996	664,267	-	-	11,883,695			
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(32,309)	(351,635)	(33,501)	(393,650)	-	-	-	(713,357)			
-	-	50,000	400,000	-	-	-	450,000			
-	-	50,000	400,000	-	-	-	450,000			
(32,309)	(351,635)	16,499	6,350	-	-	-	(263,357)			
441,873	304,494	(117,211)	(343,471)	-	1,765	400,512	6,780,610			
\$ 409,564	\$ (47,141)	\$ (100,712)	\$ (337,121)	\$ -	\$ 1,765	\$ 400,512	\$ 6,517,253			

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income tax	\$ 570,000	\$ 570,000	\$ 570,000	\$ -
Intergovernmental revenue	2,453,889	2,453,889	2,250,347	(203,542)
Interest earnings	16,529	16,529	19,683	3,154
Rentals and leases	-	-	300	300
Miscellaneous	82,847	82,847	138,114	55,267
Total revenues	3,123,265	3,123,265	2,978,444	(144,821)
Expenditures:				
Current				
Public safety:				
Electronic Maintenance				
Personal Services	278,574	278,574	265,959	12,615
Other	529,804	529,804	474,529	55,275
Total public safety	808,378	808,378	740,488	67,890
Highways and streets:				
Street Maintenance				
Personal Services	875,925	870,925	735,020	135,905
Other	1,591,287	1,591,287	1,364,575	226,712
Grounds Maintenance				
Personal Services	182,376	197,376	190,863	6,513
Other	410,431	400,431	336,596	63,835
Total highways and streets	3,060,019	3,060,019	2,627,054	432,965
Total expenditures	3,868,397	3,868,397	3,367,542	500,855
Net change in fund balance	(745,132)	(745,132)	(389,098)	356,034
Fund balance, beginning of the year	829,574	829,574	829,574	-
Appropriation for prior year encumbrances	454,227	454,227	454,227	-
Fund balance, end of the year	\$ 538,669	\$ 538,669	\$ 894,703	\$ 356,034

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, 2018

	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)
HEALTH FUND
FOR YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income taxes	\$ 150,000	150,000	\$ 150,000	\$ -
Intergovernmental revenue	15,099	15,099	24,255	9,156
Charges for services	260,093	260,093	258,287	(1,806)
Miscellaneous	15,000	15,000	82,514	67,514
Total revenues	440,192	440,192	515,056	74,864
Expenditures:				
Current				
Public health and welfare:				
Personal services	472,037	443,037	437,023	6,014
Other	67,493	96,493	92,670	3,823
Total expenditures	539,530	539,530	529,693	9,837
Excess of revenues over/under expenditures	(99,338)	(99,338)	(14,637)	84,701
Other financing sources:				
Other uses	-	-	4,613	4,613
Total other financing sources	-	-	4,613	4,613
Net change in fund balance	(99,338)	(99,338)	(10,024)	89,314
Fund balance, beginning of the year	206,208	206,208	206,208	-
Fund balance, end of the year	\$ 106,870	\$ 106,870	\$ 196,183	\$ 89,314

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Current				
Public health and welfare				
Other	2,000	8,400	5,364	3,036
Total expenditures	2,000	8,400	5,364	3,036
Net change in fund balance	(2,000)	(8,400)	(5,364)	3,036
Fund balance, beginning of the year	30,975	30,975	30,975	-
Fund balance, end of the year	\$ 28,975	\$ 22,575	\$ 25,611	\$ 3,036

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Interest earnings	\$ 1,280	\$ 1,280	\$ 1,620	\$ 340
Miscellaneous	1,000	1,000	1,333	333
Total revenues	2,280	2,280	2,953	673
Expenditures:				
Current				
Community environment				
Other	87,337	87,337	37,310	50,027
Total expenditures	87,337	87,337	37,310	50,027
Net change in fund balance	(85,057)	(85,057)	(34,357)	50,700
Fund balance, beginning of the year	98,756	98,756	98,756	-
Appropriation for prior year encumbrances	12,337	12,337	12,337	-
Fund balance, end of the year	\$ 26,036	\$ 26,036	\$ 76,736	\$ 50,700

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeitures	\$ 75,000	\$ 75,000	\$ 65,553	\$ (9,447)
Total revenues	75,000	75,000	65,553	(9,447)
Expenditures:				
Current				
Public safety				
Other	120,000	120,000	80,982	39,018
Total expenditures	120,000	120,000	80,982	39,018
Net change in fund balance	(45,000)	(45,000)	(15,429)	29,571
Fund balance, beginning of the year	109,935	109,935	109,935	-
Fund balance, end of the year	\$ 64,935	\$ 64,935	\$ 94,506	\$ 29,571

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ -	\$ -	\$ 9,007	\$ 9,007
Miscellaneous	- -		313	313
Total revenues	-	-	9,320	9,320
Expenditures:				
Current				
Public safety	- -		- -	- -
Other	- -		- -	- -
Total expenditures	-	-	-	-
Net change in fund balance			9,320	9,320
Fund balance, beginning of the year	16,467	16,467	16,467	-
Fund balance, end of the year	\$ 16,467	\$ 16,467	\$ 25,787	\$ 9,320

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ 68,000	\$ 68,000	\$ 98,569	\$ 30,569
Miscellaneous	12,000	12,000	4,036	(7,964)
Total revenues	80,000	80,000	102,605	22,605
Expenditures:				
Current				
Public safety				
Other	146,971	166,971	148,175	18,796
Total expenditures	146,971	166,971	148,175	18,796
Net change in fund balance	(66,971)	(86,971)	(45,570)	41,401
Fund balance, beginning of the year	209,232	209,232	209,232	-
Appropriation for prior year encumbrances	18,228	18,228	18,228	-
Fund balance, end of the year	\$ 160,489	\$ 140,489	\$ 181,890	\$ 41,401

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ 127,500	\$ 127,500	\$ 104,602	\$ (22,898)
Total revenues	127,500	127,500	104,602	(22,898)
Expenditures:				
Current				
Public safety				
Personal Services	97,912	97,912	96,657	1,255
Other	57,500	57,500	20,179	37,321
Total expenditures	155,412	155,412	116,836	38,576
Net change in fund balance	(27,912)	(27,912)	(12,234)	15,678
Fund balance, beginning of the year	220,512	220,512	220,512	-
Fund balance, end of the year	\$ 192,600	\$ 192,600	\$ 208,278	\$ 15,678

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ 21,000	\$ 21,000	\$ 14,869	\$ (6,131)
Total revenues	21,000	21,000	14,869	(6,131)
Expenditures:				
Current				
Public safety				
Other	25,000	25,000	13,756	11,244
Total expenditures	25,000	25,000	13,756	11,244
Net change in fund balance	(4,000)	(4,000)	1,113	5,113
Fund balance, beginning of the year	35,669	35,669	35,669	-
Fund balance, end of the year	\$ 31,669	\$ 31,669	\$ 36,782	\$ 5,113

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ 4,100	\$ 4,100	\$ 1,646	\$ (2,454)
Miscellaneous	-	-	576	576
Total revenues	4,100	4,100	2,222	(1,878)
Expenditures:				
Current				
Public safety				
Other	5,000	5,000	5,000	-
Total expenditures	5,000	5,000	5,000	-
Net change in fund balance	(900)	(900)	(2,779)	(1,878)
Fund balance, beginning of year	45,933	45,933	45,933	-
Fund balance, end of the year	\$ 45,033	\$ 45,033	\$ 43,154	\$ (1,878)

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Miscellaneous	\$ 331,160	\$ 331,160	\$ 337,191	\$ 6,031
Total revenues	331,160	331,160	337,191	6,031
Expenditures:				
Current				
Miscellaneous	447,452	509,965	384,060	125,905
Other	447,452	509,965	384,060	125,905
Total expenditures	(447,452)	(509,965)	(384,060)	(125,905)
Excess of revenues over/under expenditures	(116,292)	(178,805)	(46,869)	131,936
Other financing sources (uses):				
Reimbursement	(105,000)	(105,000)	-	105,000
Total other financing sources (uses)	(105,000)	(105,000)	-	105,000
Net change in fund balance	(221,292)	(283,805)	(46,869)	236,936
Fund balance, beginning of the year	296,222	296,222	296,222	-
Appropriation for prior year encumbrances	89,952	89,952	89,952	-
Fund balance, end of the year	\$ 164,882	\$ 102,369	\$ 339,305	\$ 236,936

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income tax	\$ 350,000	\$ 350,000	\$ 350,000	\$ -
Intergovernmental revenue	- - -	- - -	7,263	7,263
Fines and forfeits	1,369,461	1,369,461	1,173,299	(196,162)
Miscellaneous	5,100	5,100	24,458	19,358
Total revenues	1,724,561	1,724,561	1,555,020	(169,541)
Expenditures:				
Current				
Public safety				
Personal Services	1,613,627	1,613,627	1,501,723	111,904
Other	174,524	174,524	110,341	64,183
Total expenditures	1,788,151	1,788,151	1,612,064	176,087
Net change in fund balance	(63,590)	(63,590)	(57,044)	6,546
Fund balance, beginning of the year	138,437	138,437	138,437	- - -
Fund balance, end of the year	\$ 74,847	\$ 74,847	\$ 81,393	\$ 6,546

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ 70,284	\$ 70,284	\$ 48,022	\$ (22,262)
Interest earnings	1,120	1,120	2,250	1,130
Miscellaneous	28,016	28,016	-	(28,016)
Total revenues	99,420	99,420	50,272	(49,148)
Expenditures:				
Current				
Public safety:				
Other				
Step Grant				
Personal Services	21,242	21,242	8,613	12,629
Step Grant II				
Personal Services	29,614	29,614	10,018	19,596
OVI Task Force Grant				
Personal Services	15,000	15,000	-	15,000
2013 JAG Local Solicitation Grant	8,350	12,653	10,691	1,962
2017 JAG BYRNE Memorial Grant	28,464	28,464	-	28,464
2017 State Training Reimbursement	28,016	28,016	18,706	9,310
Total expenditures	130,686	134,989	48,028	86,961
Net change in fund balance	(31,266)	(35,569)	2,244	37,813
Fund balance, beginning of the year	140,701	140,701	140,701	-
Fund balance, end of the year	\$ 109,435	\$ 105,132	\$ 142,945	\$ 37,813

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines & forfeits	\$ 6,500	\$ 6,500	\$ 5,258	\$ (1,242)
Total revenues	6,500	6,500	5,258	(1,242)
Expenditures:				
Current				
Miscellaneous				
Other	35,000	35,000	2,560	32,440
Total expenditures	35,000	35,000	2,560	32,440
Net change in fund balance	(28,500)	(28,500)	2,698	31,198
Fund balance, beginning of the year	47,850	47,850	47,850	-
Fund balance, end of the year	\$ 19,350	\$ 19,350	\$ 50,548	\$ 31,198

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines & forfeits	\$ 150,000	\$ 150,000	\$ 133,406	\$ (16,594)
Total revenues	150,000	150,000	133,406	(16,594)
Expenditures:				
Current				
Public safety				
Personal Services	-	60,924	57,530	3,394
Other	200,000	139,076	19,502	119,574
Total expenditures	200,000	200,000	77,032	122,968
Net change in fund balance		(50,000)	(50,000)	56,374
Fund balance, beginning of the year	433,481	433,481	433,481	-
Fund balance, end of the year	\$ 383,481	\$ 383,481	\$ 489,855	\$ 106,374

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ 290,000	\$ 290,000	\$ 276,303	\$ (13,697)
Total revenues	290,000	290,000	276,303	(13,697)
Expenditures:				
Current				
Community environment				
Other	290,000	290,000	281,018	8,982
Total expenditures	290,000	290,000	281,018	8,982
Net change in fund balance	-	-	(4,715)	(4,715)
Fund balance, beginning of the year	19,618	19,618	19,618	-
Fund balance, end of the year	\$ 19,618	\$ 19,618	\$ 14,903	\$ (4,715)

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ 897,500	\$ 1,069,095	\$ 1,069,095	\$ -
Interest earnings	-	-	115	115
Miscellaneous	-	-	250	250
Total revenues	897,500	1,069,095	1,069,460	365
Expenditures:				
Current				
Community environment				
Other	897,500	1,097,500	1,095,000	2,500
Total expenditures	897,500	1,097,500	1,095,000	2,500
Net change in fund balance	-	(28,405)	(25,540)	2,865
Fund balance, beginning of the year	34,831	34,831	34,831	-
Fund balance, end of the year	\$ 34,831	\$ 6,426	\$ 9,291	\$ 2,865

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Interest earnings	\$ 750	\$ 750	\$ 3,335	\$ 2,585
Miscellaneous	65,000	65,000	43,622	(21,378)
Total revenues	65,750	65,750	46,957	(18,793)
Expenditures:				
Current				
Miscellaneous	2,500	2,500	1,064	1,436
Total expenditures	2,500	2,500	1,064	1,436
Net change in fund balance	63,250	63,250	45,893	(17,357)
Fund balance, beginning of the year	652,422	652,422	652,422	-
Fund balance, end of the year	\$ 715,672	\$ 715,672	\$ 698,315	\$ (17,357)

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property taxes	\$ 180,000	\$ 180,000	\$ 186,500	\$ 6,500
Intergovernmental revenue	26,400	26,400	23,215	(3,185)
Municipal income taxes	890,000	1,090,000	1,090,000	-
Total revenues	1,096,400	1,296,400	1,299,715	3,315
Expenditures:				
Current				
Miscellaneous	4,455	4,455	2,510	1,945
Public Safety Personal Services	1,135,019	1,335,019	1,334,314	705
Total expenditures	1,139,474	1,339,474	1,336,824	2,650
Net change in fund balance	(43,074)	(43,074)	(37,109)	5,965
Fund balance, beginning of the year	441,873	441,873	441,873	-
Fund balance, end of the year	\$ 398,799	\$ 398,799	\$ 404,764	\$ 5,965

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property taxes	\$ 186,465	\$ 186,465	\$ 186,500	\$ 35
Intergovernmental revenue	26,400	26,400	23,215	(3,185)
Municipal Income taxes	1,095,000	1,320,000	1,320,000	-
Total revenues	1,307,865	1,532,865	1,529,715	(3,150)
Expenditures:				
Current				
Miscellaneous	4,455	4,455	2,509	1,946
Public Safety Personal Services	1,362,768	1,562,768	1,559,515	3,253
Total expenditures	1,367,223	1,567,223	1,562,024	5,199
Net change in fund balance	(59,358)	(34,358)	(32,309)	2,049
Fund balance, beginning of the year	441,873	441,873	441,873	-
Fund balance, end of the year	\$ 382,515	\$ 407,515	\$ 409,564	\$ 2,049

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ 370,000	\$ 370,000	\$ -	\$ (370,000)
Total revenues	370,000	370,000	-	(370,000)
Expenditures:				
Current				
Community environment				
Other	370,000	370,000	352,073	17,927
Total expenditures	370,000	370,000	352,073	17,927
Excess of revenues over (under) expenditures	-	-	(352,073)	(352,073)
Other financing sources (uses):				
Transfers in	-	-	125,728	125,728
Total other financing sources (uses)	-	-	125,728	125,728
Net change in fund balance	-	-	(226,345)	(226,345)
Fund balance, beginning of the year	226,345	226,345	226,345	-
Fund balance, end of the year	\$ 226,345	\$ 226,345	\$ -	\$ (226,345)

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property taxes	\$ 69,895	\$ 69,895	\$ 80,039	\$ 10,144
Intergovernmental revenue	10,440	10,440	10,865	425
Total revenues	80,335	80,335	90,904	10,569
Expenditures:				
Current				
Community environment				
Other	125,449	125,449	124,405	1,044
Total expenditures	125,449	125,449	124,405	1,044
Excess of revenues over (under) expenditures	(45,114)	(45,114)	(33,501)	11,613
Other financing sources (uses):				
Transfers-in	50,000	50,000	50,000	-
Total other financing sources (uses)	50,000	50,000	50,000	-
Net change in fund balance	4,886	4,886	16,499	11,613
Fund balance, beginning of the year	6,138	6,138	6,138	-
Fund balance, end of the year	\$ 11,024	\$ 11,024	\$ 22,637	\$ 11,613

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special assessments	\$ 200,000	\$ 200,000	\$ 266,821	\$ 66,821
Miscellaneous	- 500,000		1,000	(499,000)
Total revenues	200,000	700,000	267,821	(432,179)
Expenditures:				
Current				
Community environment				
Other	330,000	1,130,000	673,770	456,230
Total expenditures	330,000	1,130,000	673,770	456,230
Excess of revenues over (under) expenditures	(130,000)	(430,000)	(405,949)	24,051
Other financing sources (uses):				
Transfers-in	-	400,000	400,000	-
Total other financing sources (uses)	-	400,000	400,000	-
Net change in fund balance	(130,000)	(30,000)	(5,949)	24,051
Fund balance, beginning of the year	7,484	7,484	7,484	-
Fund balance, end of the year	\$ (122,516)	\$ (22,516)	\$ 1,535	\$ 24,051

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property taxes	\$ 633,325	\$ 633,325	\$ 591,610	\$ (41,715)
Intergovernmental revenue	88,825	88,825	72,657	(16,168)
Total revenues	722,150	722,150	664,267	(57,883)
Expenditures:				
Current				
Community environment				
Other	722,150	722,150	664,267	57,883
Total expenditures	722,150	722,150	664,267	57,883
Net change in fund balance	-	-	-	-
Fund balance, beginning of the year	-	-	-	-
Fund balance, end of the year	\$ -	\$ -	\$ -	\$ -

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, 2018

	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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
CITY INCOME TAX	\$ 22,759,600	\$ 24,359,600	\$ 24,941,368	\$ 581,768
less transfers out				
TO GENERAL FUND	\$ (13,633,213)	\$ (15,233,213)	\$ (15,233,213)	\$ -
TO AUTO & GAS TAX FUN	\$ (570,000)	\$ (570,000)	\$ (570,000)	\$ -
TO FIRE PENSION FUND	\$ (1,095,000)	\$ (1,320,000)	\$ (1,320,000)	\$ -
TO POLICE PENSION FUND	\$ (890,000)	\$ (1,090,000)	\$ (1,090,000)	\$ -
TO GENERAL BOND RETIREM	\$ (1,589,809)	\$ (1,589,809)	\$ (1,589,809)	\$ -
TO COMPUTER REPLACE FUN	\$ (8,000)	\$ (8,000)	\$ (8,000)	\$ -
TO TERMINATION PAY	\$ (500,000)	\$ (500,000)	\$ (500,000)	\$ -
TO PUBLIC SAFETY FUND	\$ (3,251,395)	\$ (3,571,395)	\$ (3,565,000)	\$ (6,395)
TO HEALTH FUND	\$ (150,000)	\$ (150,000)	\$ (150,000)	\$ -
TO MUNICIPAL COURT	\$ (350,000)	\$ (350,000)	\$ (350,000)	\$ -
Municipal income tax	\$ 722,183	\$ (22,817)	\$ 565,346	\$ 575,373
Total revenues	722,183	(22,817)	565,346	575,373
Expenditures:				
Current				
General government				
Personal services	572,870	572,870	554,600	18,270
Other	229,731	229,731	91,569	138,162
Total expenditures	802,601	802,601	646,169	156,432
Net change in fund balance	(80,418)	(825,418)	(80,823)	731,805
Fund balance, beginning of the year	368,921	368,921	368,921	-
Appropriation for prior year encumbrances	76,811	76,811	76,811	-
Fund balance, end of the year	\$ 365,314	\$ (379,686)	\$ 364,909	\$ 731,805

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, 2018

	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	275,000	275,000	141,050	133,950
Public health & welfare	9,186	9,186	-	9,186
Leisure time activities	18,370	18,370	-	18,370
Community environment	52,000	52,000	24,072	27,928
General government	125,410	125,410	64,316	61,094
Highways & streets	10,017	10,017	-	10,017
Miscellaneous	10,017	10,017	-	10,017
Total expenditures	500,000	500,000	229,438	270,562
Net change in fund balance	-	-	270,562	270,562
Fund balance, beginning of the year	491,250	491,250	491,250	-
Fund balance, end of the year	\$ 491,250	\$ 491,250	\$ 761,812	\$ 270,562

CITY OF MIDDLETOWN, OHIO
COMBINING BALANCE SHEET
NON MAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2018

	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	\$ 179,830	\$ 265,796	\$ 8,836	\$ 4,458	\$ 9,807	\$ 99,691
Receivables (net of allowance for uncollectibles):						
Payments in lieu of taxes	-	343,779	9,347	-	997	9,295
Due from other governments	7,774	-	-	-	-	-
Total assets	\$ 187,604	\$ 609,575	\$ 18,183	\$ 4,458	\$ 10,804	\$ 108,986
 Deferred inflows						
Revenues levied for the next year and unavailable revenue	\$ 7,774	\$ 343,779	\$ 9,347	\$ -	\$ 997	\$ 9,295
Total deferred inflows	7,774	343,779	9,347	-	997	9,295
 Fund balances:						
Restricted	-	265,796	8,836	4,458	9,807	99,691
Committed	179,830	-	-	-	-	-
Total fund balance	179,830	265,796	8,836	4,458	9,807	99,691
Total deferred inflows and fund balance	\$ 187,604	\$ 609,575	\$ 18,183	\$ 4,458	\$ 10,804	\$ 108,986

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
\$ 48,061	\$ 125,668	\$ 207,200	\$ 378	\$ 341,761	\$ 1,303	\$ 23,824	\$ -	\$ 1,316,613
153,772	81,181	81,957	-	39,998	568	249	200,226	921,369
-	-	-	-	-	-	-	-	7,774
\$ 201,833	\$ 206,849	\$ 289,157	\$ 378	\$ 381,759	\$ 1,871	\$ 24,073	\$ 200,226	\$ 2,245,756
<hr/>								
\$ 153,772	\$ 81,181	\$ 81,957	\$ -	\$ 39,998	\$ 568	\$ 249	\$ 200,226	\$ 929,143
153,772	81,181	81,957	-	39,998	568	249	200,226	929,143
<hr/>								
48,061	125,668	207,200	378	341,761	1,303	23,824	-	1,136,783
-	-	-	-	-	-	-	-	179,830
48,061	125,668	207,200	378	341,761	1,303	23,824	-	1,316,613
\$ 201,833	\$ 206,849	\$ 289,157	\$ 378	\$ 381,759	\$ 1,871	\$ 24,073	\$ 200,226	\$ 2,245,756

CITY OF MIDDLETON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON MAJOR DEBT SERVICE FUNDS
FOR YEAR ENDED DECEMBER 31, 2018

	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	\$ 1,589,809	\$ -	\$ -	\$ -	\$ -	\$ -
Payment in lieu of taxes	-	428,082	9,148	-	1,004	8,783
Intergovernmental	466,332	-	-	-	-	-
Miscellaneous revenues	274,510	-	-	-	-	-
Total revenues	2,330,651	428,082	9,148	-	1,004	8,783
Expenditures						
Debt service						
Principal retirement	1,655,979	235,000	10,000	-	-	-
Interest and fiscal charges	519,958	48,750	-	-	-	-
Miscellaneous	-	112,055	-	-	-	-
Total expenditures	2,175,937	395,805	10,000	-	-	-
Net change in fund balance	154,714	32,277	(852)	-	1,004	8,783
Fund balance, beginning of the year	25,116	233,519	9,688	4,458	8,803	90,908
Fund balance, end of the year	\$ 179,830	\$ 265,796	\$ 8,836	\$ 4,458	\$ 9,807	\$ 99,691

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,589,809
606,109	319,298	273,851	-	40,420	34	253	-	1,686,982
-	-	-	-	-	-	-	-	466,332
-	-	-	-	-	-	-	-	274,510
606,109	319,298	273,851	-	40,420	34	253	-	4,017,633
220,000	58,369	-	-	-	-	-	-	2,179,348
-	11,631	80,000	-	-	-	-	-	660,339
446,285	227,485	194,376	-	-	-	-	-	980,201
666,285	297,485	274,376	-	-	-	-	-	3,819,888
(60,176)	21,813	(525)	-	40,420	34	253	-	197,745
108,237	103,855	207,725	378	301,341	1,269	23,571	-	1,118,868
\$ 48,061	\$ 125,668	\$ 207,200	\$ 378	\$ 341,761	\$ 1,303	\$ 23,824	\$ -	\$ 1,316,613

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special assessments	\$ 270,000	\$ 270,000	\$ 254,877	\$ (15,123)
Total revenues	270,000	270,000	254,877	(15,123)
Expenditures:				
Debt service	263,675	263,675	253,675	10,000
Total expenditures	263,675	263,675	253,675	10,000
Net change in fund balance	6,325	6,325	1,202	(5,123)
Fund balance, beginning of the year	464,233	464,233	464,233	-
Fund balance, end of the year	\$ 470,558	\$ 470,558	\$ 465,435	\$ (5,123)

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income taxes	\$ 1,589,809	\$ 1,589,809	\$ 1,589,809	\$ -
Intergovernmental	950	950	97,229	96,279
Miscellaneous	740,843	740,843	408,614	(332,229)
Total revenues	2,331,602	2,331,602	2,095,652	(235,950)
Expenditures:				
Current				
Miscellaneous				
Other	10,000	10,000	303	9,697
Debt service	2,179,661	2,179,661	1,940,635	239,026
Total expenditures	2,189,661	2,189,661	1,940,938	248,723
Net change in fund balance	141,941	141,941	154,714	12,773
Fund balance, beginning of the year	25,116	25,116	25,116	-
Fund balance, end of the year	\$ 167,057	\$ 167,057	\$ 179,830	\$ 12,773

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 280,000	\$ 280,000	\$ 428,082	\$ 148,082
Total revenues	280,000	280,000	428,082	148,082
Expenditures:				
Current				
Miscellaneous				
Other	117,550	117,550	112,055	5,495
Debt service	306,713	306,713	283,750	22,963
Total expenditures	424,263	424,263	395,805	28,458
Net change in fund balance	(144,263)	(144,263)	32,277	176,540
Fund balance, beginning of the year	232,919	232,919	232,919	-
Fund balance, end of the year	\$ 88,656	\$ 88,656	\$ 265,196	\$ 176,540

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 10,500	\$ 10,500	\$ 9,148	\$ (1,352)
Total revenues	10,500	10,500	9,148	(1,352)
Expenditures:				
Current				
Miscellaneous				
Other	100	100	-	100
Debt service	10,000	10,000	10,000	-
Total expenditures	10,100	10,100	10,000	100
Net change in fund balance	400	400	(852)	(1,252)
Fund balance, beginning of the year	9,688	9,688	9,688	-
Fund balance, end of the year	\$ 10,088	\$ 10,088	\$ 8,836	\$ (1,252)

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, 2018

	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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 500	\$ 500	\$ 1,004	\$ 504
Total revenues	500	500	1,004	504
Expenditures:				
Current				
Miscellaneous				
Other	35	35	-	35
Total expenditures	35	35	-	35
Net change in fund balance	465	465	1,004	539
Fund balance, beginning of the year	8,803	8,803	8,803	-
Fund balance, end of the year	\$ 9,268	\$ 9,268	\$ 9,807	\$ 539

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 8,847	\$ 8,847	\$ 8,783	\$ (64)
Total revenues	8,847	8,847	8,783	(64)
Expenditures:				
Current				
Miscellaneous				
Other	240	240	-	240
Total expenditures	240	240	-	240
Net change in fund balance	8,607	8,607	8,783	176
Fund balance, beginning of the year	90,908	90,908	90,908	-
Fund balance, end of the year	\$ 99,515	\$ 99,515	\$ 99,691	\$ 176

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 500,000	\$ 606,108	\$ 606,109	\$ 1
Total revenues	500,000	606,108	606,109	1
Expenditures:				
Current				
Miscellaneous				
Other	383,220	447,720	446,285	1,435
Debt service	220,000	220,000	220,000	-
Total expenditures	603,220	667,720	666,285	1,435
Net change in fund balance	(103,220)	(61,612)	(60,176)	1,436
Fund balance, beginning of the year	108,237	108,237	108,237	-
Fund balance, end of the year	\$ 5,017	\$ 46,625	\$ 48,061	\$ 1,436

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 142,000	\$ 319,000	\$ 319,298	\$ 298
Total revenues	142,000	319,000	319,298	298
Expenditures:				
Current				
Miscellaneous				
Other	111,500	229,000	227,485	1,515
Debt service	70,000	70,000	70,000	-
Total expenditures	181,500	299,000	297,485	1,515
Net change in fund balance	(39,500)	20,000	21,813	1,813
Fund balance, beginning of the year	103,855	103,855	103,855	-
Fund balance, end of the year	\$ 64,355	\$ 123,855	\$ 125,668	\$ 1,813

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 102,300	\$ 273,800	\$ 273,851	\$ 51
Total revenues	102,300	273,800	273,851	51
Expenditures:				
Current				
Miscellaneous				
Other	82,000	194,500	194,376	124
Debt service	80,000	80,000	80,000	-
Total expenditures	162,000	274,500	274,376	124
Net change in fund balance	(59,700)	(700)	(525)	175
Fund balance, beginning of the year	207,725	207,725	207,725	-
Fund balance, end of the year	\$ 148,025	\$ 207,025	\$ 207,200	\$ 175

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, 2018

	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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 50,000	\$ 50,000	\$ 40,420	\$ (9,580)
Total revenues	50,000	50,000	40,420	(9,580)
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	(25,020)	(25,020)	40,420	10,440
Fund balance, beginning of the year	301,341	301,341	301,341	-
Fund balance, end of the year	\$ 276,321	\$ 276,321	\$ 341,761	\$ 10,440

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 70	\$ 70	\$ 34	\$ (36)
Total revenues	70	70	34	(36)
Expenditures:				
Current				
Miscellaneous				
Other	20	20	-	20
Total expenditures	20	20	-	20
Net change in fund balance	50	50	34	(16)
Fund balance, beginning of the year	1,269	1,269	1,269	-
Fund balance, end of the year	\$ 1,319	\$ 1,319	\$ 1,303	\$ (16)

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 200	\$ 200	\$ 253	\$ 53
Total revenues	200	200	253	53
Expenditures:				
Current				
Miscellaneous				
Other	20	20	-	20
Total expenditures	20	20	-	20
Net change in fund balance	180	180	253	73
Fund balance, beginning of the year	23,571	23,571	23,571	-
Fund balance, end of the year	\$ 23,751	\$ 23,751	\$ 23,824	\$ 73

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, 2018

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



CITY OF MIDDLETOWN, OHIO
COMBINING BALANCE SHEET
NON MAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2018

	East End Development	Downtown Improvements	Computer Replacement	Property Development
Assets				
Cash and equity in pooled cash, deposits and investments	\$ 123,864	\$ 151,796	\$ 1,572,585	\$ 274,572
Receivables (net of allowance for uncollectibles):				
Accounts	-	-	-	15,260
Total assets	\$ 123,864	\$ 151,796	\$ 1,572,585	\$ 289,832
Liabilities				
Accounts payable	\$ -	\$ 357	\$ 16,808	\$ -
Due to other funds	-	-	-	-
Total liabilities	-	357	16,808	-
Fund balances:				
Restricted	123,864	-	-	-
Committed	-	151,439	1,555,777	289,832
Unassigned	-	-	-	-
Total fund balances	123,864	151,439	1,555,777	289,832
Total liabilities and fund balances	\$ 123,864	\$ 151,796	\$ 1,572,585	\$ 289,832

2010 Jefferson Road Sewer Special Assessment	2011 Sidewalk, Curb and Gutter	Main Street Special Assessment	Central Avenue Sidewalk Curb and Gutter	2018 Sidewalk Curb and Gutter Program	Economic Development Bond Service	Totals
\$ 1,475	\$ 11,138	\$ 21,793	-	\$ 206,804	\$ 264	\$ 2,364,291
-	-	-	-	-	-	15,260
\$ 1,475	\$ 11,138	\$ 21,793		\$ 206,804	\$ 264	\$ 2,379,551
 \$ -	 \$ -	 \$ -	 \$ 83,812	 \$ 45,872	 \$ -	 \$ 63,037
 - -	 - -	 - -	 83,812	 437,456	 - -	 521,268
 - -	 - -	 - -	 83,812	 483,328	 - -	 584,305
 1,475	 11,138	 21,793	 - -	 - -	 - 264	 158,270
 - -	 - -	 - -	 (83,812)	 (276,524)	 - -	 1,997,312
 1,475	 11,138	 21,793	 (83,812)	 (276,524)	 264	 1,795,246
 \$ 1,475	 \$ 11,138	 \$ 21,793		 \$ 206,804	 \$ 264	 \$ 2,379,551

CITY OF MIDDLETON, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON MAJOR CAPITAL PROJECT FUNDS
FOR YEAR ENDED DECEMBER 31, 2018

	East End Development	Downtown Improvements	Computer Replacement	Property Development
Revenues				
Municipal income taxes	\$ -	\$ -	\$ 8,000	\$ -
Intergovernmental revenues	- -	- -	- -	180,683
Special Assessments	- -	- -	- -	- -
Investment income	1,802	3,284	23,610	- -
Miscellaneous	- -	160,025	- -	- -
Total revenues	1,802	163,309	31,610	180,683
Expenditures				
Current				
Community environment	- -	80,057	- -	120,450
Highways and streets	- -	- -	- -	- -
General government	- -	- -	387,060	- -
Debt service				
Principal retirement	- -	120,000	- -	- -
Interest and fiscal charges	- -	72,573	- -	- -
Total expenditures	- -	272,630	387,060	120,450
Excess of revenues over (under) expenditures	1,802	(109,321)	(355,450)	60,233
Other financing sources (uses)				
Transfers-in	- -	75,000	225,856	- -
Total other financing sources (uses)	- -	75,000	225,856	- -
Net change in fund balances	1,802	(34,321)	(129,594)	60,233
Fund balance, beginning of year	122,062	185,760	1,685,371	229,599
Fund balance, end of the year	\$ 123,864	\$ 151,439	\$ 1,555,777	\$ 289,832

2010 Jefferson Road Sewer Special Assessment	2011 Sidewalk, Curb and Gutter	Main Street Special Assessment	Central Avenue Sidewalk Curb and Gutter	2018 Sidewalk Curb and Gutter Program	Economic Development Bond Service	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,000
-	-	-	-	-	-	180,683
-	3,954	-	6,697	-	-	10,651
-	-	-	-	-	-	28,696
-	-	-	-	-	-	160,025
-	3,954	-	6,697	-	-	388,055
-	-	-	-	-	500,000	700,507
-	-	-	-	276,524	-	276,524
-	-	-	-	-	-	387,060
-	-	-	-	-	75,000	195,000
-	-	-	-	-	83,218	155,791
-	-	-	-	276,524	658,218	1,714,882
-	3,954	-	6,697	(276,524)	(658,218)	(1,326,827)
-	-	-	-	-	193,218	494,074
-	-	-	-	-	193,218	494,074
-	3,954	-	6,697	(276,524)	(465,000)	(832,753)
1,475	7,184	21,793	(90,509)	-	465,264	2,627,999
\$ 1,475	\$ 11,138	\$ 21,793	\$ (83,812)	\$ (276,524)	\$ 264	\$ 1,795,246

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property taxes	\$ 633,474	\$ 633,474	\$ 558,440	\$ (75,034)
Intergovernmental revenue	3,364,828	3,364,828	3,757,327	392,499
Charges for services	5,000	5,000	15,526	10,526
Interest earnings	10,000	10,000	33,586	23,586
Miscellaneous	160,000	160,000	79,000	(81,000)
Total revenues	4,173,302	4,173,302	4,443,879	270,577
Expenditures:				
Current				
Public safety				
Other	162,272	162,272	162,272	-
Leisure time activities				
Other	230,000	230,000	115,979	114,021
Highways and streets				
Other	4,820,884	4,920,884	3,888,755	1,032,129
Miscellaneous				
Other	36,034	36,034	34,280	1,754
Total expenditures	5,249,190	5,349,190	4,201,286	1,147,904
Excess of revenues over (under) expenditures	(1,075,888)	(1,175,888)	242,593	1,418,481
Other financing sources (uses):				
Other uses	-	-	(22,380)	(22,380)
Total other financing sources (uses)	-	-	(22,380)	(22,380)
Net change in fund balance	(1,075,888)	(1,175,888)	220,213	1,396,101
Fund balance, beginning of the year	(2,200,444)	(2,200,444)	(2,200,444)	-
Appropriation for prior year encumbrances	3,419,190	3,419,190	3,419,190	-
Fund balance, end of the year	\$ 142,858	\$ 42,858	\$ 1,438,959	\$ 1,396,101

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Interest earnings	\$ -	\$ -	\$ 1,802	\$ 1,802
Total revenues	-	-	1,802	1,802
Expenditures:				
Current				
Community environment	- -	- -	- -	- -
Other	- -	- -	- -	- -
Total expenditures	- -	- -	- -	- -
Net change in fund balance	- -	- -	\$ 1,802	\$ 1,802
Fund balance, beginning of the year	122,062	122,062	122,062	- -
Fund balance, end of the year	\$ 122,062	\$ 122,062	\$ 123,864	\$ 1,802

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Interest earnings	\$ 4,123	\$ 4,123	\$ 3,284	\$ (839)
Miscellaneous	65,751	65,751	160,025	94,274
Total revenues	<u>69,874</u>	<u>69,874</u>	<u>163,309</u>	<u>93,435</u>
Expenditures:				
Current				
Community environment				
Other	125,000	125,000	114,700	10,300
Debt Service				
Principal retirement	120,000	120,000	120,000	-
Interest & fiscal charges	72,573	72,573	72,573	-
Total expenditures	<u>317,573</u>	<u>317,573</u>	<u>307,273</u>	<u>10,300</u>
Excess of revenues under expenditures	(247,699)	(247,699)	(143,964)	103,735
Other financing sources (uses):				
Transfers-in	75,000	75,000	75,000	-
Total other financing sources (uses)	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>
Net change in fund balance	(172,699)	(172,699)	(68,964)	103,735
Fund balance, beginning of the year	105,760	105,760	105,760	-
Appropriation for prior year encumbrances	80,000	80,000	80,000	-
Fund balance, end of the year	<u>\$ 13,061</u>	<u>\$ 13,061</u>	<u>\$ 116,796</u>	<u>\$ 103,735</u>

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income taxes	\$ 8,000	\$ 8,000	\$ 8,000	\$ -
Interest earnings	43,951	43,951	23,610	(20,341)
Miscellaneous	55,120	55,120	-	(55,120)
Total revenues	107,071	107,071	31,610	(75,461)
Expenditures:				
Current				
General government				
Other	737,280	737,280	629,450	107,830
Total expenditures	737,280	737,280	629,450	107,830
Excess of revenues under expenditures	(630,209)	(630,209)	(597,840)	32,369
Other financing sources:				
Transfers-in	175,856	225,856	225,856	-
Total other financing sources	175,856	225,856	225,856	-
Net change in fund balance	(454,353)	(404,353)	(371,984)	32,369
Fund balance, beginning of the year	1,230,975	1,230,975	1,230,975	-
Appropriation for prior year encumbrances	462,280	462,280	462,280	-
Fund balance, end of the year	\$ 1,238,902	\$ 1,288,902	\$ 1,321,271	\$ 32,369

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental	\$ 137,000	\$ 137,000	\$ 176,782	\$ 39,782
Miscellaneous	100,000	100,000	-	(100,000)
Total revenues	237,000	237,000	176,782	(60,218)
Expenditures:				
Current				
Community environment				
Other	368,824	368,824	267,276	101,548
Total expenditures	368,824	368,824	267,276	101,548
Net change in fund balance	(131,824)	(131,824)	(90,494)	41,330
Fund balance, beginning of the year	104,797	104,797	104,797	-
Appropriation for prior year encumbrances	113,442	113,442	113,442	-
Fund balance, end of the year	\$ 86,415	\$ 86,415	\$ 127,745	\$ 41,330

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, 2018

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

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
2011 SIDEWALK, CURB AND GUTTER FUND
FOR YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special assessments	\$ -	\$ -	\$ 3,954	\$ 3,954
Total revenues	-	-	3,954	3,954
Expenditures:				
Current				
Highways and streets	- -	- -	- -	- -
Other	- -	- -	- -	- -
Total expenditures	- -	- -	- -	- -
Net change in fund balance	- -	- -	\$ 3,954	\$ 3,954
Fund balance, beginning of the year	7,184	7,184	7,184	- -
Fund balance, end of the year	\$ 7,184	\$ 7,184	\$ 11,138	\$ 3,954

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, 2018

	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	- -	- -	- -	- -
Net change in fund balance	- -	- -	- -	- -
Fund balance, beginning of the year	21,793	21,793	21,793	- -
Fund balance, end of the year	\$ 21,793	\$ 21,793	\$ 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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special Assessments	\$ -	\$ -	\$ 6,697	\$ 6,697
Total revenues	-	-	6,697	6,697
Expenditures:				
Current				
Highways and streets	- -	- -	- -	- -
Other	- -	- -	- -	- -
Total expenditures	- -	- -	- -	- -
Excess of revenues over/under expenditures	- -	- -	6,697	6,697
Other financing sources/uses:				
Advance out	- -	- -	(6,700)	(6,700)
Total other financing sources/(uses)	- -	- -	(6,700)	(6,700)
Net change in fund balance	- -	- -	(3)	(3)
Fund balance, beginning of the year	3	3	3	-
Fund balance, end of the year	\$ 3	\$ 3	-	\$ (3)

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special assessments	\$ 700,000	\$ 700,000	\$ -	\$ (700,000)
Total revenues	700,000	700,000	-	(700,000)
Expenditures:				
Current				
Highways and streets	700,000	700,000	437,456	262,544
Other	700,000	700,000	437,456	262,544
Total expenditures	700,000	700,000	437,456	262,544
Excess of revenues under expenditures	-	-	(437,456)	(437,456)
Other financing sources:				
Advance	-	-	437,456	437,456
Total other financing sources	-	-	437,456	437,456
Net change in fund balance	-	-	-	-
Fund balance, beginning of the year	-	-	-	-
Fund balance, end of the year	\$ -	\$ -	\$ -	\$ -

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, 2018

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Miscellaneous revenue	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Current				
Community environment				
Other	500,000	500,000	500,000	500,000
Debt Service				
Principal retirement	75,000	75,000	75,000	75,000
Interest expense	83,218	83,218	83,218	83,218
Total expenditures	158,218	658,218	658,218	-
Excess of revenues over/under expenditures	(158,218)	(658,218)	(658,218)	-
Other financing sources:				
Transfer in	158,218	193,218	193,218	193,218
Total other financing sources	158,218	193,218	193,218	-
Net change in fund balance	-	(465,000)	(465,000)	-
Fund balance, beginning of the year	465,264	465,264	465,264	-
Fund balance, end of the year	\$ 465,264	\$ 264	\$ 264	\$ -

**CITY OF MIDDLETOWN
FUND DESCRIPTIONS
DECEMBER 31, 2018**

NON MAJOR ENTERPRISE FUNDS:

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

AIRPORT FUND

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

TRANSIT SYSTEM

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

GOLF FUND

To account for the operation of the City's public golf course. The golf course was sold in 2014. The Golf Fund was closed in 2018.

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF NET POSITION
NON MAJOR ENTERPRISE FUNDS
DECEMBER 31, 2018

Business Type Activities - Enterprise Funds

	Airport	Transit	Golf	Totals
Assets:				
Current assets				
Equity in pooled cash, deposits and investments	\$ 140,410	\$ 25,280	\$ -	\$ 165,690
Receivables (net of allowance for uncollectibles):				
Intergovernmental	329,925	225,495	-	555,420
Total current assets	470,335	250,775	-	721,110
Noncurrent Assets:				
Capital assets:				
Construction in progress	75,448	-	-	75,448
Land	1,524,356	-	-	1,524,356
Land improvements	666,367	-	-	666,367
Infrastructure assets	1,688,161	-	-	1,688,161
Buildings	1,888,696	1,370,702	-	3,259,398
Equipment	1,067,623	3,400,138	-	4,467,761
Less: Accumulated depreciation	(2,442,062)	(2,770,748)	-	(5,212,810)
Total capital assets (net of accumulated depreciation)	4,468,589	2,000,092	-	6,468,681
Total noncurrent assets	4,468,589	2,000,092	-	6,468,681
Total assets	4,938,924	2,250,867	-	7,189,791
Deferred outflows of resources:				
Deferred charge on refunding	10,890	-	-	10,890
Pension related	-	57,869	-	57,869
OPEB related	-	11,232	-	11,232
Total deferred outflows of resources:	10,890	69,101	-	79,991
Liabilities:				
Current liabilities				
Accounts payable	97,275	107,020	-	204,295
Accrued wages and benefits	-	9,750	-	9,750
Other accrued liabilities	5,680	-	-	5,680
Accrued interest payable	2,800	-	-	2,800
Due to other funds	242,008	13,479	-	255,487
General obligation bonds payable	85,000	-	-	85,000
Compensated absences (short-term)	-	5,500	-	5,500
Total current liabilities	432,763	135,749	-	568,512
Long-term liabilities:				
General obligation bonds payable	876,485	-	-	876,485
Compensated absences payable	-	2,312	-	2,312
Net pension liability	-	210,208	-	210,208
Net OPEB liability	-	152,627	-	152,627
Total long-term liabilities	876,485	365,147	-	1,241,632
Total liabilities	1,309,248	500,896	-	1,810,144
Deferred inflows of resources:				
Pension related	-	50,209	-	50,209
OPEB related	-	15,341	-	15,341
Total deferred inflows of resources:	-	65,550	-	65,550
Net position:				
Net investment in capital assets	3,517,994	2,000,092	-	5,518,086
Unrestricted	122,572	(246,570)	-	(123,998)
Total net position	\$ 3,640,566	\$ 1,753,522	\$ -	\$ 5,394,088

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, 2018

Business Type Activities - Enterprise Funds

	Airport	Transit	Golf	Totals
Operating revenues:				
Charges for services	\$ 266,294	\$ 107,322	\$ -	\$ 373,616
Other operating revenue	5,554	-	-	5,554
Total operating revenues	271,848	107,322	-	379,170
Operating expenses:				
Personal services	-	296,838	-	296,838
Contractual services	421,778	1,445,001	-	1,866,779
Commodities	14,029	1,694	-	15,723
Depreciation	230,957	443,110	-	674,067
Other operating expenses	49,327	2,697	-	52,024
Total operating expenses	716,091	2,189,340	-	2,905,431
Operating income (loss)	(444,243)	(2,082,018)	-	(2,526,261)
Non-operating revenues (expenses):				
Interest expense and fiscal charges	(24,345)	-	-	(24,345)
Operating grants	-	1,542,126	-	1,542,126
Total non-operating revenues (expenses)	(24,345)	1,542,126	-	1,517,781
Income (loss) before capital contributions and transfers	(468,588)	(539,892)	-	(1,008,480)
Capital contributions	441,345	117,645	-	558,990
Transfers in	133,000	70,000	-	203,000
Transfers out	-	-	(43,283)	(43,283)
Change in net position	105,757	(352,247)	(43,283)	(289,773)
Total net position, beginning of year, restated	3,534,809	2,105,769	43,283	5,683,861
Total net position, end of year	\$ 3,640,566	\$ 1,753,522	\$ -	\$ 5,394,088

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF CASH FLOWS
NON MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Business Type Activities - Enterprise Funds

	Airport	Transit	Golf	Totals
Cash flows from operating activities:				
Cash received from customers	\$ 271,848	\$ 107,322	\$ -	\$ 379,170
Cash payments to suppliers for goods and services	(391,725)	(1,148,886)	-	(1,540,611)
Cash payments to employees for services	-	(373,800)	-	(373,800)
Cash payments for interfund services used	(495)	(193,534)	-	(194,029)
Net cash provided (used) by operating activities	(120,372)	(1,608,898)	-	(1,729,270)
Cash flows from non-capital financing activities:				
Operating grants	-	1,547,030	-	1,547,030
Interfund loan receipts/payments	(399,448)	-	-	(399,448)
Transfers in	133,000	70,000	-	203,000
Transfers out	-	-	(43,283)	(43,283)
Net cash provided (used) by non-capital financing activities	(266,448)	1,617,030	(43,283)	1,307,299
Cash flows from capital and related financing activities:				
Purchase of capital assets	(502,837)	-	-	(502,837)
Interest expense	(33,600)	-	-	(33,600)
Repayment of debt principal	(80,000)	-	-	(80,000)
Capital grants	944,616	-	-	944,616
Net cash provided (used) by capital and related financing activities	328,179	-	-	328,179
Net increase (decrease) in cash and cash equivalents	(58,641)	8,132	(43,283)	(93,792)
Cash and cash equivalents, beginning of year	199,051	17,148	43,283	259,482
Cash and cash equivalents, end of year	\$ 140,410	\$ 25,280	\$ -	\$ 165,690

continued

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF CASH FLOWS
NON MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

(continued)	Airport	Transit	Golf	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (444,243)	\$ (2,082,018)	\$ -	\$ (2,526,261)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	230,957	443,110	-	674,067
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
Decrease (increase) in deferred outflows of resources - pension related	-	69,064	-	69,064
Decrease (increase) in deferred outflows of resources - OPEB related	-	(9,471)	-	(9,471)
Increase (decrease) in accounts payable	92,664	19,666	-	112,330
Increase (decrease) in accrued wages and benefits	250	(5,580)	-	(5,330)
Increase (decrease) in due to other funds	-	433	-	433
Increase (decrease) in compensated absences payable	-	(9,694)	-	(9,694)
Increase (decrease) in net pension liability	-	(104,573)	-	(104,573)
Increase (decrease) in net OPEB liability	-	6,997	-	6,997
Increase (decrease) in deferred inflows of resources - pension related	-	47,827	-	47,827
Increase (decrease) in deferred inflows of resources - OPEB related	-	15,341	-	15,341
Total adjustments	323,871	473,120	-	796,991
Net cash provided (used) by operating activities	\$ (120,372)	\$ (1,608,898)	\$ -	\$ (1,729,270)

**CITY OF MIDDLETOWN
FUND DESCRIPTIONS
DECEMBER 31, 2018**

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, 2018

	Municipal Garage	Employee Benefits Fund	Totals
Assets:			
Current assets:			
Equity in pooled cash, deposits and investments	\$ 7,252,910	\$ 220,646	\$ 7,473,556
Receivables (net of allowance for uncollectibles):			
Accounts	127,546	551,435	678,981
Due from other funds	107,784	-	107,784
Inventory of supplies	313,368	-	313,368
Total current assets	7,801,608	772,081	8,573,689
Capital assets:			
Land	195,750	-	195,750
Buildings	521,872	-	521,872
Equipment	12,959,717	-	12,959,717
Less: Accumulated depreciation	(10,408,071)	-	(10,408,071)
Net capital assets	3,269,268	-	3,269,268
Total assets	11,070,876	772,081	11,842,957
Deferred outflows of resources:			
Pension related	48,125	-	48,125
OPEB related	9,341	-	9,341
Total deferred outflows of resources:	57,466	-	57,466
Liabilities:			
Current liabilities:			
Accounts payable	98,361	504,716	603,077
Accrued wages and benefits	14,871	-	14,871
Due to other funds	-	1,500,000	1,500,000
Compensated absences payable	21,008	-	21,008
Total current liabilities	134,240	2,004,716	2,138,956
Long-term liabilities:			
Compensated absences payable	30,830	-	30,830
Net pension obligation	174,813	-	174,813
Net OPEB obligation	126,928	-	126,928
Total long-term liabilities	332,571	-	332,571
Total liabilities	466,811	2,004,716	2,471,527
Deferred inflows of resources:			
Pension related	41,755	-	41,755
OPEB related	12,758	-	12,758
Total deferred inflows of resources:	54,513	-	54,513
Net position:			
Investment in capital assets	3,269,268	-	3,269,268
Unrestricted	7,337,750	(1,232,635)	6,105,115
Total net position	\$ 10,607,018	\$ (1,232,635)	\$ 9,374,383

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Municipal Garage	Employee Benefits Fund	Totals
Operating revenues:			
Charges for services	\$ 2,979,444	\$ 6,105,389	\$ 9,084,833
Other operating revenues	46,716	-	46,716
Total operating revenues	3,026,160	6,105,389	9,131,549
Operating expenses:			
Personal services	493,955	-	493,955
Contractual services	380,825	4,767,339	5,148,164
Commodities	807,361	-	807,361
Depreciation	813,358	-	813,358
Other operating expenses	85,955	-	85,955
Total operating expenses	2,581,454	4,767,339	7,348,793
Operating income (loss)	444,706	1,338,050	1,782,756
Non-operating revenues (expenses):			
Interest revenue	108,106	-	108,106
Total non-operating revenues (expenses)	108,106	-	108,106
Change in net position	552,812	1,338,050	1,890,862
Total net position, beginning of the year, restated	10,054,206	(2,570,685)	7,483,521
Total net position, end of the year	\$ 10,607,018	\$ (1,232,635)	\$ 9,374,383

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Municipal Garage	Employee Benefits Fund	Totals
Cash flows from operating activities:			
Cash payments to suppliers for goods and services	\$ (1,469,168)	\$ (5,287,426)	\$ (6,756,594)
Cash payments to employees for services	(485,218)	-	(485,218)
Cash received from interfund services provided	3,178,263	5,617,773	8,796,036
Cash payments for interfund services used	(61,196)	-	(61,196)
Net cash provided (used) by operating activities	1,162,681	330,347	1,493,028
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	(1,089,631)	-	(1,089,631)
Net cash used by capital and related financing activities	(1,089,631)	-	(1,089,631)
Cash flows from investing activities:			
Interest income	108,106	-	108,106
Net cash provided by investing activities	108,106	-	108,106
Net increase in cash and cash equivalents	181,156	(169,653)	11,503
Cash and cash equivalents, beginning of year	7,071,754	390,299	7,462,053
Cash and cash equivalents, end of year	\$ 7,252,910	\$ 220,646	\$ 7,473,556

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

(continued)	Municipal Garage	Employee Benefits Fund	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 444,706	\$ 1,338,050	\$ 1,782,756
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	813,358	-	813,358
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
Decrease (increase) in accounts receivable	130,162	(487,616)	(357,454)
Decrease (increase) in due from other funds	21,941	-	21,941
Decrease (increase) in supplies inventory	(45,338)	-	(45,338)
Decrease (increase) in deferred outflows of resources - pension related	57,436	-	57,436
Decrease (increase) in deferred outflows of resources - OPEB related	(7,876)	-	(7,876)
Increase (decrease) in accounts payable	(210,885)	(520,087)	(730,972)
Increase (decrease) in accrued wages	1,184	-	1,184
Increase (decrease) in compensated absences	(13,393)	-	(13,393)
Increase (decrease) in net pension liability	(86,965)	-	(86,965)
Increase (decrease) in net OPEB liability	5,819	-	5,819
Increase (decrease) in deferred inflows of resources - pension related	39,774	-	39,774
Increase (decrease) in deferred inflows of resources - OPEB related	12,758	-	12,758
Total adjustments	717,975	(1,007,703)	(289,728)
Net cash provided (used) by operating activities	\$ 1,162,681	\$ 330,347	\$ 1,493,028

**CITY OF MIDDLETOWN
AGENCY FUNDS
DECEMBER 31, 2018**

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, 2018

	Payroll Clearing	Municipal Court	Joint Economic Development District I	Totals
Assets:				
Cash and equity in pooled cash, deposits and investments	\$ -	\$ 185,305	\$ 207,259	\$ 392,564
Cash with fiscal and escrow agent	370,104	-	-	370,104
Total assets	370,104	185,305	207,259	762,668
Liabilities:				
Due to other governments	122,180	-	207,259	329,439
Due to individuals	242,723	7,291	-	250,014
Unapportioned monies	5,201	178,014	-	183,215
Total liabilities	\$ 370,104	\$ 185,305	\$ 207,259	\$ 762,668

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF CHANGES
IN FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

PAYROLL CLEARING				
	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets:				
Cash with fiscal and escrow agent	\$ 380,782	\$ 23,750,697	\$ 23,761,375	\$ 370,104
Total assets	<u>380,782</u>	<u>23,750,697</u>	<u>23,761,375</u>	<u>370,104</u>
Liabilities:				
Due to other governments	166,065	6,138,907	6,182,792	122,180
Due to individuals	201,633	16,356,569	16,315,479	242,723
Unapportioned monies	13,084	1,255,221	1,263,104	5,201
Total liabilities	<u>\$ 380,782</u>	<u>\$ 23,750,697</u>	<u>\$ 23,761,375</u>	<u>\$ 370,104</u>

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF CHANGES
IN FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

MUNICIPAL COURT

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets:				
Cash and equity in pooled cash, deposits and investments	\$ 46,679	\$ 2,921,189	\$ 2,782,563	\$ 185,305
Total assets	46,679	2,921,189	2,782,563	185,305

Liabilities:

Due to other governments	-	674,475	674,475	-
Due to individuals	5,799	566,109	564,617	7,291
Unapportioned monies	40,880	178,051	40,917	178,014
Total liabilities	\$ 46,679	\$ 1,418,634	\$ 1,280,008	\$ 185,305

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF CHANGES
IN FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

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	\$ 165,033	\$ 2,617,722	\$ 2,575,497	\$ 207,259
Total assets	165,033	2,617,722	2,575,497	\$ 207,259

Liabilities:

Due to other governments	165,033	2,617,722	2,575,497	207,259
Total liabilities	\$ 165,033	\$ 2,617,722	\$ 2,575,497	\$ 207,259

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 (Table 1 to Table 6) These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	199
Revenue Capacity (Table 7 to Table 11) These schedules contain information to help the reader assess one of the government's most significant local revenue sources, income tax and property taxes.	206
Debt Capacity (Table 12 to Table 16) These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	211
Demographic and Economic Information (Table 17 and Table 18) These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	216
Operating Information (Table 19 to Table 21) These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	218

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

Table 1

	Restated		Restated							
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities:										
Net Investment in Capital Assets	\$ 59,480	57,656	56,377	53,363	54,102	57,244	57,866	56,729	59,237	59,504
Restricted	11,995	13,426	12,164	12,843	12,896	22,026	25,539	30,934	35,676	31,270
Unrestricted	(53,909)	(52,457)	(22,837)	(19,834)	(19,142)	11,328	12,210	9,940	7,454	10,494
Total Governmental Activities Net Position	\$ 17,566	18,625	45,704	46,372	47,856	90,598	95,615	97,603	102,367	101,268
Business-Type Activities:										
Net Investment in Capital Assets	\$ 68,619	66,917	61,159	54,257	51,744	56,230	54,343	51,637	49,711	49,139
Restricted	-	-	-	-	-	-	-	1,501	1,457	1,411
Unrestricted	27,821	18,493	18,502	17,976	17,251	15,918	16,775	14,811	14,166	13,247
Total Business-Type Activities Net Position	\$ 96,440	85,410	79,661	72,233	68,995	72,148	71,118	67,949	65,334	63,797
Primary Government:										
Net Investment in Capital Assets	\$ 128,099	124,573	117,536	107,619	105,846	113,474	112,209	108,366	108,948	108,643
Restricted	11,995	13,426	12,164	12,843	12,896	22,026	25,539	32,435	37,133	32,681
Unrestricted	(26,088)	(33,964)	(4,335)	(1,858)	(1,891)	27,246	28,985	24,751	21,620	23,741
Total Primary Government Net Position	\$ 114,006	104,035	125,365	118,604	116,851	162,746	166,733	165,552	167,701	165,065

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

Table 2

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental activities:										
Community environment	\$ 5,753	3,930	4,320	5,970	11,557	16,561	14,555	16,739	13,318	14,621
General government	6,943	7,464	8,610	5,212	6,190	5,142	6,240	6,364	6,161	6,489
Leisure	1,223	1,191	1,072	1,032	1,698	1,069	1,210	1,164	947	1,150
Public health	644	538	530	421	405	367	983	781	941	1,094
Public safety	28,187	26,315	24,990	22,846	23,586	24,164	24,639	24,646	23,951	24,250
Highways and streets	6,704	7,393	7,272	8,417	8,171	7,662	9,557	8,565	9,776	9,509
Interest on long-term debt	839	1,085	1,074	1,262	1,078	1,229	1,402	1,447	1,241	1,179
Total governmental activities expenses	<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>	<u>58,292</u>
Business-type activities:										
Water	6,873	7,257	7,040	6,807	7,326	7,184	6,564	6,427	7,627	5,867
Sanitary Sewer	8,402	7,711	7,545	7,859	8,892	7,688	7,206	7,216	7,172	7,092
Golf	-	-	-	-	352	1,540	1,489	1,446	1,604	1,488
Solid Waste	3,511	3,075	3,281	3,092	2,933	2,827	2,690	2,667	2,616	2,547
Storm Water	1,450	1,299	1,236	1,168						
Non major enterprise funds	2,930	2,422	2,410	1,815	3,232	3,234	3,154	3,021	2,432	3,292
Total business-type activities expenses	<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>	<u>20,286</u>
Total primary government expenses	<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>	<u>78,578</u>
Program Revenue										
Governmental activities:										
Charges for services:										
Community environment	\$ 888	307	682	543	688	880	926	890	550	192
General government	3,088	3,088	2,839	2,856	2,861	2,682	2,700	2,625	2,382	2,704
Highways and streets	119	279	532	312	219	337	228	569	16	-
Leisure	-	-	-	78	-	16	4	2	2	1
Public health	341	322	335	263	209	192	216	236	191	167
Public safety	4,903	4,768	4,439	4,245	4,850	5,179	4,936	4,660	4,350	3,990
Operating grants & contributions	1,738	2,366	1,202	553	922	9,843	9,386	11,932	13,472	13,682
Capital grants & contributions	4,032	5,181	5,391	3,410	3,079	1,752	8,524	3,551	2,716	7,423
Total governmental activities program revenue	<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>	<u>28,159</u>

continued on next page

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

Table 2

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Business-type activities:										
Charges for services:										
Water	\$ 10,141	9,008	8,703	7,869	7,780	7,384	7,752	6,852	6,500	6,038
Sanitary Sewer	14,017	11,545	10,015	8,961	9,157	8,228	8,257	8,137	7,831	7,210
Golf course	-	-	-	-	27	1,161	1,165	1,152	1,358	1,408
Solid Waste	3,424	3,183	3,142	2,996	2,989	2,938	2,923	2,812	2,861	2,825
Storm Water	2,052	1,958	1,997	1,821						
Other business-type activities	374	397	417	421	2,192	2,150	2,064	2,057	1,910	2,078
Operating grants & contributions	1,542	1,052	1,727	1,226	1,509	1,404	1,437	1,712	2,481	1,101
Capital grants & contributions	1,944	862	2,559	180	129	163	355	337	322	754
Total business-type activities program revenue	<u>33,494</u>	<u>28,006</u>	<u>28,560</u>	<u>23,474</u>	<u>23,783</u>	<u>23,428</u>	<u>23,953</u>	<u>23,059</u>	<u>23,263</u>	<u>21,414</u>
Total primary government program revenue	<u>\$ 48,603</u>	<u>44,317</u>	<u>43,980</u>	<u>35,734</u>	<u>36,611</u>	<u>44,309</u>	<u>50,873</u>	<u>47,524</u>	<u>46,942</u>	<u>49,573</u>
Net (Expense)/Revenue										
Governmental activities	\$ (35,185)	(31,605)	(32,448)	(32,900)	(39,857)	(35,313)	(31,666)	(35,241)	(32,656)	(30,133)
Business-type activities	10,328	6,242	7,048	2,733	1,048	955	2,850	2,282	1,812	1,128
Total primary government net expense	<u>(24,857)</u>	<u>(25,363)</u>	<u>(25,400)</u>	<u>(30,167)</u>	<u>(38,809)</u>	<u>(34,358)</u>	<u>(28,816)</u>	<u>(32,959)</u>	<u>(30,844)</u>	<u>(29,005)</u>
General Revenues and Other Changes in Net										
Governmental activities:										
Income taxes	\$ 23,541	23,663	22,181	21,346	20,560	19,811	19,828	19,425	20,345	18,942
Property taxes	4,215	3,988	4,073	4,154	4,331	4,468	4,081	4,158	4,480	4,534
Other taxes	2,554	2,507	2,487	2,606	2,575	2,972	2,657	2,808	2,949	2,427
Grants/contributions not restricted	1,806	1,612	1,414	1,375	1,317	1,466	1,649	3,005	4,852	3,666
Investment earnings	269	11	(90)	115	96	41	(78)	124	111	(151)
Miscellaneous	1,826	1,753	1,645	1,751	1,161	1,125	1,478	895	942	1,823
Transfers	(84)	(1)	71	69	(1,942)	165	64	62	77	58
Total governmental activities general revenues	<u>34,127</u>	<u>33,532</u>	<u>31,781</u>	<u>31,416</u>	<u>28,098</u>	<u>30,048</u>	<u>29,679</u>	<u>30,477</u>	<u>33,756</u>	<u>31,299</u>
Business-type activities:										
Income taxes	\$ -	175	205	186	137	138	190	170	190	344
Investment earnings	344	226	153	133	28	18	123	123	189	323
Transfers	84	1	(72)	254	1,942	(165)	(64)	102	(77)	96
Miscellaneous	273	165	93	(69)	106	136	69	(62)	115	(58)
Total business type activities general revenues	<u>701</u>	<u>567</u>	<u>379</u>	<u>504</u>	<u>2,213</u>	<u>127</u>	<u>318</u>	<u>333</u>	<u>417</u>	<u>705</u>
Total primary government general revenues	<u>\$ 34,828</u>	<u>34,099</u>	<u>32,160</u>	<u>31,920</u>	<u>30,311</u>	<u>30,175</u>	<u>29,997</u>	<u>30,810</u>	<u>34,173</u>	<u>32,004</u>
Special item	\$ -	-	-	-	(3,345)	-	-	-	(692)	
Changes in Net Position										
Governmental activities	\$ (1,058)	1,928	(667)	(1,484)	(11,759)	(5,265)	(1,987)	(4,764)	1,100	1,166
Business-type activities	11,029	6,809	7,427	3,237	(84)	1,082	3,168	2,615	1,537	1,833
Total primary government	<u>\$ 9,971</u>	<u>8,737</u>	<u>6,760</u>	<u>1,753</u>	<u>(11,843)</u>	<u>(4,183)</u>	<u>1,181</u>	<u>(2,149)</u>	<u>2,637</u>	<u>2,999</u>

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
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
2009	\$ 19,286	\$ 4,533	\$ 2,427	\$ 26,246

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

Table 4

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Reserved, nonspendable, restricted, committed or assigned	\$ 7,570	6,602	4,829	4,278	1,213	3,896	3,583	4,881	343	326
Unreserved, unassigned	7,189	6,730	5,625	5,181	7,751	5,909	7,441	6,955	11,697	10,977
Total General Fund	\$ 14,759	13,332	10,454	9,459	8,964	9,805	11,024	11,836	12,040	11,303
All Other Governmental Funds										
Reserved, nonspendable, restricted or committed	\$ 11,674	12,107	11,264	11,600	10,803	11,821	13,133	13,877	10,682	3,764
Unreserved, undesignated, unassigned reported in:										
Capital project funds	(360)	(91)	(514)	(342)	(82)	(646)	(1,263)	(1,372)	(138)	2,499
Debt service funds	-	-	-	-	-	-	-	-	892	82
Special revenue funds	(581)	(571)	(283)	(149)	(72)	(275)	(133)	(164)	6,446	7,133
Total All Other Governmental Funds	10,732	11,445	10,467	11,110	10,650	10,900	11,737	12,341	17,882	13,478
Total Governmental Funds	\$ 25,491	24,777	20,921	20,569	19,614	20,705	22,761	24,177	29,922	24,781

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

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

Table 5

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Property taxes	\$ 4,198	4,009	4,086	4,258	4,311	4,281	3,694	4,158	4,480	4,533
Municipal income taxes	23,441	24,593	22,180	21,768	20,576	19,617	19,728	19,924	19,775	18,640
Intergovernmental revenues	9,700	10,275	9,978	7,608	16,035	16,872	19,611	22,675	22,330	23,325
Charges for services	4,987	4,663	4,706	4,549	4,593	4,657	4,555	4,454	4,024	4,449
Fees, licenses, and permits	453	388	496	403	295	317	297	224	204	187
Fines and forfeits	1,623	1,660	1,542	1,718	1,883	1,907	1,935	1,896	1,979	1,774
Special assessments	532	541	650	819	746	552	672	701	349	385
Investment earnings	269	11	(90)	115	96	41	(78)	124	111	(151)
Miscellaneous	4,635	3,917	3,791	3,463	3,255	3,503	3,708	3,172	3,469	2,575
Total revenues	49,838	50,057	47,339	44,701	51,790	51,747	54,122	57,328	56,721	55,717
Expenditures										
Current:										
General Government	5,103	4,881	4,596	3,952	3,695	3,511	3,815	3,879	4,323	4,060
Public safety	25,352	24,176	23,129	22,396	23,851	24,241	24,609	24,987	23,933	23,873
Public health and welfare	563	440	480	405	389	347	727	744	899	1,084
Leisure time activities	1,003	917	832	902	887	917	908	1,002	856	1,466
Community environment	5,338	3,473	3,902	5,590	11,633	16,583	14,177	21,202	16,422	14,616
Highways and streets	5,687	6,210	8,207	6,761	4,582	5,400	5,091	5,871	6,223	12,008
Miscellaneous	2,551	2,641	2143	2,202	1,954	2,292	2,531	2,165	1,725	3,422
Debt Service										
Principal retirement	2,566	2,518	2,709	4,538	3,329	5,176	2,414	2,228	2,129	1,822
Interest and fiscal charges	878	1,056	1,061	1,229	1,065	1,302	1,329	1,394	1,381	1,277
Total expenditures	49,041	46,313	47,059	47,975	51,385	59,769	55,601	63,472	57,891	63,628
Excess (deficiency) of revenues over expenditures	\$ 797	3,744	280	(3,274)	405	(8,022)	(1,479)	(6,144)	(1,170)	(7,911)

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Continued										
Other Financing Sources (Uses)										
Transfers in	\$ 987	437	230	1,069	67	1,084	163	161	258	1,075
Transfers out	(1,071)	(439)	(158)	(1,000)	(2,009)	(919)	(99)	(99)	(198)	(1,017)
Issuance of bonds	-	5,830		4,160	446	5,845	-	337	6,235	6,530
Issuance of notes	-	584	-	-	-	2,057	-	-	-	-
Other uses	-	(6,300)		-	-	(3,300)	-	-	-	11
Other sources	-	-	-	-	-	1,199	-	-	16	-
Total other financing sources (uses)	(84)	112	72	4,229	(1,496)	5,966	64	399	6,311	6,599
Net change in Fund Balances	713	3,856	352	955	(1,091)	(2,056)	(1,415)	(5,745)	5,141	(1,312)
Asset Additions	\$ 6,074	6,121	7,626	5,875	2,832	6,419	7,420	10,349	7,458	14,607
Non capital expenditures	\$ 42,967	40,192	39,433	42,100	48,553	53,350	48,181	53,123	50,433	49,021
Debt service as a % of noncapital expenditures	8.02%	8.89%	9.56%	13.70%	9.05%	12.14%	7.77%	6.82%	6.96%	6.32%

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

Table 6

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Property taxes	\$ 4,198	4,009	4,086	4,258	4,311	4,281	3,694	4,158	4,480	4,533
Municipal income taxes	\$ 23,441	24,593	22,180	21,768	20,576	19,617	19,728	19,924	19,775	18,640

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

Table 7

Tax Levy/ Collection Year	Real Property		Personal Property (1)		Public Utility (2)		Totals		Assessed Value as a Percent of Estimated Actual Value	
	Assessed	Actual	Assessed	Estimated Actual	Assessed	Actual	Assessed	Estimated Actual	Direct Tax Rate	
2008/2009	\$850,845	\$2,395,651	\$0	\$0	\$33,839	\$135,100	\$884,684	\$2,530,751	5.90	34.96
2009/2010	\$810,367	\$2,315,335	\$0	\$0	\$35,641	\$143,750	\$846,008	\$2,459,085	5.90	34.40
2010/2011	\$536,185	\$2,284,335	\$0	\$0	\$44,761	\$176,510	\$844,276	\$2,460,845	5.90	34.31
2011/2012	\$734,926	\$1,914,230	\$0	\$0	\$46,477	\$176,510	\$781,403	\$2,090,740	5.90	37.37
2012/2013	\$669,980	\$1,888,309	\$0	\$0	\$44,759	\$140,000	\$714,739	\$2,028,309	6.90	35.24
2013/2014	\$660,908	\$1,888,310	\$0	\$0	\$48,111	\$140,000	\$709,019	\$2,025,800	6.90	35.00
2014/2015	\$610,621	\$1,742,453	\$0	\$0	\$49,583	\$143,844	\$660,204	\$1,886,297	6.90	35.00
2015/2016	\$609,859	\$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

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

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

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

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

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

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

Collection Year	City of Middletown									
	Operating	Police and Fire Pension	Senior Citizen Levy	City of Middletown Total	Butler County	Middletown City School District	Parks	Library	JVSD	Total
2009	5.30	0.60	0.00	5.90	9.75	45.75	0	0	1.93	63.33
2010	5.30	0.60	0.00	5.90	9.75	47.00	0	0	1.93	64.58
2011	5.30	0.60	0.00	5.90	9.72	46.99	0.5	0.75	1.93	65.79
2012	5.30	0.60	0.00	5.90	9.72	48.65	0.5	0.75	1.93	67.45
2013	5.30	0.60	1.00	6.90	9.72	48.95	0.5	0.75	1.93	68.75
2014	5.30	0.60	1.00	6.90	9.72	49.08	0.5	0.75	1.93	68.88
2015	5.30	0.60	1.00	6.90	9.72	54.51	0.5	0.75	1.93	74.31
2016	5.30	0.60	1.00	6.90	9.72	55.39	0.7	0.75	1.93	75.39
2017	5.30	0.60	1.00	6.90	9.72	54.15	0.7	0.75	1.93	74.15
2018	5.30	0.60	1.00	6.90	9.72	54.08	0.7	0.75	1.93	74.08

(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, 2018 and Nine Years Ago
(in thousands)
Table 9

Top Ten Property Taxpayers (real property)

2009 Calendar year/ 2008 Tax Year			2018 Calendar year/ 2017 Tax Year		
	<u>Assessed</u> <u>Valuation</u>	<u>% of Total</u>		<u>Assessed</u> <u>Valuation</u>	<u>% of Total</u>
Cincinnati Gas & Electric	\$ 30,212	3.41%	Duke Energy	\$ 43,665	6.21%
AK Steel	\$ 16,635	1.88%	AK Steel	\$ 10,110	1.44%
Precision Strip	\$ 4,155	0.47%	Rockies Express Pipeline LLC	\$ 4,236	0.60%
Southwestern Ohio Steel	\$ 4,028	0.46%	AJB Realty LLC	\$ 4,100	0.58%
Garden Manor/Sam Boymel	\$ 3,979	0.45%	Boymel Family LLC	\$ 3,956	0.56%
Bavarian Woods	\$ 2,865	0.32%	Texas Eastern Transmission Corp	\$ 3,709	0.53%
Liberty Retirement Properties	\$ 2,564	0.29%	Middletown Coke	\$ 3,149	0.45%
Chaka-Chak LLC	\$ 2,060	0.23%	CTR Partnership LP	\$ 2,905	0.41%
Texas Eastern Transmission	\$ 1,806	0.20%	Precision Strip	\$ 2,897	0.41%
Bay West Paper Corp	\$ 1,770	0.20%	Dynegy Dicks Creek LLC	\$ 2,883	0.41%
TOTAL TOP TEN	\$ 70,074	7.9%	TOTAL TOP TEN	\$ 81,609	11.61%
TOTAL ASSESSED VALUATION FOR CITY OF MIDDLETOWN	\$884,684		TOTAL ASSESSED VALUATION FOR CITY OF MIDDLETOWN	\$702,965	

Source: Butler County Auditor's Office

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

Fiscal Year Ended December 31	Collected within the Fiscal Year of the Levy						Percent of Total Tax Collection to Current Tax Levy
	Total Tax Levy for Fiscal Year (Millage)	Amount Levied	Amount Collected	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collected	
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%
2009	5.90	\$5,063	\$4,281	84.55%	\$245	\$4,526	89.39%

The County does not identify delinquent tax collections by year.

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

CITY OF MIDDLETON, 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
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
2009	1.75%	\$2,878,754	\$1,521,556	\$14,319,903	\$18,720,213

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				Percentage of Personal Income	Per Capita (1)
	General Obligation Bonds	Special Assessment Bonds	Notes Payable	General Obligation Bonds	Capital Leases	Notes Payable	Total			
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	
2009	\$ 26,341	\$ 2,593	\$ 2,057	\$ 14,108	\$ 6,041	\$ -	\$ 51,140	4.87%	\$ 1,044	

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)
2018	\$26,412	\$182	\$26,230	3.76%	\$541
2017	\$29,908	\$27	\$29,881	4.52%	\$613
2016	\$32,536	\$150	\$32,386	3.85%	\$667
2015	\$35,256	\$176	\$35,432	5.34%	\$723
2014	\$34,731	\$370	\$34,361	4.11%	\$714
2013	\$33,607	\$55	\$33,552	4.70%	\$691
2012	\$37,009	\$210	\$36,799	5.22%	\$761
2011	\$40,403	\$522	\$39,881	5.65%	\$830
2010	\$43,617	\$548	\$43,069	6.15%	\$896
2009	\$40,449	\$460	\$39,989	5.66%	\$825

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, 2018
(amounts expressed in thousands)
Table 14

Political Subdivision	General Bonded Debt	Percent Applicable to City	City's Share
Butler County	31,574	7.44%	\$2,350
Warren County	<u>5,171</u>	1.40%	<u>\$72</u>
Subtotal, overlapping debt			<u>\$2,422</u>
General Obligation Bond			17,285
Special Assessment debt			1,085
Subtotal, direct debt			<u>18,370</u>
Total direct and overlapping debt			<u>\$20,792</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

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

Collection Year	Tax Year	Special Assessment Collections	Debt Service		
			Principal	Interest & Fiscal Charges	Coverage
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
2009	2008	\$385,101	\$229,900	\$149,915	1.01

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)
2009	49,000	\$1,006,607	\$20,543	36.4	16 yrs - 13% 12 yrs - 67%	11,366	11.2
2010	48,719	\$1,000,321	\$20,543	35.9	16 yrs - 13% 12 yrs - 72.6%	11,755	10.8
2011	48,731	\$959,385	\$19,716	38.0	16 yrs - 13% 12 yrs - 74.3%	11,111	10.1
2012	48,705	\$968,285	\$19,911	38.5	16 yrs - 15.1% 12 yrs - 78.6%	10,776	8.6
2013	48,659	\$982,281	\$20,199	38.5	16 yrs - 13% 12 yrs - 78.6%	10,776	7.8
2014	48,766	\$983,754 estimate	\$20,229 estimate	37.3	16 yrs - 16.0% 12 yrs - 83.1% estimate	11,051	5.4
2015	48,760	\$985,476 estimate	\$20,345 estimate	37.3	16 yrs - 16.0% 12 yrs - 83.1% estimate	11,528	4.3
2016	48,760	\$988,365 estimate	\$20,270 estimate	37.6	16 yrs - 15.7% 12 yrs - 82.5% estimate	11,414	4.0
2017	48,813	\$1,014,627 estimate	\$20,786 estimate	37.8	16 yrs - 16.8% 12 yrs - 83.8% estimate	11,390	3.7
2018	48,861	\$1,053,473	\$21,622	37.3	16 yrs - 17.1%	11,446	4.0

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	Employees	2018		Percentage of Total City Employment
		Rank		
AK Steel	2,631	1		13.2%
Atrium Medical Center	1,729	2		8.6%
Middletown City Schools	807	3		4.0%
Kroger Limited Partnership	642	4		3.2%
Miami University	583	5		2.9%
PAC Worldwide Corp	573	6		2.9%
McDonalds	491	7		2.5%
Walmart	460	8		2.3%
City of Middletown	377	9		1.9%
Meijer	361	10		1.8%
TOTAL ESTIMATED CITY EMPLOYMENT	20,000			
<hr/>				
Employer	Employees	2009		Percentage of Total City Employment
		Rank		
AK Steel	2,354	1		10.5%
Atrium Medical Center	2,225	2		9.9%
Middletown City School District	1,309	3		5.8%
Kroger	850	4		3.8%
Meijer	663	5		3.0%
Miami University	615	6		2.7%
McDonalds	548	7		2.4%
Garden Manor Extended Care	532	8		2.4%
City of Middletown	485	9		2.2%
Walmart	424	10		1.9%
TOTAL ESTIMATED CITY EMPLOYMENT	22,400			

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	40	38	38	34	32	30.5	34.5	36.5	36.5	37.5
Public safety										
Police										
Officers	80	80	80	72	72	72	68	69	71	72
Civilians	37	37	37	34	32	31	31	35	33	33
Fire										
Firefighters & officers	84	84	81	72	72	66	64	67	67	67
Civilians	1	1	1	1	1	1	1	1	1	1
Other	32	26	26	26	26	28	30	32	32	31
Highways and streets										
Maintenance	15	15	15	15	15	14	14	14.5	14.5	14.5
Leisure Time Activities	8	7	7	7	7	6	6	6	6	6
Community Environment	7	8	9	6	4	3	2	4.5	4.5	4.5
Public health & welfare	4	4	4	3	3	3	3	5	5	5
Water	31	31	31	31	31	31	31	31	31	31
Sewer	31	32	32	32	32	35	35	36	36	35
Storm Water	6	6	7	7	7	7.5	7.5	9	9	9
Golf Course	6	6	5	5	5	5	0	0	0	0
Solid Waste	0	0	0	0	0	1	1	0	0.5	0.5
Transit	8	7	6	5	4	4	4	4	4	4
Internal Services	9	9	8	7	7	7	7	7	7	7
Total	399	391	387	357	350	345	339	358	358	358

Source: City of Middletown Finance Administration

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

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fire										
Number of fire responses	566	1,888	1,996	2,073	6,048	4,809	2,159	2,116	1,997	2,734
Average response time (minutes)	4.5	4.6	4.6	5.2	5.2	5.5	6.0	5.6	6.1	5.3
Emergency medical calls	7,969	8,158	8,513	8,400	8,185	8,484	8,633	9,268	9,834	9,520
Police										
Calls for service	46,727	43,696	49,312	45,247	45,287	52,925	44,353	40,337	40,602	40,597
Number of arrests	8,106	8,417	8,030	8,036	7,919	6,481	5,861	6,239	6,150	4,773
Response time for priority calls (minutes)	5.8	5.2	5.4	5.4	5.8	5.7	5.8	6.1	6.1	4.4
Traffic accidents	1,562	1,630	1,547	1,466	1,400	1,196	1,212	1,387	1,094	1,032
Average daily jail population	49	51	47	53	56	58	57	103	62	54
Recreation and leisure										
Community center admissions	10,179	12,011	21,900	n/a						
Transit										
Unlinked passenger trips	198,333	210,397	219,596	204,362	153,824	168,753	167,837	147,614	136,787	146,186
Water										
Average daily water pumpage (million gallons per day)	7.38	7.68	7.32	8.84	7.93	8.80	8.30	8.93	9.00	10.36
Number of water accounts	19,381	19,200	19,031	19,179	19,200	19,097	19,006	19,094	19,017	19,144
Sewer										
Average daily flow (million gallons per day)	16.1	16.6	20.7	16.3	16.4	16.4	17.0	18.4	15.6	20.2
Sewer mains cleaned (linear feet)	153,442	180,895	127,397	154,512	66,224	59,892	15,040	46,748	11,869	16,655

Source: City of Middletown Departmental Data

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

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public safety:										
Fire stations	5	5	5	5	5	4	4	4	4	4
Police stations	1	1	1	1	1	1	1	1	1	1
Highways and streets:										
Streets (miles)	240	240	240	242	242	242	242	242	242	242
Traffic Lights	113	111	111	111	111	111	111	109	109	109
Water:										
Water mains (miles)	343	343	343	343	343	343	343	343	290	290
Sewer:										
Sanitary & storm (miles)	320	320	320	320	320	320	320	320	394	394
Leisure & recreation:										
Parks	36	36	36	36	36	35	35	35	34	34
Community Centers	1	1	1	1	1	1	1	1	1	1
Golf Courses (public)	1	1	1	1	1	0	0	0	0	0

Source: City of Middletown