



Annual Comprehensive Financial Report

*For the Year Ended
December 31, 2022*

City of Middletown
One Donham Plaza
Middletown, Ohio

CITY OF MIDDLETOWN, OHIO

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the year ended December 31, 2022

Prepared by
Finance Department

Samantha Zimmerman
Finance Director

CITY OF MIDDLETOWN, OHIO
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the year ended December 31, 2022

Table of Contents

	<u>Page</u>
<hr/> <i>INTRODUCTORY SECTION</i> <hr/>	
Letter of Transmittal	i
Certificate of Achievement.....	viii
Principal Officials	ix
Organizational Chart.....	x
<hr/> <i>FINANCIAL SECTION</i> <hr/>	
Independent Auditors' Report.....	1
Management's Discussion and Analysis	4
BASIC FINANCIAL STATEMENTS	
Government-wide Finance Statements	
Statement of Net Position	22
Statement of Activities.....	23
Fund Financial Statements	
Balance Sheet – Governmental Funds	24
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	26
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	28
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	30
Statement of Net Position – Proprietary Funds.....	32
Statement of Revenues, Expenses, and Changes of Net Position – Proprietary Funds	34
Statement of Cash Flows – Proprietary Funds.....	36
Statement of Fiduciary Net Position	38
Statement of Changes in Fiduciary Net Position	39
Notes to Basic Financial Statements	
Note 1 – Summary of Significant Accounting Policies	40
Note 2 – Budgets and Budgetary Accounting.....	51
Note 3 – Cash and Equity in Pooled Cash, Deposits and Investments, Cash in Segregated Accounts	52
Note 4 – Compliance and Accountability	55
Note 5 – Property Taxes	55
Note 6 – Income Tax	56
Note 7 – Capital Assets.....	56
Note 8 – Defined Benefit Pension Plans.....	58
Note 9 – Defined Benefit OPEB Plans	68
Note 10 – Incurred But Not Reported Claims - Health Plan.....	78
Note 11 – Long-Term Obligations.....	78
Note 12 – Interfund Receivables and Payables.....	82
Note 13 – Contingent Liability	82

CITY OF MIDDLETOWN, OHIO
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the year ended December 31, 2022

Table of Contents

Notes to Basic Financial Statements continued	Page
Note 14 – Risk Management.....	83
Note 15 – Significant Contractual Obligations and Encumbrance Commitments.....	84
Note 16 – Related Organization.....	85
Note 17 – Conduit Debt.....	86
Note 18 – Joint Economic Development Districts.....	86
Note 19 – Fund Balance.....	86
Note 20 – Tax Abatements	87
Note 21 – Subsequent Events	89
Note 22 – Asset Retirement Obligations.....	89
Note 23 – Implementation of New Accounting Principals	89

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Basis) – General Fund.....	90
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Basis) – Health Fund.....	94
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Basis) – Street Levy Fund	95
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Basis) – American Rescue Plan Act (ARPA) Fund	96
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Basis) – Fire Station Levy Fund.....	97
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Basis) – Butler County ARPA Fund	98
Schedule of Entity's Proportionate Share of the Net Pension Liability Ohio Public Employees Retirement System – Traditional Plan	99
Schedule of Entity's Proportionate Share of the Net Pension Liability Ohio Police and Fire Pension Fund	100
Schedule of Entity Contributions, Ohio Public Employees Retirement System – Traditional Plan.....	101
Schedule of Entity Contributions, Ohio Police and Fire Pension Fund	102
Schedule of Entity's Proportionate Share of the Net OPEB Liability/(Asset) Ohio Public Employees Retirement System – OPEB Plan	103
Schedule of Entity's Proportionate Share of the Net OPEB Liability Ohio Police and Fire Pension Fund	104
Schedule of Entity Contributions - OPEB, Ohio Public Employees Retirement System	105
Schedule of Entity Contributions - OPEB, Ohio Police and Fire Pension Fund	106
Notes to Required Supplementary Information	107

SUPPLEMENTAL SECTION

Fund Descriptions	108
Combining Balance Sheet – Non Major Governmental Funds.....	114
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non Major Governmental Funds	115
Combining Balance Sheet – Non Major Special Revenue Funds.....	116
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non Major Special Revenue Funds	120

CITY OF MIDDLETON, OHIO
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the year ended December 31, 2022

Table of Contents

Schedules of Revenues, Expenditures, and Changes in Fund Balances	Page
Budget and Actual (Non-GAAP Basis) for the following Non Major Special Revenue Funds:	
Auto and Gas Tax Fund	124
EMS Fund	125
Urban Development Action Grant Fund	126
Court Computerization Fund	127
Law Enforcement Fund	128
Mandatory Drug Fine Fund	129
Probation Services Fund	130
Indigent Driver Alcohol Treatment Fund	131
Enforcement/Education Fund	132
Civic Development Fund	133
Municipal Court Fund	134
Police Grant Fund	135
Court IDIAM Fund	136
Court Special Projects Fund	137
Home Program Fund	138
Community Development Fund	139
Community Development Escrow Fund	140
Police Pension Fund	141
Fire Pension Fund	142
Conservancy District Fund	143
Nuisance Abatement Fund	144
Senior Services Fund	145
One Ohio Opioid Settlement Fund	146
Income Tax Fund	147
Termination Pay Fund	148
Combining Balance Sheet – Non Major Debt Service Funds	150
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non Major Debt Service Funds	152
Schedules of Revenues, Expenditures, and Changes in Fund Balances	
Budget & Actual (Non GAAP) Basis for the following Debt Service Funds:	
Special Assessment Debt Service Fund	154
General Obligation Debt Service Fund	155
East End/Towne Boulevard Tax Increment Financing District Fund	156
Downtown Tax Increment Financing District Fund	157
Aeronca Tax Increment Financing District Fund	158
Airport/Riverfront Tax Increment Financing District Fund	159
Miller Road North Tax Increment Financing District Fund	160
Towne Mall/Hospital Tax Increment Financing District Fund	161
Renaissance North Tax Increment Financing District Fund	162
Renaissance South Tax Increment Financing District Fund	163
Greentree Industrial Park Tax Increment Financing Fund	164
Made Industrial Park Tax Increment Financing Fund	165
South Yankee Road Tax Increment Financing Fund	166
Towne Mall Tax Increment Financing District Fund	167

CITY OF MIDDLETOWN, OHIO
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the year ended December 31, 2022

Table of Contents

	Page
Schedules of Revenues, Expenditures, and Changes in Fund Balances	168
Budget and Actual (Non-GAAP Basis) for the following Capital Projects Funds continued:	
Combining Balance Sheet – Non Major Capital Projects Funds	168
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non Major Capital Project Funds	170
Capital Improvements Fund.....	172
East End Development Fund	173
Downtown Improvements Fund.....	174
Computer Replacement Fund	175
Property Development Fund	176
2011 Sidewalk, Curb and Gutter Fund.....	177
Central Ave. Sidewalk, Curb and Gutter Fund	178
2018 Sidewalk, Curb and Gutter Fund.....	179
2019 Sidewalk, Curb and Gutter Fund.....	180
2020 Sidewalk, Curb and Gutter Fund.....	181
2021 Sidewalk, Curb and Gutter Fund.....	182
2022 Sidewalk, Curb and Gutter Fund.....	183
Economic Development Bond Service Fund	184
Non Major Enterprise Fund Descriptions	185
Combining Statement of Net Position – Non Major Enterprise Funds.....	186
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Non Major Enterprise Funds.....	187
Combining Statement of Cash Flows – Non Major Enterprise Funds	188
Internal Service Fund Descriptions.....	190
Combining Statement of Net Position – Internal Service Funds	191
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position Internal Service Funds.....	192
Combining Statement of Cash Flows – Internal Service Funds	193
Custodial Fund Descriptions.....	195
Combining Statement of Fiduciary Net Position	196
Combining Statement of Changes in Fiduciary Net Position	197

STATISTICAL SECTION

	Table	Page
Statistical Section	199	
Net Position by Component.....	1	200
Changes in Net Position	2	201
Governmental Activities Tax Revenues by Source	3	203
Fund Balances of Governmental Funds.....	4	204
Change in Fund Balances of Governmental Funds.....	5	205
General Governmental Tax Revenues by Source	6	206
Assessed and Estimated Actual Value of Taxable Property	7	207
Property Tax Rates and Tax Levies, Direct and Overlapping Governments	8	208

CITY OF MIDDLETOWN, OHIO
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the year ended December 31, 2022

Table of Contents

STATISTICAL SECTION continued:

	<u>Table</u>	<u>Page</u>
Principal Property Tax Payers	9	209
Property Tax Levies and Collections	10	210
Income Tax Revenue by Source Type	11	211
Ratios of Outstanding Debt by Type	12	212
Ratios of General Bonded Debt Outstanding	13	213
Computation of Direct and Overlapping Debt	14	214
Legal Debt Margin Information	15	215
Pledged-Revenue Coverage	16	216
Demographic and Economic Statistics	17	217
Principal Employers	18	218
Full Time City Government Employees by Function	19	219
Operating Indicators by Function	20	220
Capital Asset Statistics by Function	21	221





CITY OF
MIDDLETOWN

June 30, 2023

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 Annual Comprehensive Financial Report for Middletown, Ohio. This report, for the year ended December 31, 2022, 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 it 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.

Generally Accepted Accounting Principles (GAAP) require 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 51,229.

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 midsized 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, 2021, City Council adopted the 2022 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. As the City moves past the Covid-19 pandemic and continues the economic recovery the focus of the City has turned to capital investment as the core of the 2023 and future City Budgets.

In November, 2020, Middletown voters approved a City Income Tax increase of 0.25% to be earmarked for Streets beginning in January 2021 and for the next ten years. The paving work continues with additional revenues generated beyond the projected debt coverage being used to perform additional miles of paving for the City. Only two zones of the original project are uncompleted as of the end of 2022 and are expected to be completed by summer of 2023.

In May 2022, Middletown voters overwhelmingly passed a one mill property tax levy to finance the building of four new fire stations with a projected cost of \$16.8 million. Design work and initial stages of construction began in late 2022 and will continue into 2023. Fire Headquarters on Yankee Road and Station 82 on State Route 122 will be the first stations built.

The City's Parks Master Plan was completed in 2021 and improvements to the City's parks will begin in 2022 and continue into future budget years. The first improvement planned is for free Wi-Fi internet service to be provided to six of the City's major parks transforming them into Smart Parks for the community. Other priority improvements include refurbishing of restroom facilities and construction of shelters for citizen use.

Development and planning for the major multi-purpose use Entertainment Facility continued during 2022. This facility will feature an ice rink, be available for concerts and other events, and feature shopping alongside the main entertainment facility. The facility's position on State Route 122 will make it an attractive destination for visitors to Middletown.

Other significant ongoing or completed projects in the City during 2022 include the Central Avenue reconstruction project, the CSO water storage basin advancing into stage 2 of the construction process, ODOT Urban Paving Program work on State Route 73, and completion of the LED lighting replacement program.

Residential development is growing in the City. The Renaissance development in Warren County offers a variety of new home collections and new home construction continues in the Sawyers Mill neighborhood.

In addition to live bands, fireworks, and the enjoyment of a designated outdoor refreshment area Middletown citizen were treated to the second winter Holiday Whopla which featured an outdoor skating rink and holiday themed events including interactive lights in 2022!

Water rates are reviewed every two years while taking in consideration of operations, maintenance, and capital improvement costs. For 2023, there are no yearly rate increases for the enterprise funds encompassing Sewer, Water, or Storm Water utilities and a \$2 increase to Solid Waste fees. According to the annual Piqua (previously Oakwood) Water and Sewer Rate Survey for southwest Ohio, Middletown ranks as the ninth lowest out of the sixty-eight communities surveyed for water, fifty-sixth out of sixty-five communities surveyed for sewer and forty-third out of sixty-five communities surveyed for combined services as of March 1, 2023.

The Middletown unemployment rate has increased by 0.3% from 2021 to 2022:

UNEMPLOYMENT RATE (%)			
Yearly Average			
	<u>Middletown</u>	<u>Ohio</u>	<u>U. S.</u>
2021	3.1%	4.5%	3.9%
2022	3.4%	4.1%	3.5%

Property Taxes/Local Income Taxes

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

The City's property tax rate is 6.90 mils or \$6.90 per \$1,000 of taxable valuation. Real property is assessed at 35% of estimated true value every six years. 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 new 25 year Fire Levy will replace the Senior Citizens Levy as of January 1, 2023. 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 Year</u>	<u>Collection Year</u>	<u>Assessed Value</u>	<u>Property Tax Revenues (cash basis)</u>
2017	2018	\$702,965,460	\$ 4,054,178
2018	2019	\$706,717,500	\$4,169,113
2019	2020	\$747,047,250	\$4,175,414
2020	2021	\$848,115,520	\$4,680,219
2021	2022	\$866,706,120	\$5,628,272

The City levies a 2% local earnings tax on all businesses and on all persons employed in the City of Middletown. The 2% local earning tax includes a .25% Public Safety Levy which is used for public safety activities and new to 2021, a ten year .25% Street Levy which will be used for the improvement of the City's roadways. All businesses operating in the City also pay a 2% on their earnings attributed to their Middletown facility.

Local income tax receipts for the past five years are:

<u>Local Income Tax Receipts (Cash Basis)</u>	
2018	\$24,941,368
2019	\$26,309,538
2020	\$23,726,882
2021	\$35,134,999
2022	\$33,725,306

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 annual comprehensive 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 2022 audit. The Independent Auditors' Report on the City's basic financial statements is included in the financial section of this Annual Comprehensive 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 Annual Comprehensive Financial Report for the fiscal year ended December 31, 2021.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive 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 2022 Annual Comprehensive 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



Samantha Zimmerman
Finance Director



Government Finance Officers Association

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

Presented to

**City of Middletown
Ohio**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Monell

Executive Director/CEO

CITY OF MIDDLETOWN, OHIO

Principal Officials **January 1, 2022**

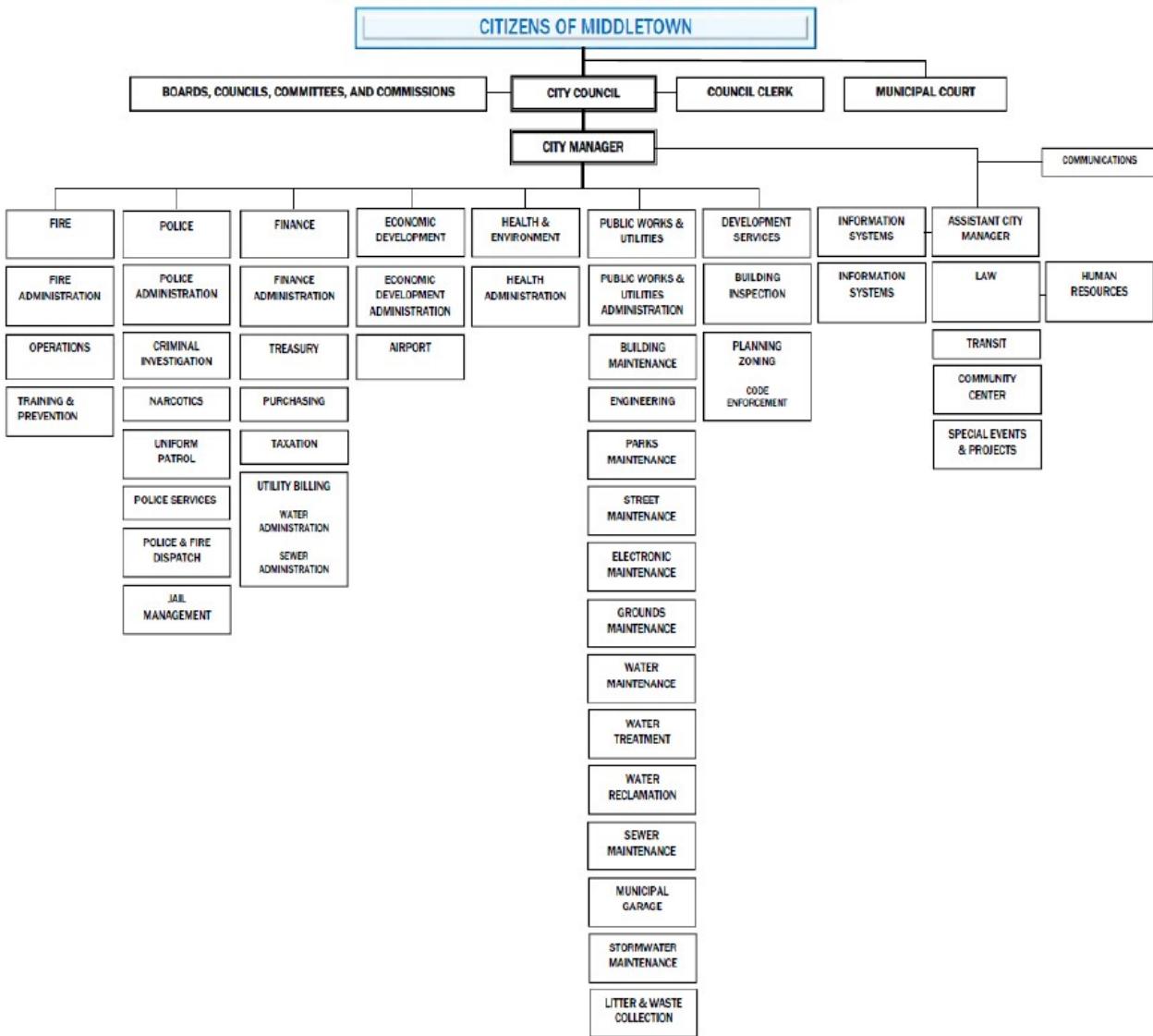
Legislative

Mayor.....	Nicole A. Condrey
Vice Mayor.....	Monica J. Nenni
City Council Member.....	Zachary M. Ferrell
City Council Member.....	Talbott C. Moon
City Council Member.....	Rodney E. Muterspaw

Executive/Administrative

City Manager.....	Paul J. Lolli
Assistant City Manager.....	Nathan E. Cahall
Director of Court Services	Steven P. Longworth
Assistant Economic Development Director.....	Lisha M. Morlan
Finance Director	Samantha J. Zimmerman
Fire Chief.....	Thomas L. Snively
General Counsel	Ashley M. Bretland
Health Commissioner	Jacquelyn D. Phillips
Information Systems Director	Troy S. Anderton
Development Services Director.....	Ashley N. Combs
Police Chief	David M. Birk
Public Works & Utilities Director.....	Scott D. Tadych

CITY OF MIDDLETOWN 2022 ORGANIZATIONAL CHART



INDEPENDENT AUDITORS' REPORT

To the City Council
City of Middletown, Ohio:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Middletown, Ohio (the "City") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*.) Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Middletown, Ohio and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Middletown, Ohio's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 City of Middletown, Ohio's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Middletown, Ohio's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023 on our consideration of the City of Middletown, Ohio'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 of Middletown'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 of Middletown's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 30, 2023

CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022. 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 ANNUAL COMPREHENSIVE 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 40 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 90 to 93), the Health Fund (page 94), the Street Levy Fund (page 95), the ARPA Fund (page 96), the Fire Station Levy Fund (page 97), and the Butler County ARPA Fund (page 98) that compare actual results to the original and final budget for this fund.
- Schedules pertaining to the net pension liability, net OPEB liability/(asset) and contributions to the pension funds begin on page 99.

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

CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022

private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

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

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

- 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

**CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022**

financials, as previously described, present the government funds on the whole using the full accrual accounting basis. The differences between governmental activities as reported in the government-wide financial statements and as reported in the fund statements are presented in a reconciliation attached to the fund financial statements.

- Proprietary funds – There are two types of proprietary funds, enterprise funds and internal service funds. Proprietary funds are reported using the full accrual accounting basis. When the City charges customers for the services it provides with the intention that the charges will fully cover the cost of the services, these activities are reported in enterprise funds. Enterprise funds are generally reported in the same way that all activities are reported in the government-wide 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 Custodial Responsibilities

The City is responsible in a custodial capacity for other assets that can only be used for designated beneficiaries. The financial statements for these funds are reported on page 38. During 2022, the City had two custodial funds. 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, 2022 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The City adopted GASB Statement 75 in 2018, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB).

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may

CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022

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/(asset) 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/(asset), respectively, not accounted for as deferred inflows/outflows.

CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022

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

The following table presents a condensed summary of the City's overall financial position at December 31, 2022 and 2021 (in thousands).

Table 1
Net Position
(in thousands)

	Governmental		Business-Type		Total	
	Activities		Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 115,440	92,901	51,107	48,459	166,547	141,360
Capital assets	<u>109,226</u>	<u>91,927</u>	<u>114,135</u>	<u>100,632</u>	<u>223,361</u>	<u>192,559</u>
Total assets	224,666	184,828	165,242	149,091	389,908	333,919
Deferred outflows of resources	15,543	10,952	711	745	16,254	11,697
Long-term liabilities	104,287	96,966	9,050	10,890	113,337	107,856
Other liabilities	<u>28,039</u>	<u>14,285</u>	<u>3,980</u>	<u>2,785</u>	<u>32,019</u>	<u>17,070</u>
Total liabilities	132,326	111,251	13,030	13,675	145,356	124,926
Deferred inflows of resources	27,741	20,751	2,236	1,959	29,977	22,710
Net position:						
Net investments in capital assets	82,887	75,330	107,409	93,049	190,296	168,379
Restricted	18,607	15,785	-	-	18,607	15,785
Unrestricted	<u>(21,351)</u>	<u>(27,337)</u>	<u>43,277</u>	<u>41,154</u>	<u>21,926</u>	<u>13,816</u>
Total position	80,143	63,778	150,686	134,203	230,829	197,980
Beginning net position	63,778	43,709	134,203	122,094	197,980	165,803
Net increase	<u>16,365</u>	<u>20,069</u>	<u>16,483</u>	<u>12,109</u>	<u>32,849</u>	<u>32,177</u>
Ending net position	<u>\$ 80,143</u>	<u>63,778</u>	<u>150,686</u>	<u>134,203</u>	<u>230,829</u>	<u>197,980</u>

As of December 31, 2022, the City's ending net position was \$230,829 compared to \$197,980 in 2021, an increase of \$32,849 or 16.6%. Governmental activities increased by 25.7% or \$16,365 and business type activities increased 12.3% or \$16,483 in 2022 over 2021 totals.

Governmental activities net position increased by \$16,365 in 2022, a slight decrease from the \$20,069 increase in 2021. Governmental activities net position has continued to improve as the general economic conditions improve in the post-COVID economy. The overall increase in 2022 over 2021, is primarily related to the increased service charges and grants received by the City and continued controlled operating expenses. 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.

CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022

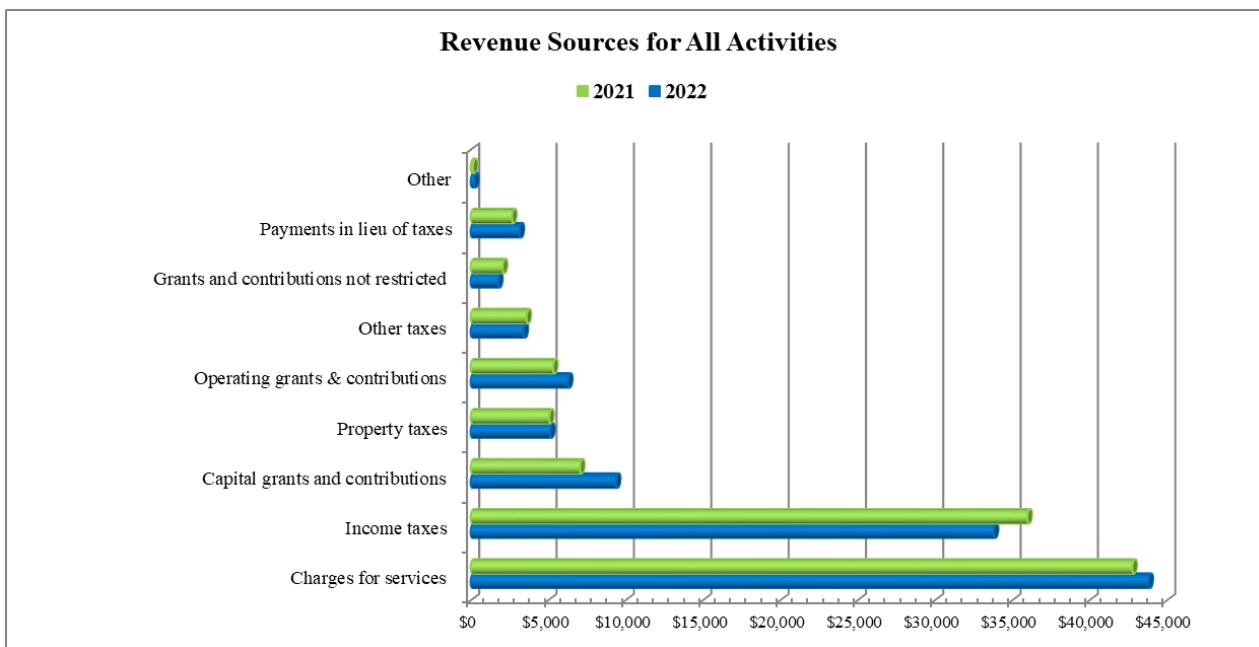
B. Governmental and Business-type Activities during 2022

Table 2, (in thousands) presents a condensed summary of the City's activities during 2022 and 2021 and the resulting changes in net position.

Table 2
Statement of Activities
(in thousands)

	Governmental		Business-Type		Total	
	Activities	2022	Activities	2021	2022	2021
Revenues						
<u>Program revenues:</u>						
Charges for services	\$ 10,437	8,741	33,368	34,032	43,805	42,773
Operating grants & contributions	3,768	2,556	2,506	2,769	6,274	5,325
Capital grants and contributions	<u>6,216</u>	<u>5,712</u>	<u>3,159</u>	<u>1,349</u>	<u>9,375</u>	<u>7,061</u>
Total program revenues	20,421	17,009	39,033	38,150	59,454	55,159
<u>General revenues:</u>						
Income taxes	33,804	35,985	0	0	33,804	35,985
Property taxes	5,122	5,075	0	0	5,122	5,075
Other taxes	3,403	3,604	0	0	3,403	3,604
Payments in lieu of taxes	3,145	2,667	0	0	3,145	2,667
Grants and contributions not restricted	1,760	2,068	0	0	1,760	2,068
Investment earnings	(2,473)	(641)	527	220	(1,946)	(421)
Other	<u>217</u>	<u>103</u>	<u>30</u>	<u>39</u>	<u>247</u>	<u>142</u>
Total general revenues	<u>44,978</u>	<u>48,861</u>	<u>557</u>	<u>259</u>	<u>45,535</u>	<u>49,120</u>
Total revenues	65,399	65,870	39,590	38,409	104,989	104,279
Expenses						
Public safety	26,956	21,393	0	0	26,956	21,393
Public health	771	835	0	0	771	835
Leisure activities	206	1,128	0	0	206	1,128
Community environment	4,491	5,171	0	0	4,491	5,171
Highways and streets	4,216	6,616	0	0	4,216	6,616
General government	10,830	8,441	0	0	10,830	8,441
Interest on long-term debt	1,601	1,336	0	0	1,601	1,336
Water	0	0	6,816	7,332	6,816	7,332
Sewer	0	0	8,838	9,640	8,838	9,640
Transit	0	0	967	3,134	967	3,134
Solid Waste	0	0	3,916	3,763	3,916	3,763
Storm Water	0	0	1,532	1,753	1,532	1,753
Airport	0	0	<u>1,001</u>	<u>1,560</u>	<u>1,001</u>	<u>1,560</u>
Total expenses	<u>49,071</u>	<u>44,920</u>	<u>23,070</u>	<u>27,180</u>	<u>72,141</u>	<u>72,100</u>
Increase in net position before transfers	16,328	20,950	16,520	11,229	32,848	32,177
Transfers	37	(880)	(37)	880	0	0
Increase in net position	16,365	20,069	16,483	12,109	32,848	32,177
Beginning net position	<u>63,778</u>	<u>43,709</u>	<u>134,203</u>	<u>122,094</u>	<u>197,980</u>	<u>165,803</u>
Ending net position	\$ <u>80,143</u>	<u>63,778</u>	<u>150,686</u>	<u>134,203</u>	<u>230,829</u>	<u>197,980</u>

CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022



Although in total, total revenue sources have only fluctuated by 0.4%, there are several sources that have drastic changes from 2021 to 2022. Capital grants and contributions increased \$2,314 or 32.8% and operating grants and contributions increasing 17.8% or \$949. Grants and contributions not restricted decreased 14.9% or \$308, with \$1,760 in revenue for 2022 versus \$2,068 for 2021. Various functions of the City depend on grants for revenue and can fluctuate from year to year depending on the awarded amounts and the projects that the grants are funding.

Charges for services, the largest source of revenue for the City, increased by \$1,032 in 2022 (a 2.4% increase from \$42,773 in 2021 to \$43,805 in 2022). This revenue increase is generally attributed to increased public safety charges including EMS services. In 2023 a rate study has been commissioned which is expected to result in an increase in business-type revenue in 2024 and beyond.

Income taxes decreased in 2022 by \$2,181 or 6.1%, going from \$35,985 in 2021 to \$33,084 in 2022. This is mainly attributable to a one-time business income tax payment of \$2,000 made in 2021. Beginning January 1, 2021, City income tax increased by 0.25% (previously 1.75%) to 2.0% with the passage of a ten year street levy in November, 2020. Although income taxes have been on a steady rise since 2013, this revenue source saw a slight decline of just 1% in 2018 and a decline of 5.9% in 2020 due to the COVID-19 health pandemic. Prior to years 2018 and 2020, a stronger economy has contributed to the increased income tax revenue.

Property taxes increased in 2022 by \$47 or 0.9% (from \$5,075 in 2021, to \$5,122 in 2022). A five year renewal of the Senior Citizens levy was passed in May 2017. Increased property valuation, new construction revenue and a stronger economy have attributed to the recent rise in property tax revenue over the past several years. In 2023 the Senior Citizens levy will be replaced by a Fire Station levy of the same millage that will be used to fund the construction of four new fire stations in the city.

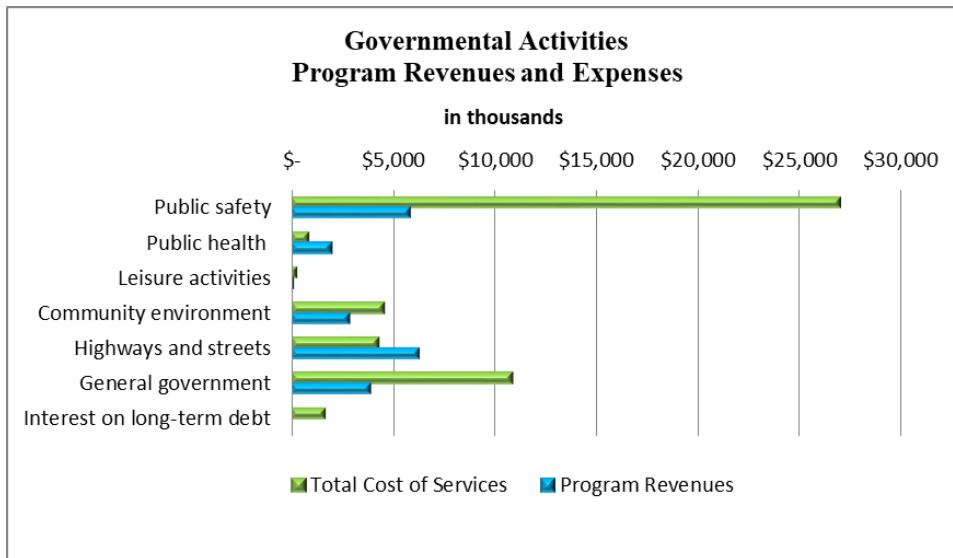
CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022

1) Governmental activities during 2022

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. For 2022, 42% of total cost of services (\$49,071) was offset with program revenues totaling \$20,421 leaving \$28,650 as the net cost of services. In 2021, total cost of services was offset 38% with income coming from program revenues. These years are generally up from the 37% average of the 33% recouped in 2020, 49% recouped in 2019, and 30% in 2018.

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	\$ 26,956	\$ 5,731	21.3%	\$ 21,225
Public health	771	1,914	248.2%	(1,143)
Leisure activities	206	2	1.0%	204
Community environment	4,491	2,759	61.4%	1,732
Highways and streets	4,216	6,203	147.1%	(1,987)
General government	10,830	3,812	35.2%	7,018
Interest on long-term debt	1,601	-	0.0%	1,601
Total	\$ 49,071	\$ 20,421	41.6%	\$ 28,650



Public Health recouped 248% of program costs in 2022. This was an increase of 136% from 2021 Public Health total of 112%. Covid-19 grants and workforce development grants in 2021 and 2022, have allowed Public Health to end with revenue in excess of the cost of services for these years. This is not expected to continue in 2023 and beyond as Covid-19 grants are expected to end. Community Environment, which relies heavily upon federal and state grants, recouped only 61% of services in 2022, up from 35% of services in 2021. Community environment includes Community Development, Neighborhood Stabilization Program, and Home Funds.

CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022

Highways and streets activities for 2022 were funded with program revenues totaling 147%, an increase of 68% from 2021 program revenues of 79%. Program revenues recouped 48% in 2020, 57% in 2019, and 41% in 2018. Grants are a large factor in fluctuations for this activity and there have been significant grants in 2021 and 2022 related to major roadwork repairs in the City.

Public safety, the City's most expensive program, recouped \$5,731 or 21% of its expenses in 2022 and 27% of its costs in 2021. Public Safety reimbursement grants contributed to increases in 2019 and 2017. Program revenues recouped 40% in 2019 and 76% in 2017. Local tax receipts and other general revenues were used to fund the remaining costs of this service.

Leisure activity had \$2 revenue for 2022, the same as the \$2 revenue for 2021. Leisure activity revenues did slightly increase to \$3 in 2019. The Community Center activities have been contracted out for the past seven years and very little fluctuations are expected in the near term future.

2) Business-type activities during 2022

The City attempts to break even or gain a surplus on its business-type activities. All activities except Solid Waste and the Airport had operating surpluses in 2022. Surpluses are used to accumulate earnings for future capital investments and debt payments.

The following table (in thousands) summarizes the business-type activities during 2022:

Table 4
Business-type Activities
(in thousands)

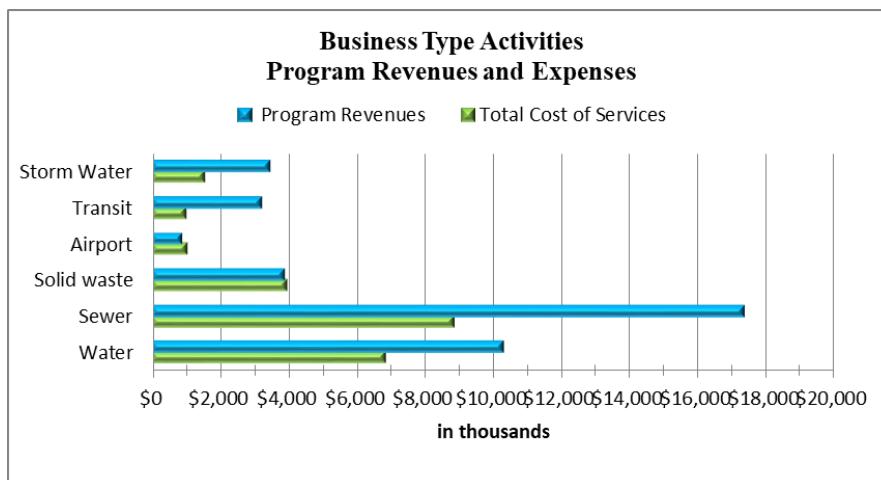
	<u>Total Cost of Services</u>	<u>Program Revenues</u>	<u>Revenues as % of Total Costs</u>	<u>Net Revenue from Operations</u>
Water	\$6,816	\$10,293	151%	\$3,477
Sewer	8,838	17,350	196%	8,512
Solid waste	3,916	3,879	99%	(37)
Airport	1,001	863	86%	(138)
Transit	967	3,209	332%	2,242
Storm Water	<u>1,532</u>	<u>3,439</u>	<u>224%</u>	<u>1,907</u>
Total	<u>\$23,070</u>	<u>\$39,033</u>	<u>169%</u>	<u>\$15,963</u>

The transit and airport funds rely upon grants and taxes to supplement their services. Transit ended with a negative surplus of (\$422) recouping 81% of the cost of services in 2018. The airport ended 2018 with a negative surplus of (\$34) recouping 95% of the cost of services. For 2019, the airport ends with a negative surplus of (\$99) and transit ends with a negative surplus of (\$783). For 2020 the airport ends with a surplus of \$129 and the transit fund ends with a negative surplus of (\$40). The airport also has a new revenue stream selling aviation fuel beginning in 2020. The Airport ended 2021 and 2022 without a surplus (\$332 and \$138 deficits respectively), despite fuel sales. Transit ends with \$199 net revenue and 106% of costs recouped in 2021 and \$2,242 net revenue and 332% in 2022. This large shift for 2022 was driven by grants related to transit bus purchases.

CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022

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 and 10% in 2019. Sewer rates saw an increase of 10% in 2020, along with a solid waste increase of \$0.50 per month due to a contract increase with Rumpke. Sewer rates were increased by 5%, Solid Waste by \$1.00 per month and Storm Water by \$0.75 per month in 2021. In 2022, Water recouped 151% of expenses with \$3,477 in net revenues and Sewer net revenues of \$8,512 represented 196% of expenses. Solid waste was at 99% coverage in 2022 with a shortfall of (\$37). A solid waste increase of \$2 is expected for 2023 and a water & sewer study will be completed with expectations of rate increases starting in 2024. Total cost of services vary for these funds due to capital improvement projects.

Storm water received \$3,439 in program revenues for 2022, up \$581 from \$2,858 in program revenues for 2020. Program revenue was \$2,533 in 2020. Program revenues were \$3,089 in 2019 and \$2,174 for 2018. The increased revenue since 2016 have due to a fee increase in 2016, with a dip in 2020 associated with Covid-19 reducing overall revenues from businesses. 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 from storm water operations in 2022 was \$1,907.



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, eight of which are considered major funds. Assets of those six funds comprise approximately 81% or \$88,562 of the total governmental funds' assets of \$109,763. The following table (in thousands) summarizes the activities of these major funds.

CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022

Table 5
Financial Highlights
Major Governmental Funds
(in thousands)

	General Fund	Special Assessment Debt Service Fund	Capital Improvements Fund	Health Fund	Street Levy Fund	ARPA Fund	Fire Station Levy Fund	Butler Co ARPA Fund
Total assets	\$ 30,033	1,053	2,136	850	15,553	16,843	17,594	4,500
Total liabilities	(3,410)	-	(300)	(71)	(1,264)	(16,843)	(41)	(4,500)
Deferred inflow of resources	(6,045)	(607)	(776)	-	(206)	-	(397)	-
Fund balance	<u>20,578</u>	<u>446</u>	<u>1,060</u>	<u>779</u>	<u>14,083</u>	<u>-</u>	<u>17,156</u>	<u>-</u>
Unassigned fund balance	<u>\$ 15,869</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues	\$ 34,052	131	4,998	678	4,277	1,272	66	-
Expenditures	(35,233)	(118)	(4,946)	(797)	(15,284)	(1,272)	(717)	-
Other financing sources/uses	<u>557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,806</u>	<u>-</u>
Net change in fund balance	<u>\$ (624)</u>	<u>13</u>	<u>52</u>	<u>(119)</u>	<u>(11,007)</u>	<u>-</u>	<u>17,155</u>	<u>-</u>

General Fund. The General Fund saw a decrease of \$624 for an ending fund balance of \$20,578 in 2022. The ending fund balance was \$21,202 for 2021. This decrease is attributable to income tax revenue reduction compared to 2021 partially offset with increased charges for services in the General Fund.

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. Intergovernmental revenue increased by \$172 or 3.6% in 2022 which is much smaller than the increase of 267.7% in 2021. This fund receives state and federal grants for street improvements. Large street projects that began in 2021 continued in 2022 and the resulting associated revenue continued as well.

Health Fund. The Health fund accounts for grant money received from the State for the City's public health subsidy, and to account for the activities of the City Health Department. The Health Fund's balance decreased \$119 in 2022 primarily due to the reduction of grant revenues related to the Covid-19 pandemic.

Street Levy Fund. The Street Levy fund accounts for all income tax receipts collected from the 0.25% income tax increase approved by voters on November 3, 2020, and the expenses related solely to the construction, repair, improvement and maintenance of streets and roads within the City, including paying the bond issue related to the street paving project beginning in 2021. The decrease in 2022 fund balance of \$11,007 is due to the significant paving expenses and debt payments during the year.

ARPA Fund (American Rescue Plan Act of 2021 Fund). The ARPA fund was established to account for revenues and expenses related to the Act. These funds are in response to the economic fallout of the COVID-19 pandemic in the United States and will provide needed relief to support the public health response and lay the foundation for a strong and equitable economic recovery.

CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022

Fire Station Levy Fund. The Fire Station Levy fund was established to account for revenues and expenses related to the construction of four new fire stations in the City. Middletown citizens passed a 25 year 1-mill property tax levy in May of 2022 to fund this construction. Debt was subsequently issued from the fund to begin the process of construction.

Butler County ARPA Fund. The Butler County ARPA fund was established to account for revenues and expenses related to ARPA funds received directly from Butler County. These funds will be used in the same manner as the funds received from the original ARPA fund.

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 Fund</u>	<u>Sewer Fund</u>	<u>Storm Water Fund</u>	<u>Solid Waste Fund</u>
Total assets	\$ 50,262	84,272	17,614	1,109
Total deferred outflows of resources	261	328	56	6
Total liabilities	(4,374)	(7,678)	(206)	(1,047)
Total deferred inflows of resources	<u>(858)</u>	<u>(980)</u>	<u>(184)</u>	<u>(19)</u>
Total net position	<u>45,291</u>	<u>75,942</u>	<u>17,280</u>	<u>49</u>
Unrestricted net position	<u>13,220</u>	<u>23,570</u>	<u>1,738</u>	<u>(355)</u>
Operating revenues	10,304	16,112	2,437	3,879
Operating expenses	(6,915)	(8,710)	(1,532)	(3,916)
Net non-operating revenues (expenses)	112	205	21	-
Net contributions and transfers	<u>(43)</u>	<u>1,210</u>	<u>1,006</u>	<u>-</u>
Net change in net position	<u>\$ 3,458</u>	<u>8,817</u>	<u>1,932</u>	<u>(37)</u>

Water Fund. Water Fund rates are set to cover the fund's operating cost and to accumulate cash resources for future capital expenditures. The total net position for water in 2022 is \$45,291 with a change of \$3,458 or 8.3% from the 2021 total of \$41,834. The 2022 increase of \$3,369 in total assets is due to water main improvements for the Central Avenue project and replacement of the Moore Road water main. The last water rate increase was 7.5% and took place in 2017. A new rate study is expected to be completed in 2023.

Sewer Fund. In 2022, the sewer fund ended with a total net position of \$75,942, a 13.1% or \$8,817 increase over the 2021 total net position. This increase is largely due to further Long Term Control Plan projects finished in 2022 and capital repairs from the Central Avenue project. There was a 5% rate increase for sewer in 2021, a 10% sewer charge increase in 2020, a 10% rate increase for 2019, rate

**CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022**

increase of 15% in 2018, and a 15% rate increase in 2017. Beginning in 2016, a 10% infrastructure fee was added to all sewer charges in the City. This additional revenue is to fund Long Term Control Plan projects that will improve sewer infrastructure and reduce combined sewer overflows. The balance of the fund is to be used for large capital projects and infrastructure improvements.

Storm Water Fund. There was an increase of \$1,932 in the 2022 total net position of \$17,280. This being a 12.6% increase over the 2021 total net position of \$15,347. There was an increase of \$1,885 in total assets primarily due to the storm water work completed related to the Central Avenue rehabilitation and a rate increase of \$0.75 per month in storm water fees for 2021.

Solid Waste Fund. The small decrease of \$37 in 2022 is in part due to the increased cost associated with the City's refuse collection provider. The total net position for 2022 is \$49. Revenue remained fairly consistent compared to 2021 while operating expenses increased by \$153. A \$2 solid waste rate increase will be implemented in 2023 to offset these rising costs.

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 2022 with a total net position of \$1,596. This was an increase of \$236 from the 2021 total net position of \$1,360. These changes are due to control of expenses related to employee medical claims. 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 2022 with a total net position of \$10,587, a \$565 increase from the 2021 total net position of \$10,022. Funds are being set aside for future vehicle purchases according to a multi-year plan developed by the fleet manager. Vehicle and equipment purchases resumed as detailed in the plan in 2022 and this accounted for the net position increase.

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 90. There were significant variances for the General Fund's actual results compared to budget in 2022. Revenue fell short of budget by \$632 and actual expenses were \$1,398 less than the budgeted amount. The General Fund's original appropriation of \$32,978 was amended to \$37,063 with supplemental appropriations and de-appropriations. The General Fund's actual expenditures on a budget basis were \$35,665.

Original 2022 appropriations were increased during the year by \$23,269 for all funds. The majority of the supplemental appropriations included the following:

- \$7,000 income tax additional receipts to be transferred to General Fund, Fire & Police Pension Funds, Public Safety Fund and Street Levy Fund
- \$2,044 for debt service for bond and note related to the design and construction of a maintenance building at the Water Reclamation Facility

CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022

- \$1,923 for American Rescue Plan Act premium bonus pay for City employees related to the pandemic
- \$1,528 for debt service and building expense related to four new Fire Station construction project
- \$1,386 for debt service related to the purchase of a Sutphen aerial ladder fire truck
- \$1,262 for additional legal services expenses
- \$950 Public Safety income tax additional receipts transferred to the General Fund
- \$848 for additional paving expenses for various paving projects
- \$820 for design and construction related to the expansion and improvement of the Community Center
- \$600 for additional transfers from the General Fund to the Nuisance Abatement Fund and the Solid Waste Fund for professional services
- \$490 for the purchase of a new emergency generator for the City Building

V. CAPITAL ASSET AND DEBT ADMINISTRATION

A. Capital assets

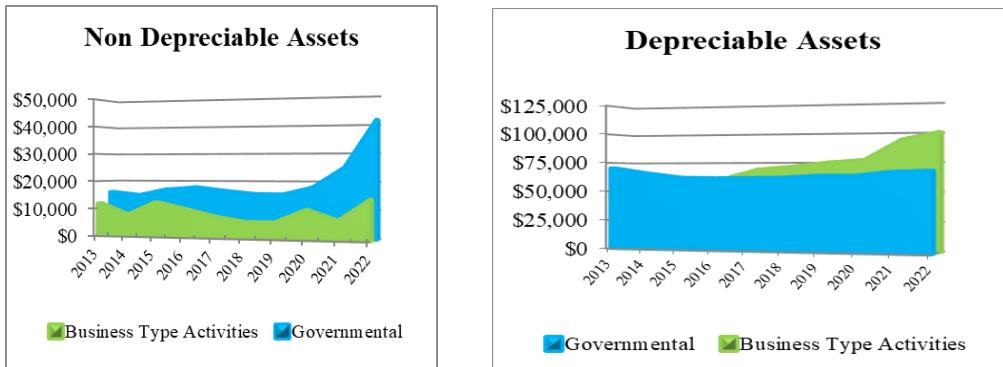
Capital assets are divided into two categories – depreciable and non-depreciable. Land and construction-in-progress are the only non-depreciable assets recorded for the City of Middletown. Construction-in-progress will be categorized with depreciable assets once the improvement project is completed with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

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

	Governmental Activities	Business-Type Activities	Total
Land	\$ 16,045	3,898	19,943
Land improvements	238	369	607
Buildings	8,144	14,469	22,613
Equipment	11,032	9,878	20,910
Infrastructure	48,266	75,323	123,589
Construction in Progress	25,501	10,198	35,699
Total	\$ 109,226	114,135	223,361

(Asset amounts shown in thousands)

CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022



The City had approximately \$223,361 in capital assets at the end of 2022 and \$192,559 in capital assets at year end of 2021.

- 1) Governmental activities non-depreciable assets:
 - a. Land – Total of capital assets at year-end was \$16,045.
 - b. Construction in progress – Total for 2022 is \$25,501, \$18,403 of which was added in 2022
 - \$12,043 for 2021 – 2022 Street Levy Paving project
 - \$3,897 for Central Avenue improvements
 - \$795 for a new entertainment complex development
 - \$680 for ODOT's State Route 4 paving work
 - \$347 for new city vehicles not yet in service
 - \$220 for repairs to the University Boulevard Bridge
 - \$181 for 4 new fire stations
 - \$112 for rehabilitation of the Manchester Inn and Sonshine Buildings
 - \$83 for Community Center improvements and rehabilitation
 - \$34 for new police cruiser cameras
 - \$11 for new sliding doors in the City Building

\$1,912 in governmental activities from construction in progress were placed into service in 2022.

- 2) Governmental activities for depreciable assets:
 - a. Land improvements– there were no addition of land improvements in 2022
 - b. Buildings – a total of \$720 was added for major building upgrades including - refurbishment of city council chambers, a new police locker room facilities and roof repairs to the municipal garage
 - c. Equipment – a total of \$3,890 was added in 2022 for equipment with the majority of purchases being \$1,275 in vehicles and garage equipment, \$1,136 in equipment related to Central Avenue rehabilitation, \$810 to LED lighting conversion stage 2, \$390 for new police equipment (fingerprinting equipment, dictation software and dispatch radios)

CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022

d. Infrastructure – an additional \$2,884 was added for 2022. This consisted mainly of street improvements and \$1,063 contributed roadway capital in the Renaissance and Sawyers Mill subdivisions. Several large paving projects were:

- 2021 Local Street Improvements
- Bike Lane ODOT program
- State Route 73 ODOT program

3) Business-type activities non-depreciable assets:

- a. Land – Total of capital assets at year-end was \$3,898
- b. Construction in progress – Total additions for 2022 is \$8,612. The current largest additions are:
 - \$3,988 in Central Avenue water, sewer and storm water improvements
 - \$1,432 for the Lakeside Redirection project phase 2
 - \$1,094 for the East Interceptor Sewer Rehabilitation project
 - \$715 for the downtown CSO storage basin (LTCP)
 - \$708 for portable well 20 pumping system

4) Business type activities depreciable assets:

- a. Land improvements – \$54 for airport sludge pond grading improvements
- b. Buildings – a total of \$2,228; Electric and other improvements to main building at WRF
- c. Equipment – A total of \$3,459 was added for 2022. The following projects were some of the largest additions:
 - \$1,801 for three new 45' diesel transit buses
 - \$703 for automated water reading equipment and software
 - \$362 for a Hydro Excavator unit
 - \$323 for Series 3420 water MTUs
- d. Infrastructure – In 2022, there was an increase of \$4,861 in infrastructure assets. The following projects were some of the largest additions:
 - \$2,490 for Sawyer's Mill contributed capital
 - \$700 for 2021 Local Street improvements
 - \$616 for Moore Road water main replacement
 - \$214 for Point sewer rehabilitation and repairs
 - \$195 for 2022 manhole lining
 - \$143 for water & sewer Made Drive extensions
 - \$102 for Renaissance contributed capital

Capital asset activity for the year is presented in Note 7 on pages 56 and 57.

B. Debt

There were new unlimited tax general obligation bonds issued in 2022 (\$16,800) which were a direct result of a 1-mill Fire Facilities property tax passage beginning January 1, 2023. The City also issued various purpose general obligation bonds (\$3,300) for the purchase of a new aerial ladder fire truck (\$1,300) and for the construction of a new maintenance facility building (\$2,000) at the Water Reclamation Facility, replacing the bond anticipation notes issued in 2021.

**CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

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

For 2023, the City will continue the robust plan to make capital investments in infrastructure and equipment. Along with Long Term Control Plan projects, paving, sewer system upgrades and water distribution system upgrades are the major capital improvement projects for 2023. Street paving projects will continue to be and are still high priority after years of limited funding and neglect.

In 2023, revenue is expected to decrease by 10.3% primarily due to intergovernmental revenue decreasing by 52.3% from the 2022 budget of \$30,990. This is due to the phasing out of Covid-19 related grants and other governmental revenue as the pandemic moves to an endemic status. Expenditures will show a decrease in 2022 of 17.4% due to the reduction of budgeted capital expenditures as projects such as the Street Levy Project and the Long Term Control Basin project occurring in 2022. Capital Outlay sees a decrease of 36.8% from the 2022 budget total of \$79,049 to \$49,943 in the 2023 budget. The 2023 ending fund balance projection of \$98,188 which is a 0.8% decrease from the 2022 projected ending balance of \$98,990. This is driven by City Council's goal of having a balanced budget in the General Fund for 2023.

The past several years of Middletown's financial results show that we have made positive progress. In 2014, 2015 and 2016 we experienced an increase in tax revenue of about 3% each year. The increase was 6.4% in 2017. Large construction projects in the City and a decreasing unemployment rate are the main reasons for the large increase for 2017. There was a slight decrease of 1.2% in 2018, but revenues rebounded in 2019 by 10.5%. By year end 2020, income tax revenue had decreased by 5.8% from the previous year, however it was still 2.7% higher than 2017 and 4.0% higher than 2018. The pandemic was projected to negatively impact income tax revenue by \$2,200 for 2020, but with financial aid for the Coronavirus Aid, Relief, and Economic Security Act, (CARES Act), year-end balance projections remained as anticipated. The 2021 income tax revenue increased by 47.0%. This large increase was mainly due to the 0.25% income tax increase from the passage of the Street Levy and in part by a stronger economy and reduced unemployment but is partial due to a \$2,000 one-time business tax payment made in the 2021 for the 2020 fiscal year. 2022's income tax revenue decreased by \$1,410, or 4%. Given the one-time payment in 2021 this shows that tax revenues have not dropped off due to fears of recession.

Significant Statistics/Changes for 2023 Budget:

- Keep public safety, economic development, neighborhood development, sustainable finances, revitalization and street improvement priorities
- A 5% across-the-board wage adjustment for all non-union employees
- Income tax revenue is projected to increase 7.5% over the 2022 budget
- A 4% increase for the City's share of health insurance
- No City funding to Transit Fund – typically \$120
- No City funding to Health Fund – typically \$103
- Reduction of City funding to Municipal Court Fund - \$175 less than typical
- Restoration of City funding to the Airport Fund – \$120 in 2023

**CITY OF MIDDLETOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022**

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



Samantha Zimmerman
Finance Director



CITY OF MIDDLETOWN, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equity in pooled cash, deposits and investments	\$ 97,855,524	\$ 42,161,608	\$ 140,017,132
Receivables (net of allowance for uncollectibles):			
Income taxes	4,884,000	-	4,884,000
Property taxes	5,484,352	-	5,484,352
Payments in lieu of taxes	1,296,432	-	1,296,432
Accounts	424,285	3,328,475	3,752,760
Loans	682,392	-	682,392
Intergovernmental	3,090,015	1,200,502	4,290,517
Special assessments	947,458	-	947,458
Inventory of supplies	1,058,812	1,448,235	2,507,047
Internal balances	(2,457,443)	2,457,443	-
Net OPEB Asset	2,174,646	510,588	2,685,234
Capital assets			
Non-depreciable	41,546,380	14,095,391	55,641,771
Depreciable, net	67,679,478	100,039,442	167,718,920
Total assets	224,666,331	165,241,684	389,908,015
Deferred outflows of resources			
Deferred charge on refunding	5,693	29,022	34,715
Pension related	12,517,415	661,189	13,178,604
OPEB related	3,020,279	21,099	3,041,378
Total deferred outflows of resources	15,543,387	711,310	16,254,697
Liabilities			
Accounts payable	3,103,039	2,804,829	5,907,868
Accrued wages and benefits	981,423	173,360	1,154,783
Other accrued liabilities	1,395,909	5,114	1,401,023
Accrued interest payable	144,832	20,670	165,502
Due to other governments	670,995	2,132	673,127
Due to other individuals	400,000	973,816	1,373,816
Unearned revenue	21,343,271	-	21,343,271
Non current liabilities:			
Due within one year	7,398,257	1,309,705	8,707,962
Due in more than one year:			
Net pension liability	35,063,084	1,382,629	36,445,713
Net OPEB liability	5,118,527	-	5,118,527
Other amounts due in more than one year	56,706,716	6,358,159	63,064,875
Total liabilities	132,326,053	13,030,414	145,356,467
Deferred inflows of resources			
Revenues levied for the next year	6,418,379	-	6,418,379
Pension related	17,125,585	1,700,518	18,826,103
OPEB related	4,196,625	536,356	4,732,981
Total deferred inflows of resources	27,740,589	2,236,874	29,977,463
Net Position			
Net investment in capital assets	82,887,328	107,409,082	190,296,410
Restricted for capital projects	1,282,797	-	1,282,797
Restricted for debt service	3,405,377	-	3,405,377
Restricted for community development	1,511,076	-	1,511,076
Restricted for public safety	5,064,395	-	5,064,395
Restricted for roads	6,442,978	-	6,442,978
Restricted for public health	829,437	-	829,437
Restricted for other purposes	70,555	-	70,555
Unrestricted	(21,350,867)	43,276,624	21,925,757
Total net position	\$ 80,143,076	\$ 150,685,706	\$ 230,828,782

See accompanying notes to the basic financial statements.

CITY OF MIDDLETON, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-Type Activities	
			Capital Grants and Contributions	Operating Grants and Contributions			
Governmental activities:							
Public safety	\$ 26,955,845	\$ 5,486,207	\$ 244,768	\$ -	\$ (21,224,870)		\$ (21,224,870)
Public health and welfare	770,597	313,727	1,600,199	-	1,143,329		1,143,329
Leisure time activities	205,633	2,050	-	-	(203,643)		(203,643)
Community environment	4,491,460	225,394	1,915,252	619,095	(1,731,719)		(1,731,719)
Highways and streets	4,215,891	606,444	-	5,596,839	1,987,392		1,987,392
General government	10,829,932	3,803,677	7,500	-	(7,018,755)		(7,018,755)
Interest on long-term debt	1,601,240	-	-	-	(1,601,240)		(1,601,240)
Total governmental activities	<u>\$ 49,070,658</u>	<u>\$ 10,437,499</u>	<u>\$ 3,767,719</u>	<u>\$ 6,215,934</u>	<u>\$ (28,649,506)</u>		<u>\$ (28,649,506)</u>
Business-type activities:							
Water	\$ 6,816,036	\$ 10,293,200	\$ -	\$ -	\$ -	\$ 3,477,164	\$ 3,477,164
Sewer	8,837,743	16,097,243	-	1,252,633	-	8,512,133	8,512,133
Solid Waste	3,916,174	3,879,047	-	-	-	(37,127)	(37,127)
Airport	1,001,356	664,943	-	197,600	-	(138,813)	(138,813)
Transit	967,091	145	2,505,888	703,210	-	2,242,152	2,242,152
Storm Water	1,531,569	2,433,176	-	1,006,002	-	1,907,609	1,907,609
Total business-type activities	<u>\$ 23,069,969</u>	<u>\$ 33,367,754</u>	<u>\$ 2,505,888</u>	<u>\$ 3,159,445</u>	<u>\$ -</u>	<u>\$ 15,963,118</u>	<u>\$ 15,963,118</u>
Total	<u>\$ 72,140,627</u>	<u>\$ 43,805,253</u>	<u>\$ 6,273,607</u>	<u>\$ 9,375,379</u>	<u>\$ (28,649,506)</u>	<u>\$ 15,963,118</u>	<u>\$ (12,686,388)</u>
General revenues:							
Taxes:							
Income taxes				\$ 33,803,306	\$ -	\$ 33,803,306	\$ 33,803,306
Property taxes				5,122,373	-	-	5,122,373
Other taxes				3,402,841	-	-	3,402,841
Payments in lieu of taxes							
Grants and contributions not restricted to specific programs				3,145,338	-	-	3,145,338
Investment earnings				1,759,640	-	-	1,759,640
Miscellaneous				(2,473,419)	527,382		(1,946,037)
Transfers				217,471	30,004		247,475
					37,376		(37,376)
				<u>\$ 45,014,926</u>	<u>\$ 520,010</u>	<u>\$ 45,534,936</u>	<u>\$ 45,534,936</u>
				<u>16,365,420</u>	<u>16,483,128</u>	<u>32,848,548</u>	<u>32,848,548</u>
				<u>63,777,656</u>	<u>134,202,578</u>	<u>197,980,234</u>	<u>197,980,234</u>
				<u>\$ 80,143,076</u>	<u>\$ 150,685,706</u>	<u>\$ 230,828,782</u>	<u>\$ 230,828,782</u>

See accompanying notes to the basic financial statements.

CITY OF MIDDLETOWN, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General	Special Assessment Debt Service	Capital Improvements	Health
Assets:				
Cash and equity in pooled cash, deposits and investments	\$ 18,373,819	\$ 445,583	\$ 1,359,389	\$ 849,664
Receivables (net of allowance for uncollectibles):				
Income taxes	4,355,000	-	-	-
Property taxes	3,372,627	-	735,704	-
Accounts	208,205	-	-	-
Loans	-	-	-	-
Payments in lieu of taxes	-	-	-	-
Special assessments	-	607,458	-	-
Due from other funds	3,040,136	-	-	-
Due from other governments	655,463	-	40,757	-
Inventory of supplies	27,708	-	-	-
Total assets	\$ 30,032,958	\$ 1,053,041	\$ 2,135,850	\$ 849,664
Liabilities:				
Accounts payable	\$ 747,412	\$ -	\$ 43,292	\$ 881
Accrued wages and benefits	897,748	-	-	16,315
Other accrued liabilities	1,086,442	-	256,399	53,068
Due to other funds	130,420	-	-	319
Due to other governments	547,646	-	-	-
Due to individuals	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	3,409,668	-	299,691	70,583
Deferred inflows of resources:				
Revenues levied for the next year and unavailable revenue	6,044,959	607,458	776,461	-
Total deferred inflows of resources	6,044,959	607,458	776,461	-
Fund balances:				
Nonspendable	3,067,844	-	-	-
Restricted	-	445,583	1,059,698	779,081
Committed	158,172	-	-	-
Assigned	1,483,000	-	-	-
Unassigned	15,869,315	-	-	-
Total fund balances	20,578,331	445,583	1,059,698	779,081
Total liabilities, deferred inflows of resources and fund balances	\$ 30,032,958	\$ 1,053,041	\$ 2,135,850	\$ 849,664

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

Street Levy	ARPA	ARPA - Butler County	Fire Station Levy	Non Major Governmental Funds	Total Governmental Funds
\$ 15,023,748	\$ 16,843,271	\$ 4,500,000	\$ 17,196,237	\$ 14,745,916	\$ 89,337,627
529,000	-	-	-	-	4,884,000
-	-	-	397,309	978,712	5,484,352
-	-	-	-	127,852	336,057
-	-	-	-	682,392	682,392
-	-	-	-	1,296,432	1,296,432
-	-	-	-	340,000	947,458
-	-	-	-	-	3,040,136
-	-	-	-	2,393,795	3,090,015
-	-	-	-	636,377	664,085
\$ 15,552,748	\$ 16,843,271	\$ 4,500,000	\$ 17,593,546	\$ 21,201,476	\$ 109,762,554
1,264,621	16,843,271	4,500,000	41,432	2,941,992	29,371,258
206,000	-	-	397,309	3,994,899	12,027,086
206,000	-	-	397,309	3,994,899	12,027,086
14,082,127	-	-	-	557,790	3,625,634
-	-	-	17,154,805	13,073,687	46,594,981
-	-	-	-	1,840,585	1,998,757
-	-	-	-	200,229	1,683,229
-	-	-	-	(1,407,706)	14,461,609
14,082,127	-	-	17,154,805	14,264,585	68,364,210
\$ 15,552,748	\$ 16,843,271	\$ 4,500,000	\$ 17,593,546	\$ 21,201,476	\$ 109,762,554

CITY OF MIDDLETOWN, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2022

Total governmental fund balances \$ 68,364,210

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 109,225,858

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	2,299,000
Intergovernmental and other receivables	3,309,707

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 assets and liabilities) of the internal service funds are included in governmental activities in the statement of net position. 4,916,599

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 and notes	(27,133,000)
Revenue bonds	(25,877,000)
Special assessment bonds	(2,697,000)
Compensated absences	(6,238,619)
Pension obligation payable	(1,088,450)
Accrued interest on long-term debt	(144,832)
Premium on bonds	(1,007,609)
Deferred charge on refunding	5,693

The net pension/OPEB liabilities/(assets) 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	12,517,415
Deferred outflows - OPEB	3,020,279
Deferred inflows - pension	(17,125,585)
Deferred inflows - OPEB	(4,196,625)
Net OPEB asset	2,174,646
Net pension liability	(35,063,084)
Net OPEB liability	(5,118,527)

Net position of governmental activities \$ 80,143,076



CITY OF MIDDLETOWN, OHIO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR YEAR ENDED DECEMBER 31, 2022

	General	Special Assessment		
		Debt Service	Capital Improvements	Health
Revenues:				
Property taxes	\$ 3,227,050	\$ -	\$ 691,167	\$ -
Municipal income taxes	24,716,435	-	-	103,500
Payment in lieu of taxes	-	-	-	-
Intergovernmental revenues	1,680,392	-	4,255,831	261,056
Charges for services	4,881,894	-	8,823	313,727
Fees, licenses, and permits	655,670	-	-	-
Fines and forfeits	15,610	-	-	-
Special assessments	43,592	131,035	-	-
Investment income	(2,782,658)	-	24,582	-
Miscellaneous	1,613,684	-	17,500	-
Total revenues	34,051,669	131,035	4,997,903	678,283
Expenditures:				
Current				
Public safety	23,031,076	-	12,937	-
Public health and welfare	-	-	-	797,413
Leisure time activities	979,141	-	113,452	-
Community environment	1,408,220	-	-	-
Highways and streets	1,818	-	4,811,021	-
General government	5,996,924	-	-	-
Miscellaneous	2,429,666	-	8,990	-
Debt service				
Principal retirement	1,357,000	90,000	-	-
Interest and fiscal charges	28,618	28,482	-	-
Total expenditures	35,232,463	118,482	4,946,400	797,413
Excess of revenues over (under) expenditures	(1,180,794)	12,553	51,503	(119,130)
Other financing sources (uses):				
Transfers-in	-	-	-	-
Transfers-out	(743,444)	-	-	-
Issuance of debt	1,300,000	-	-	-
Premium on bonds	-	-	-	-
Total other financing sources (uses)	556,556	-	-	-
Net change in fund balances	(624,238)	12,553	51,503	(119,130)
Fund balance, beginning of year	21,202,569	433,030	1,008,195	898,211
Fund balance, end of year	\$ 20,578,331	\$ 445,583	\$ 1,059,698	\$ 779,081

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

Street Levy	ARPA	ARPA - Butler County	Fire Station Levy	Non Major Governmental Funds	Total Governmental Funds
\$ - \$ 4,120,918	-	\$ -	\$ -	\$ 1,202,860 4,665,453 3,145,338 5,950,176 268,700 1,806,429 659,045 62,466 913,879	\$ 5,121,077 33,606,306 3,145,338 13,419,651 5,473,144 655,670 1,822,039 833,672 (2,473,419) 2,545,063
		1,272,196			
156,242	-	-	65,949	18,674,346	64,148,541
4,277,160	1,272,196	-	65,949	18,674,346	64,148,541
- 849,968	-	-	161,308	5,818,997	29,874,286
- 21,000	-	-	-	-	818,413
- 55,576	-	-	-	-	1,148,169
- 19,968	-	-	-	3,269,862	4,698,050
12,052,146 30,144	-	-	-	3,069,648	19,964,777
- 83,120	-	-	-	269,512	6,349,556
- 212,420	-	-	-	2,415,021	5,066,097
2,807,000	-	-	-	1,705,000	5,959,000
424,523	-	-	556,206	593,914	1,631,743
15,283,669	1,272,196	-	717,514	17,141,954	75,510,091
(11,006,509)	-	-	(651,565)	1,532,392	(11,361,550)
- -	-	-	-	780,820	780,820
- -	-	-	-	-	(743,444)
- -	-	-	16,800,000	-	18,100,000
- -	-	-	1,006,370	-	1,006,370
- -	-	-	17,806,370	780,820	19,143,746
(11,006,509)	-	-	17,154,805	2,313,212	7,782,196
25,088,636	-	-	-	11,951,373	60,582,014
\$ 14,082,127	\$ -	\$ -	\$ 17,154,805	\$ 14,264,585	\$ 68,364,210

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, 2022

Net change in fund balances - total governmental funds \$ 7,782,196

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which capital outlays were more than depreciation in the current period:

Capital outlay, net	23,969,654
Depreciation expense	(6,670,662)

Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows in the funds:

Income taxes	197,000
Intergovernmental and other revenues	(9,515)

Governmental Funds report premiums as other financing sources, whereas these amounts are deferred and amortized in the statement of activities:

Premium on bonds issued	(1,006,370)
Amortization of bond premiums	154,211

Deferred charges on refunding are recorded as deferred outflows of resources and amortized in the statement of activities:

Amortization of deferred charge on refunding	(72,501)
----------------------------------------------	----------

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 proceeds	(18,100,000)
Bond principal retirement	5,959,000

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

(51,207)

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	(456,392)
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.

(9,800)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

Pension	4,287,281
OPEB	64,675

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB assets and liabilities are reported as pension/OPEB expense in the statement of activities.

Pension	(1,060,190)
OPEB	1,290,299

Change in net position of governmental activities

\$ 16,365,420



CITY OF MIDDLETOWN, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022

Business Type Activities - Enterprise Funds

	Water	Sewer	Storm Water
Assets			
Current assets:			
Equity in pooled cash and investments			
Receivables	\$ 13,912,051	\$ 24,745,722	\$ 1,743,038
Accounts	1,118,552	1,744,878	262,782
Due from other funds	-	-	-
Intergovernmental	-	-	-
Inventory of supplies	1,204,209	218,984	25,042
Total current assets	16,234,812	26,709,584	2,030,862
Noncurrent assets:			
Net OPEB asset	195,784	223,713	42,221
Capital assets:			
Construction in progress	4,373,539	4,913,812	826,100
Land	1,315,164	171,108	504,612
Land improvements	15,200	200,046	36,046
Infrastructure assets	41,662,811	71,347,591	16,638,999
Buildings	16,846,852	15,714,105	69,270
Equipment	8,023,936	16,194,495	409,085
Less: Accumulated depreciation	(38,406,322)	(51,202,064)	(2,942,864)
Total capital assets (net of accumulated depreciation)	33,831,180	57,339,093	15,541,248
Total noncurrent assets	34,026,964	57,562,806	15,583,469
Total assets	50,261,776	84,272,390	17,614,331
Deferred outflows of resources:			
Deferred charge on refunding	-	29,022	-
Pension related	253,533	289,698	54,674
OPEB related	8,091	9,244	1,745
Total deferred outflows of resources	261,624	327,964	56,419
Liabilities			
Current liabilities:			
Accounts payable	630,743	1,494,911	6,759
Accrued wages and benefits	50,627	112,711	8,573
Other accrued liabilities	-	-	-
Accrued interest payable	5,680	14,990	-
Due to other funds	17,550	10,998	15,147
Due to other governments	2,132	-	-
Due to individuals	973,816	-	-
General obligation bonds payable	225,000	689,000	-
Compensated absences (short term portion)	163,118	201,228	26,731
Total current liabilities	2,068,666	2,523,838	57,210
Long-term liabilities:			
General obligation bonds payable	1,624,301	4,362,009	-
Compensated absences	151,043	186,205	34,587
Net pension liability	530,168	605,797	114,331
Total long-term liabilities	2,305,512	5,154,011	148,918
Total liabilities	4,374,178	7,677,849	206,128
Deferred inflows of resources:			
Pension related	652,062	745,077	140,619
OPEB related	205,664	235,003	44,352
Total deferred inflows of resources:	857,726	980,080	184,971
Net position			
Net investment in capital assets	32,071,938	52,372,584	15,541,248
Unrestricted	13,219,558	23,569,841	1,738,403
Total net position	\$ 45,291,496	\$ 75,942,425	\$ 17,279,651

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	
\$ 498,655	\$ 1,262,142	\$ 42,161,608	\$ 8,517,897	
202,263	-	3,328,475	88,228	
-	-	-	254,947	
-	1,200,502	1,200,502	-	
-	-	1,448,235	394,727	
700,918	2,462,644	48,138,820	9,255,799	
4,312	44,558	510,588	37,055	
-	84,100	10,197,551	381,797	
382,600	1,524,356	3,897,840	195,750	
8,500	727,699	987,491	-	
12,300	1,856,068	131,517,769	-	
74,652	3,443,014	36,147,893	732,017	
-	7,585,609	32,213,125	16,119,424	
(74,189)	(8,201,397)	(100,826,836)	(13,469,590)	
403,863	7,019,449	114,134,833	3,959,398	
408,175	7,064,007	114,645,421	3,996,453	
1,109,093	9,526,651	162,784,241	13,252,252	
-	-	29,022	-	
5,583	57,701	661,189	47,985	
178	1,841	21,099	1,533	
5,761	59,542	711,310	49,518	
325,199	347,217	2,804,829	785,742	
-	1,449	173,360	6,657	
-	5,114	5,114	-	
-	-	20,670	-	
710,000	272,368	1,026,063	-	
-	-	2,132	-	
-	-	973,816	-	
-	-	914,000	-	
-	4,628	395,705	30,162	
1,035,199	630,776	6,315,689	822,561	
-	-	5,986,310	-	
-	14	371,849	33,133	
11,676	120,657	1,382,629	100,342	
11,676	120,671	7,740,788	133,475	
1,046,875	751,447	14,056,477	956,036	
14,361	148,399	1,700,518	123,413	
4,532	46,805	536,356	38,926	
18,893	195,204	2,236,874	162,339	
403,863	7,019,449	107,409,082	3,959,398	
(354,777)	1,620,093	39,793,118	8,223,997	
\$ 49,086	\$ 8,639,542	\$ 147,202,200	\$ 12,183,395	
Adjustment to reflect consolidation of internal service fund activities		3,483,506		
Total net position from above		147,202,200		
Net position of business-type activities		\$ 150,685,706		

CITY OF MIDDLETOWN, OHIO
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES OF NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

Business Type Activities - Enterprise Funds

	Water	Sewer	Storm Water
Operating revenues:			
Charges for services	\$ 10,293,200	\$ 16,097,243	\$ 2,433,176
Other operating revenue	10,620	14,293	3,314
Total operating revenues	10,303,820	16,111,536	2,436,490
Operating expenses:			
Personal services	2,319,114	3,106,992	593,364
Contractual services	2,553,409	2,670,251	447,505
Commodities	734,245	635,249	44,762
Depreciation	1,308,885	2,101,729	419,538
Other operating expenses	-	195,658	26,400
Total operating expenses	6,915,653	8,709,879	1,531,569
Operating income (loss)	3,388,167	7,401,657	904,921
Non-operating revenues (expenses):			
Interest revenue	172,875	333,184	21,323
Interest expense and fiscal charges	(60,637)	(127,864)	-
Operating grants	-	-	-
Total non-operating revenues (expenses)	112,238	205,320	21,323
Income (loss) before contributions and transfers	3,500,405	7,606,977	926,244
Capital contributions	-	1,252,633	1,006,002
Transfers-in	-	-	-
Transfers-out	(42,688)	(42,688)	-
Change in net position	3,457,717	8,816,922	1,932,246
Total net position, beginning of year	41,833,779	67,125,503	15,347,405
Total net position, end of year	\$ 45,291,496	\$ 75,942,425	\$ 17,279,651

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	
\$ 3,879,047 141	\$ 665,088 1,636	\$ 33,367,754 30,004	\$ 9,513,822 104,815		
3,879,188	666,724	33,397,758	9,618,637		
23,436 3,886,883 - 2,357 3,498	17,573 1,025,021 196,500 729,353 -	6,060,479 10,583,069 1,610,756 4,561,862 225,556	473,147 6,796,366 479,342 1,157,538 -		
3,916,174	1,968,447	23,041,722	8,906,393		
(36,986)	(1,301,723)	10,356,036	712,244		
- - -	- (188,501) 2,505,888	527,382 2,505,888	89,027 - -		
-	2,505,888	2,844,769	89,027		
(36,986)	1,204,165	13,200,805	801,271		
- - -	900,810 48,000 -	3,159,445 48,000 (85,376)	- - -		
(36,986)	2,152,975	16,322,874	801,271		
86,072	6,486,567	130,879,326	11,382,124		
\$ 49,086	\$ 8,639,542	\$ 147,202,200	\$ 12,183,395		

Adjustment to reflect consolidation of Internal Service Fund Activities	\$ 160,254
Changes in net position of enterprise funds	<hr/> \$ 16,322,874
Changes in net position of business-type activities	\$ 16,483,128

CITY OF MIDDLETOWN, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR YEAR ENDED DECEMBER 31, 2022

Business Type Activities - Enterprise Funds							Governmental Activities - Internal Service Funds		
	Water	Sewer	Storm Water	Solid Waste Disposal	Non Major Enterprise Funds	Totals			
Cash flows from operating activities:									
Cash received from customers	\$ 10,310,987	\$ 16,279,645	\$ 2,437,656	\$ 3,875,496	\$ 666,579	\$ 33,570,363	\$ (10,960,430)	\$ (7,304,945)	
Cash payments to suppliers for goods and services	(3,139,399)	(2,177,763)	(261,006)	(4,195,508)	(1,186,754)	(90,797)	(6,168,036)	(449,794)	
Cash payments to employees for services	(2,414,787)	(2,868,710)	(766,665)	(27,077)	-	144	-	-	
Miscellaneous revenues	-	-	-	-	-	-	-	-	
Cash received from interfund services provided	-	-	-	-	-	-	-	-	
Cash payments for interfund services used	(545,532)	(610,201)	(154,037)	(4,300)	(230,451)	(1,544,521)	-	-	
Net cash provided (used) by operating activities	4,211,269	10,622,971	1,255,948	(351,389)	(841,279)	14,997,520	1,584,988		
Cash flows from non-capital financing activities:									
Operating grants	-	-	-	-	450,000	-	1,996,935	1,996,935	
Interfund loan receipts/(payments)	-	-	-	-	-	-	450,000	450,000	
Transfers-in from other funds	-	-	-	-	-	-	48,000	48,000	
Transfers-out to other funds	(42,688)	(42,688)	-	-	-	-	-	(85,376)	
Net cash provided (used) by non-capital financing activities	(42,688)	(42,688)	-	450,000	2,044,935	2,409,559			
Cash flows from capital and related financing activities:									
Proceeds from issuance of bonds	-	2,000,000	-	-	-	(1,914,438)	-	2,000,000	
Purchase of capital assets	(4,887,208)	(8,434,743)	(826,100)	-	-	-	-	(16,062,489)	(1,740,115)
Interest expense and fiscal charges	(74,750)	(177,081)	-	-	-	-	-	(251,831)	-
Repayment of debt principal	(220,000)	(2,578,000)	-	-	-	-	-	(2,798,000)	-
Capital contributions	-	256,435	-	-	-	-	-	256,435	-
Capital grants	-	-	-	-	-	-	-	900,810	-
Net cash used by capital and related financing activities	(5,181,958)	(8,933,389)	(826,100)	-	(1,013,628)	(15,955,075)	(1,740,115)		
Cash flows from investing activities:									
Interest income	172,875	333,184	21,323	-	-	-	527,382	89,027	
Net cash provided by investing activities	172,875	333,184	21,323	-	-	527,382	89,027		
Net change in cash and cash equivalents	(840,502)	1,980,078	451,171	98,611	190,028	1,879,386			
Cash and pooled investments, beginning of year	14,752,553	22,765,644	1,291,867	400,044	1,072,114	40,282,222		8,584,177	
Cash and pooled investments, end of year	\$ 13,912,051	\$ 24,745,722	\$ 1,743,038	\$ 498,655	\$ 1,262,142	\$ 42,161,608	\$ 8,517,897		

continued

CITY OF MIDDLETOWN, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR YEAR ENDED DECEMBER 31, 2022

Business Type Activities - Enterprise Funds						Governmental Activities - Internal Service 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)	\$ 3,388,167	\$ 7,401,657	\$ 904,921	\$ (36,986)	\$ (1,301,723)	\$ 10,356,036	\$ 712,244	
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation								
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:								
Decrease (increase) in accounts receivable (net)	14,060	168,109	1,166	(3,692)	-	179,643	(38,414)	
Decrease (increase) in inventory of supplies	(563,368)	7,245	(4,244)	-	-	(560,367)	(85,399)	
Decrease (increase) in due from other funds	(81,844)	(93,520)	(17,650)	(1,803)	(18,626)	-	(144,304)	
Decrease (increase) in net OPEB asset						(213,443)	(15,490)	
Decrease (increase) in deferred outflows of resources - pension related	(58,160)	(66,456)	(12,542)	(1,281)	(13,236)	(151,675)	(11,008)	
Decrease (increase) in deferred outflows of resources - OPEB related	68,809	78,625	14,839	1,515	15,660	179,448	13,023	
Decrease (increase) in accounts payable	421,021	1,235,984	1,582	(305,127)	(205,736)	1,147,724	56,162	
Increase (decrease) in accrued wages and benefits	4,677	53,146	337	-	(4,916)	53,244	954	
Decrease (decrease) in other accrued liabilities	-	-	-	-	5,114	5,114	-	
Decrease (decrease) in due to other funds	8,964	5,109	12,104	-	18,701	44,878	-	
Increase (decrease) in compensated absences payable	(3,726)	61,992	(1,700)	-	(13)	56,553	(5,733)	
Decrease (decrease) in due to other governments	46	-	-	-	46	-	-	
Decrease (decrease) in due to individuals	(6,892)	(396,018)	(452,510)	(85,402)	(8,722)	(90,127)	(1,032,779)	
Decrease (decrease) in net pension liability							(74,951)	
Decrease (decrease) in deferred inflows of resources - pension related	252,319	288,311	54,413	5,557	57,423	658,023	47,756	
Decrease (decrease) in deferred inflows of resources - OPEB related	(145,671)	(166,450)	(31,414)	(3,207)	(33,153)	(379,395)	(27,570)	
Total adjustments	823,102	3,221,314	351,027	(314,403)	460,444	4,541,484	872,564	
Net cash provided (used) by operating activities	\$ 4,211,269	\$ 10,622,971	\$ 1,255,948	\$ (351,389)	\$ (841,279)	\$ 14,897,520	\$ 1,584,808	

Noncash investing, capital and financing activities:
Capital contribution of assets from developers

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

CITY OF MIDDLETOWN, OHIO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2022

	Custodial Funds
Assets	
Cash and equity in pooled cash, deposits and investments	\$ 210,746
Cash and cash equivalents in segregated accounts	252,429
Total assets	<u>463,175</u>
Liabilities	
Due to individuals	108,757
Due to other governments	354,418
Total liabilities	<u>463,175</u>
Net Position	
Total net position	<u>\$ -</u>

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

CITY OF MIDDLETOWN, OHIO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR YEAR ENDED DECEMBER 31, 2022

	Custodial Funds
Additions	
Taxes collected for distribution	\$ 3,137,345
Fines, licenses and permits for distribution	2,043,564
Total additions	5,180,909
Deductions	
Distributions to other governments	3,576,007
Distributions on behalf of others	1,604,902
Total deductions	5,180,909
Net increase (decrease) in fiduciary net position	-
Net Position - beginning of year	-
Net Position - end of year	\$ -

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

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

Blended Component Unit

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

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

The Middletown Port Authority (the Port) was created by City Council on January 5, 2021 and is governed by a seven-member board that is appointed by the Mayor and confirmed by Council. Although the Port is legally separate from the City, the Port is reported as if it were part of the primary government since the resources received and held by the Port were used exclusively for the benefit of the City in 2021. The Port is responsible for working with the City and private

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

business sector for the attraction and business expansion of companies and projects that will positively impact the City and maintain the quality of infrastructure within the City.

Related Organization

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

Included within the reporting entity:

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

B. BASIS OF PRESENTATION

Government-wide Financial Statements

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

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

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

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

Net position is reported as restricted when constraints placed upon its use are either: 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. The net position restricted for other purposes results from special revenue funds and

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

the restriction on their use. When both restricted and non-restricted resources are available for use, it is the City's policy to use non-restricted resources first, and then restricted resources, as they are needed.

Fund Financial Statements

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

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

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

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

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

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

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.

Street Levy Fund – To account for all income tax receipts collected from the ten year 0.25% income tax increase approved by voters November 3, 2020, (beginning January 1, 2021) and the expenses related solely to the construction, repair, improvement and maintenance of streets and roads within the City, including payment of the bond issuance related to the street paving project beginning in 2021.

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

ARPA Fund (American Rescue Plan Act of 2021 Fund) – To account for revenue and expenses related to the Act. These funds are in response to the economic fallout of the COVID-19 pandemic in the United States and will provide needed relief to support the public health response and lay the foundation for a strong and equitable economic recovery.

Fire Station Levy Fund – To account for all property tax receipts collected from the twenty-five year 1-mill property tax approved by voters May 3, 2022, (beginning January 1, 2023) which replaced an expiring levy of the same millage. The expenses related will be for the construction of four new fire stations within the City and payment debt related to the bond issuance related to the construction beginning in 2022.

Butler County ARPA Fund – To account for revenue and expenses related to the American Rescue Plan Act that Butler County has distributed to the City. These funds will be used in the same manner as the funds received from the ARPA Fund to continue the economic recovery for Middletown.

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 custodial funds which account for assets held on behalf of others. The government-wide statements exclude the fiduciary funds of the City.

C. BASIS OF ACCOUNTING

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

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 outflows 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 custodial funds, which consist of Municipal Court and Joint Economic Development District I (JEDD). These funds which are custodial in nature. Custodial 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 and agency

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

securities, and money market funds containing only U. S. Treasury and agency securities. Investments in U.S. Treasury securities, measured at amortized cost and 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, 2022, 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 \$100 million or more. STAR Ohio reserves the right to limit the transactions to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

STAR Plus is a federally-insured cash account powered by the Federally Insured Cash Account (FICA) program. STAR Plus enables political subdivisions to generate a competitive yield on cash deposits in a network of carefully selected FDIC-insured banks via single, convenient account. STAR Plus offers attractive yields with no market or credit risk, weekly liquidity, and penalty-free withdrawals. All deposits with STAR Plus have full FDIC insurance with no term commitment on deposits.

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 AND CASH EQUIVALENTS IN SEGREGATED ACCOUNTS

Cash and cash equivalent in segregated accounts represents either money earmarked for the JEDD earnings taxes collected that are to be remitted to other governments, or court fines and forfeitures to be distributed to other governments.

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.

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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. FUND BALANCES

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

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

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

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

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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.

J. 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

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Pension Fund, the Fire Pension Fund, the Public Safety Fund, the Street Levy Fund, the General Obligation Debt Service Fund, the Termination Pay 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
Governmental Funds:		
General Fund	\$0	\$743,444
Non Major Governmental Funds	\$780,820	\$0
Enterprise Funds:		
Water Fund	\$0	\$42,688
Sewer Fund	\$0	\$42,688
Non Major Enterprise Funds	\$48,000	\$0
TOTAL	\$828,820	\$828,820

A brief description of transfers include:

- \$300,000 to the Nuisance Abatement Fund for nuisance and demolition
- \$175,000 to the Downtown Improvements Fund for downtown improvements
- \$157,194 to the Economic Development Bond Fund for debt payments
- \$85,376 to the Computer Replacement Fund for anticipated computer replacements for the Water and Sewer Fund
- \$48,000 to the Transit Fund for general operating expenses
- \$47,250 to the Middletown Port Authority for the General Fund
- \$16,000 to the Conservancy Fund for property tax payments

K. INTERGOVERNMENTAL REVENUES

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

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

L. COMPENSATED ABSENCES

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

Accumulated Unpaid Vacation

All Union City employees and City employees hired before January 1, 2018 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 Paid Time Off

City employees hired on or after January 1, 2018 earn paid time off at varying rates based upon length of service and position. Upon separation from the City, the employee (or their estate) is paid for his accumulated unused paid time off balance. The City accrues unused portions of paid time off pay in the period earned.

Accumulated Unpaid Sick Leave

All Union City employees (except tour firefighters) and City employees hired before January 1, 2018, 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, 2022, the total liability of the City for compensated absences was \$7,069,469.

M. PENSIONS/OTHER POSTEMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the net pension/OPEB liability/asset, 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.

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

N. 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.

O. 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 assets that applies to future periods 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 assets that applies to future periods 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, 2022, but which were levied to finance fiscal year 2023 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City unavailable revenue includes delinquent property taxes, other taxes, special assessments and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balance to net position of governmental activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position and are explained in the pension and OPEB footnotes.

P. 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.

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

An annual appropriation budget is prepared on the cash basis for all funds of the City except Custodial 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 Custodial 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 2022.

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 2022 increased the original 2022 Appropriation Resolution by \$23,268,526 for all budgeted funds. The majority of these supplemental appropriations are due to the following factors:

- \$7,000,000 income tax additional receipts to be transferred to General Fund, Fire & Police Pension Funds, Public Safety Fund and Street Levy Fund
- \$2,044,030 for debt service for bond and note related to the design and construction of a maintenance building at the Water Reclamation Facility
- \$1,922,531 for American Rescue Plan Act premium bonus pay for City employees related to the pandemic
- \$1,527,833 for debt service and building expense related to four new Fire Station construction project
- \$1,385,618 for debt service related to the purchase of a Sutphen aerial ladder fire truck
- \$1,261,644 for additional legal services expenses
- \$950,000 Public Safety income tax additional receipts transferred to the General Fund

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

- \$848,071 for additional paving expenses for various paving projects
- \$820,000 for design and construction related to the expansion and improvement of the Community Center
- \$600,000 for additional transfers from the General Fund to the Nuisance Abatement Fund and the Solid Waste Fund for professional services
- \$489,915 for the purchase of a new emergency generator for the City Building

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 2022 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 2022, 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, 2021, reflect an "Appropriation for prior year encumbrances."

**NOTE 3 - CASH AND EQUITY IN POOLED CASH, DEPOSITS AND INVESTMENTS,
CASH IN SEGREGATED ACCOUNTS**

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.

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Cash deposits and investments of the City as of December 31, 2022, are comprised of the following:

Deposits	
Petty Cash	\$5,375
Certificate of Deposit	\$10,203,494
Demand deposit accounts	<u>30,929,676</u>
Subtotal deposits	\$41,138,545
Investments	
Money Market Funds	\$215,478
Commercial Paper	\$2,315,409
U.S. Government and Agency	\$66,966,550
STAR Ohio	<u>\$29,844,325</u>
Subtotal investments	<u>\$99,341,762</u>
Total	<u>\$140,480,307</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.

State statute permits interim monies to be deposited in the following securities:

1. United States Treasury notes, bills, bonds, or any other obligations or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bond, notes, debentures, or any other obligations of securities issued by the federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent to be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this section are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptance and commercial paper notes for a period not to exceed one hundred and eighty day in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, city, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. An investment must mature within five years for the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Finance Director or, if the securities are represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year-end, 28.4% (\$11,250,995) of the City's bank balance of \$39,573,352 was covered by Federal Deposit Insurance Corporation (FDIC) and the remaining was covered by pooled collateral.

The City's investments at December 31, 2022 are summarized as follows:

	<u>Fair Value</u>	<u>Average Maturity Years</u>
U.S. Government and Agency	\$50,153,957	2.19
US Treasury Notes	\$16,812,593	2.31
STAR Ohio	\$29,844,325	n/a
Commercial Paper	\$2,315,409	0.3
US Money Market Funds	<u>\$215,478</u>	n/a
	<u><u>\$99,341,762</u></u>	

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Fair Value Measurement

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

Credit Risk

It is the City's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top two ratings by nationally recognized statistical rating organizations. The City's investments in the U.S. Money Market Funds were rated AAA by Standard & Poor's. Investments in STAR Ohio were rated AAA by Standard & Poor's. U.S. Government and Agency and U.S. Treasury Notes were rated AA+ 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, 2022 (using the current financial resource measurement focus), the following funds had a deficit fund balance: 2020 Sidewalk Curb and Gutter Program (\$736,027), 2019 Sidewalk Curb and Gutter Program (\$284,392), 2021 Sidewalk Curb and Gutter Program (\$195,380), Conservancy District (\$55,928), 2018 Sidewalk Curb and Gutter Program (\$55,875), Central Avenue Sidewalk Curb & Gutter Program (\$43,151), and Neighborhood Stabilization (\$36,953).

NOTE 5 - PROPERTY TAXES

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

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

The assessed value upon which the 2022 taxes were collected was \$866,706,120. The full tax rate for all City operations for the fiscal year ended December 31, 2022, 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, 2022. 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 2022 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 2 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. An additional 0.25% was added January 1, 2021 with the passage of a ten year Street Levy for road improvements within the City. Employers within the City are required to withhold income tax on employee compensation and remit it to the City at least quarterly. Corporations and certain individual taxpayers are required to pay quarterly estimates with the largest corporations remitting monthly.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows:

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

GOVERNMENTAL ACTIVITIES

<u>Capital Asset</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$16,045,404			\$16,045,404
Construction in progress	\$9,007,432	\$18,405,237	(\$1,911,693)	\$25,500,976
Total capital assets, not being depreciated	\$25,052,836	\$18,405,237	(\$1,911,693)	\$41,546,380
Capital assets, being depreciated:				
Land improvements	\$845,313			\$845,313
Buildings	\$30,755,985	\$719,597		\$31,475,582
Equipment	\$34,527,365	\$3,890,214	(\$41,270)	\$38,376,309
General infrastructure	\$221,167,149	\$2,884,966		\$224,052,115
Total capital assets, being depreciated	\$287,295,812	\$7,494,777	(\$41,270)	\$294,749,319
Totals at Historical Cost	\$312,348,648	\$25,900,014	(\$1,952,963)	\$336,295,699
Less accumulated depreciation:				
Land improvements	\$601,090	\$5,734		\$606,824
Buildings	\$22,647,472	\$684,585		\$23,332,057
Equipment	\$25,162,981	\$2,204,290	(\$22,603)	\$27,344,668
General infrastructure	\$172,010,239	\$3,776,053		\$175,786,292
Total depreciation	\$220,421,782	\$6,670,662	(\$22,603)	\$227,069,841
Capital Assets, Net	\$91,926,865	\$19,229,352	(\$1,930,360)	\$109,225,858

Depreciation was charged to governmental functions as follows:

Community environment	\$112,398
General Government	\$1,899,064
Leisure	\$131,434
Public health and welfare	\$13,579
Public safety	\$737,145
Highways and streets	<u>\$3,777,042</u>
Total	<u>\$6,670,662</u>

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

BUSINESS-TYPE ACTIVITIES				
<i>Capital Asset</i>	<i>Beginning Balance</i>	<i>Increase</i>	<i>Decrease</i>	<i>Ending Balance</i>
Capital assets, not being depreciated:				
Land	\$3,897,840			\$3,897,840
Construction in progress	\$2,735,653	\$8,611,743	(\$1,149,845)	\$10,197,551
Total capital assets, not being depreciated	\$6,633,493	\$8,611,743	(\$1,149,845)	\$14,095,391
Capital assets, being depreciated:				
Land improvements	\$933,241	\$54,250		\$987,491
Buildings	\$33,919,770	\$2,228,123		\$36,147,893
Equipment	\$28,754,075	\$3,459,050		\$32,213,125
General infrastructure	\$126,656,401	\$4,861,368		\$131,517,769
Total capital assets, being depreciated	\$190,263,487	\$10,602,791	\$0	\$200,866,278
Totals at Historical Cost	\$196,896,980	\$19,214,534	(\$1,149,845)	\$214,961,669
Less accumulated depreciation:				
Land improvements	\$573,273	\$44,588		\$617,861
Buildings	\$20,895,165	\$783,520		\$21,678,685
Equipment	\$21,207,502	\$1,128,099		\$22,335,601
General infrastructure	<u>\$53,589,034</u>	<u>\$2,605,655</u>		<u>\$56,194,689</u>
Total depreciation	\$96,264,974	\$4,561,862	\$0	\$100,826,836
Total capital assets, being depreciated, net	\$93,998,513	\$6,040,929	\$0	\$100,039,442
Capital Assets, Net	\$100,632,006	\$14,652,672	(\$1,149,845)	\$114,134,833

Depreciation was charged to Enterprise Funds as follows:

Water	\$1,308,885
Sewer	\$2,101,729
Storm	\$419,538
Solid Waste	\$2,357
Airport	\$291,407
Transit	\$437,946
Total	\$4,561,862

NOTE 8 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
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.

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.

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

	State and Local	Public Safety	Law Enforcement
2022 Statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee	10.0%	*	**
2022 Actual Contribution Rates			
Employer:			
Pension	14.0%	18.1%	18.1%
Post-employment Health Care Benefits	0.0%	0.0%	0.0%
Total Employer	<u>14.0%</u>	<u>18.1%</u>	<u>18.1%</u>
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 \$1,935,811 for 2022. Of this amount, \$161,318 is reported as accrued wages and benefits payable.

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

City 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. 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.

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

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

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

	Police	Firefighters
2022 Statutory Maximum Contribution Rates		
Employer	19.50%	24.00%
Employee:	12.25%	12.25%
2022 Actual Contribution Rates		
Employer:		
Pension	19.00%	23.50%
Post-employment Health Care Benefits	0.50%	0.50%
 Total Employer	 19.50%	 24.00%
Employee:	12.25%	12.25%

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$2,719,559 for 2022. Of this amount \$226,630 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, 2022, the specific liability of the City was \$1,088,450 payable in semi-annual payments through the year 2035.

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

The net pension liability for OPERS was measured as of December 31, 2021, 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, 2021, and was determined by rolling forward the total pension liability as of January 1, 2021, to December 31, 2021. 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

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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	\$ 7,271,367	\$ 29,174,346	\$ 36,445,713
Proportion of the Net Pension Liability:			
Current Measurement Date	0.083575%	0.466982%	
Prior Measurement Date	0.085785%	0.456035%	
Change in Proportionate Share	<u>-0.002210%</u>	<u>0.010947%</u>	
Pension Expense	\$ (832,732)	\$ 1,734,580	\$ 901,848

At December 31, 2022, 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	\$ 261,485	\$ 800,771	\$ 1,062,256
Differences between expected and actual experience	370,684	841,474	1,212,158
Change in Assumptions	909,277	5,339,543	6,248,820
Entity contributions subsequent to the measurement date	1,935,811	2,719,559	4,655,370
Total Deferred Outflows of Resources	<u>\$ 3,477,257</u>	<u>\$ 9,701,347</u>	<u>\$ 13,178,604</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$ 8,649,026	\$ 7,572,943	\$ 16,221,969
Differences between expected and actual experience	159,479	1,502,962	1,662,441
Changes in employer proportion and differences between contributions and proportionate share of contributions	134,659	807,034	941,693
	<u>\$ 8,943,164</u>	<u>\$ 9,882,939</u>	<u>\$ 18,826,103</u>

The City reported \$4,655,370 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Year Ending December 31:	OPERS	OP&F	Total
2023	(978,487)	(34,784)	(1,013,271)
2024	(3,013,636)	(2,178,696)	(5,192,332)
2025	(2,033,736)	(837,385)	(2,871,121)
2026	(1,375,859)	(512,409)	(1,888,268)
2027	-	662,123	662,123
Total	\$ (7,401,718)	\$ (2,901,151)	\$ (10,302,869)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Measurement and Valuation Date	December 31, 2021
Experience Study	5-Year Period Ended December 31, 2020
Actuarial Cost Method	Individual Entry Age
Actuarial Assumptions:	
Investment Rate of Return:	
Current Measurement Period	6.90 percent
Prior Measurement Period	7.20 percent
Wage Inflation:	
Current Measurement Period	2.75%
Prior Measurement Period	3.25%
Projected Salary Increases:	
Current Measurement Period	2.75% to 10.75% (including wage inflation at 2.75%)
Prior Measurement Period	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 2022, then 2.05% simple

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The allocation of investment assets within 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

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

benefit pension plans. 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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00%	1.03%
Domestic Equities	21.00%	3.78%
Real Estate	11.00%	3.66%
Private Equity	12.00%	7.43%
International Equities	23.00%	4.88%
Risk Parity	5.00%	2.92%
Other Investments	4.00%	2.85%
Total	100.00%	4.21%

Discount Rate The discount rate used to measure the total pension liability was 6.9% for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9 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 (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
	5.90%	6.90%	7.90%
Entity's proportionate share of the net pension liability / (asset)	\$ 19,171,269	\$ 7,271,367	\$ (2,630,941)

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Actuarial Assumptions – OPF

OPF's total pension liability as of December 31, 2021 is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2021, are presented below:

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Actuarial Assumption	
Experience Study Date	5 Year Period Ended December 31, 2016
Investment Rate of Return	
Current Measurement Date	7.50%
Prior Measurement Date	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.5%
Cost of Living Increases	2.20% Per Year Simple

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

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

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

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

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

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 OP&F's Statement of Investment Policy. A forecasted rate of inflation serves as a 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 real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2021 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00%	0.00%
Domestic Equity	21.00%	3.60%
Non-US Equity	14.00%	4.40%
Private Markets	8.00%	6.80%
Core Fixed Income *	23.00%	1.10%
High Yield Fixed Income	7.00%	3.00%
Private Credit	5.00%	4.50%
US Inflation Linked Bonds*	17.00%	0.80%
Midstream Energy Infrastructure	5.00%	5.00%
Real Assets	8.00%	5.90%
Gold	5.00%	2.40%
Private Real Estate	12.00%	4.80%
Total	125.00%	

Note: Assumptions are geometric

* levered 2X

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate Total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions 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 7.50 percent. Based on those assumptions, OP&F's fiduciary net position was projected to be available to make all future benefit payment 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.

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
	6.50%	7.50%	8.50%
Entity's proportionate share of the net pension liability	\$ 43,265,131	\$ 29,174,346	\$ 17,440,180

NOTE 9 – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/(Asset)

The net OPEB liability/ (asset) reported on the statement of net position represents a liability to/assets for 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/(asset) 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/(asset) 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.

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/(asset). 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.

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB asset* or *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 *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via a Health Reimbursement Arrangement allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

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 No. 75. See OPERS' Annual Comprehensive Financial Report 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 statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, 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 Traditional Pension and Combined plans' employer contributions allocated to health care was zero in 2022. 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 2022 was 4.0 percent.

The City's contractually required contribution was \$0 for 2022.

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

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined postemployment healthcare plan. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees.

On January 1, 2019, OP&F changed the way it supports retiree health care. A stipend-based health care model has replaced the self-insured group health care plan that had been in place. OP&F has contracted with a vendor who can assist eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a health reimbursement arrangement and can be used to reimburse retirees for qualified health care expenses.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB. 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 Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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 24.0 percent of covered payroll for police employer units and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 and 24.0 percent of covered payroll for police employer units and fire employer units, respectively. Active members do not make contributions to the OPEB plan.

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 IRS Code Section 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 2021, the portion of the 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 Section 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 \$64,675 for 2022. Of this amount, \$5,390 is reported as accrued wages and benefits payable.

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

The net OPEB asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, 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, 2021 and was determined by rolling forward the total OPEB liability as of January 1, 2021 to December 31, 2021. The City's proportion of the net OPEB liability/(asset) 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:

	OPERS	OP&F	Total
Proportionate Share of Net OPEB Liability/(Asset)	\$ (2,685,234)	\$ 5,118,527	\$ 2,433,293
Proportion of Net OPEB Liability:			
Current Measurement Date	0.085731%	0.466982%	
Prior Measurement Date	<u>0.087715%</u>	<u>0.456035%</u>	
Change in Proportionate Share	<u>-0.001984%</u>	<u>0.010947%</u>	
 OPEB (Negative) Expense	 \$ (2,176,685)	 \$ 472,496	 \$ (1,704,189)

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes in employer proportion and differences between contributions and proportionate share of contributions	\$ 110,963	\$ 359,704	\$ 470,667
Differences between expected and actual experience	-	232,847	232,847
Change in Assumptions	-	2,273,189	2,273,189
Contributions subsequent to the measurement date	-	64,675	64,675
Total Deferred Outflows of Resources	\$ 110,963	\$ 2,930,415	\$ 3,041,378
	OPERS	OP&F	Total
Deferred Inflows of Resources			
Net difference between projected and actual earnings on OPEB plan investments	\$ 1,280,130	\$ 457,833	\$ 1,737,963
Differences between expected and actual experience	407,309	665,524	1,072,833
Change in Assumptions	1,086,952	606,793	1,693,745
Changes in employer proportion and differences between contributions and proportionate share of contributions	46,350	182,090	228,440
Total Deferred Inflows of Resources	\$ 2,820,741	\$ 1,912,240	\$ 4,732,981

\$64,675 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 or an increase in the net OPEB asset in 2023. 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:			
2023	(1,635,248)	268,604	(1,366,644)
2024	(610,982)	198,540	(412,442)
2025	(279,702)	206,814	(72,888)
2026	(183,846)	35,199	(148,647)
2027	-	111,226	111,226
Thereafter	-	133,117	133,117
Total	(2,709,778)	953,500	(1,756,278)

Actuarial Assumptions - OPERS

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

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverages 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, 2020, rolled forward to the measurement date of December 31, 2021.

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:

Actuarial Valuation Date	December 31, 2020
Rolled-Forward Measurement Date	December 31, 2021
Experience Study	5-Year Period Ended December 31, 2020
Actuarial Cost Method	Individual Entry Age
Actuarial Assumptions:	
Single Discount Rate	6.00%
Investment Rate of Return	6.00%
Municipal Bond Rate:	
Current Measurement Period	1.84%
Prior Measurement Period	2.00%
Wage Inflation:	
Current Measurement Period	2.75%
Prior Measurement Period	3.25%
Projected Salary Increases:	
Current Measurement Period	2.75% to 10.75% (Includes Wage Inflation at 2.75%)
Prior Measurement Period	3.25% to 10.75% (Includes Wage Inflation at 3.25%)
Health Care Cost Trend Rate:	
Current Measurement Period	5.50% initial, 3.50% Ultimate in 2034
Prior Measurement Period	8.50% initial, 3.50% Ultimate in 2035

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The allocation of investment assets within the Health Care portfolio is approved by the Board 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. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. 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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care portfolios target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00%	0.91%
Domestic Equities	25.00%	3.78%
Real Estate Investment Trusts	7.00%	3.71%
International Equities	25.00%	4.88%
Risk Parity	2.00%	2.92%
Other investments	7.00%	1.93%
Total	100.00%	3.45%

Discount Rate A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. 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) a 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 the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. 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 the year 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate
The following table presents the City's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what the City's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
	5.00%	6.00%	7.00%
Entity's proportionate share of the net OPEB asset	\$ (1,579,165)	\$ (2,685,234)	\$ (3,603,274)

Sensitivity of the City's Proportionate Share of the Net OPEB Asset 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 asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset 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

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

	Current Health Care		
	Cost Trend Rate		
	1% Decrease	Assumption	1% Increase
Entity's proportionate share of the net OPEB asset	\$ (2,714,243)	\$ (2,685,234)	\$ (2,650,803)

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50%. 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 the health care 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 3.50% in the most recent valuation.

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, 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 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.

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Actuarial Assumption	
Experience Study Date	5 Year Period Ended December 31, 2016
Investment Rate of Return	
Current Measurement Date	7.50%
Prior Measurement Date	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single Discount Rate:	
Current Measurement Date	2.84%
Prior Measurement Date	2.96%
Municipal Bond Rate:	
Current Measurement Date	2.05%
Prior Measurement Date	2.12%
Cost of Living Adjustments	2.20% simple

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

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

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

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

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

The 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 OP&F's Statement of Investment Policy. A forecasted rate of inflation serves as a 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, 2021, are summarized below:

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00%	0.00%
Domestic Equity	21.00%	3.60%
Non-US Equity	14.00%	4.40%
Private Markets	8.00%	6.80%
Core Fixed Income*	23.00%	1.10%
High Yield Fixed Income	7.00%	3.00%
Private Credit	5.00%	4.50%
U.S Inflation Linked Bonds*	17.00%	0.80%
Midstream Energy Infrastructure	5.00%	5.00%
Real Assets	8.00%	5.90%
Gold	5.00%	2.40%
Private Real Estate	<u>12.00%</u>	4.80%
	<u>125.00%</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 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate Total OPEB liability was calculated using the discount rate of 2.84 percent. The projection of cash flows used to determine the discount rate assumed the contributions 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 7.50 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, a municipal bond rate of 2.05 percent at December 31, 2021 and 2.12 percent at December 31, 2020 was blended with the long-term rate of 7.50 percent, which resulted in a blended discount rate of 2.84 percent.

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 2.84 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 (1.84 percent), or one percentage point higher (3.84 percent) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
	1.84%	2.84%	3.84%
Entity's proportionate share of the net OPEB liability	\$ 6,434,099	\$ 5,118,527	\$ 4,037,119

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2022, 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 \$645,753.

Year	Beginning of Fiscal Year Liability	Current Year Claims & Changes In Estimate	Claim Payments	Balance At Fiscal Year End
2021	\$798,398	\$6,185,485	\$6,378,843	\$605,040
2022	\$605,040	\$6,168,651	\$6,127,938	\$645,753

NOTE 11 - LONG TERM OBLIGATIONS

Long-term obligation of the City as of December 31, 2022 are as follows:

A. GOVERNMENTAL ACTIVITIES

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Principal Due Within One Year	Interest Paid in 2022
2004 Roosevelt Ave. Improvements	\$130,000	\$0	\$40,000	\$90,000	\$45,000	\$7,150
2017 Towne Blvd. Improvements	\$300,000	\$0	\$15,000	\$285,000	\$95,000	\$11,250
2007 Cincinnati Dayton Rd Sewer	\$52,000	\$0	\$10,000	\$42,000	\$10,000	\$2,470
2014 Jefferson Road	\$85,000	\$0	\$5,000	\$80,000	\$5,000	\$4,463
2014 S Main St Lighting	\$60,000	\$0	\$20,000	\$40,000	\$20,000	\$3,150
2021 Made Industrial Drive Improvemer	\$2,160,000	\$0	\$0	\$2,160,000	\$0	\$105,156
Total Special Assessment Bonds	\$2,787,000	\$0	\$90,000	\$2,697,000	\$175,000	\$133,639

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Principal Due Within One Year	Interest Paid in 2022
<i>General Obligation Bonds:</i>						
2017 Towne Blvd/SR 122/I-75	\$200,000	\$0	\$50,000	\$150,000	\$50,000	\$9,158
2017 Towne Blvd. Extension	\$230,000	\$0	\$230,000	\$0	\$0	\$9,694
2017 Refunding Bonds	\$3,115,000	\$0	\$340,000	\$2,775,000	\$350,000	\$124,400
2010 Greentree Health Science Academy	\$3,020,000	\$0	\$260,000	\$2,760,000	\$270,000	\$183,165
2013 Court of Appeals	\$520,450	\$0	\$256,480	\$263,970	\$263,970	\$20,617
2013 MRH Land	\$719,550	\$0	\$353,520	\$366,030	\$366,030	\$28,984
2015 AK Steel Holding Corp Project	\$1,590,000	\$0	\$85,000	\$1,505,000	\$90,000	\$72,193
2015 Bender Tract	\$1,400,000	\$0	\$130,000	\$1,270,000	\$135,000	\$59,523
2022 Various Purpose Bonds - Ladder Truck	\$0	\$1,300,000	\$57,000	\$1,243,000	\$121,000	\$17,276
2022 Fire Facilities Bonds	\$0	\$16,800,000	\$0	\$16,800,000	\$50,000	\$233,868
Premiums	\$155,450	\$1,006,370	\$154,211	\$1,007,609		
Total General Obligation Bonds	\$10,950,450	\$19,106,370	\$1,916,211	\$28,140,609	\$1,696,000	\$758,878
<i>General Obligation Notes Payable:</i>						
Various Purpose Notes	\$1,300,000	\$0	\$1,300,000	\$0	\$0	\$11,342
Total General Obligation Notes Payable	\$1,300,000	\$0	\$1,300,000	\$0	\$0	\$11,342
<i>Revenue Obligation Bonds (Voted):</i>						
2021 Income Tax Street Improvements	\$28,684,000	\$0	\$2,807,000	\$25,877,000	\$2,897,000	\$424,523
Total Revenue Obligation Bonds (Voted)	\$28,684,000	\$0	\$2,807,000	\$25,877,000	\$2,897,000	\$424,523
Compensated Absences	\$5,851,255	\$2,762,415	\$2,311,756	\$6,301,914	\$2,532,516	\$0
Police & Fire Pension						
Unfunded Accrued Liability	\$1,186,191	\$0	\$97,741	\$1,088,450	\$97,741	\$0
Total Governmental Activities	\$50,758,896	\$21,868,785	\$8,522,708	\$64,104,973	\$7,398,257	\$1,328,382

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

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

B. BUSINESS TYPE ACTIVITIES

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Principal Due Within One Year	Interest Paid in 2022
<i>General Obligation Bonds:</i>						
2017 Sewer	\$2,825,000	\$0	\$435,000	\$2,390,000	\$440,000	\$112,650
2014 Wastewater Energy Improvements	\$540,000	\$0	\$60,000	\$480,000	\$60,000	\$18,600
2014 Water Energy Improvements	\$1,980,000	\$0	\$220,000	\$1,760,000	\$225,000	\$74,750
2022 Various Purpose Bonds - Sewer Plant	\$0	\$2,000,000	\$83,000	\$1,917,000	\$189,000	\$26,578
Premium	\$418,499	\$0	\$65,189	\$353,310	\$0	\$0
Total General Obligation Bonds Payable	\$5,763,499	\$2,000,000	\$863,189	\$6,900,310	\$914,000	\$232,578
<i>General Obligation Notes Payable:</i>						
Various Purpose Notes - Sewer	\$2,000,000	\$0	\$2,000,000	\$0	\$0	\$17,453
Total General Obligation Notes Payable	\$2,000,000	\$0	\$2,000,000	\$0	\$0	\$17,453
Compensated Absences	\$711,001	\$402,168	\$345,615	\$767,554	\$395,705	\$0
Total Business Type Activities	\$8,474,500	\$2,402,168	\$3,208,804	\$7,667,864	\$1,309,705	\$250,031

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 \$63,046,663 at December 31, 2022. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2022 are as follows:

GOVERNMENTAL ACTIVITIES			
Police and Fire Pension Debt Schedule 12/31/22			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$52,217	\$45,524	\$97,741
2024	\$52,217	\$45,524	\$97,741
2025	\$52,217	\$45,524	\$97,741
2026	\$52,217	\$45,524	\$97,741
2027	\$52,217	\$45,524	\$97,741
2028-2032	\$261,085	\$227,620	\$488,705
2033-2034	\$59,366	\$51,674	\$111,040
Total	\$581,536	\$506,914	\$1,088,450

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

GOVERNMENTAL ACTIVITIES

General Obligation and Assessment Bonds Schedule 12/31/22

	General Obligation & Special Revenue Bonds			Special Assessment Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$4,593,000	\$1,614,427	\$6,207,427	\$175,000	\$123,555	\$298,555
2024	\$4,309,000	\$1,505,565	\$5,814,565	\$175,000	\$116,893	\$291,893
2025	\$4,459,000	\$1,393,997	\$5,852,997	\$171,000	\$107,190	\$278,190
2026	\$4,569,000	\$1,290,214	\$5,859,214	\$76,000	\$99,845	\$175,845
2027	\$4,716,000	\$1,174,352	\$5,890,352	\$70,000	\$96,300	\$166,300
2028-2032	\$16,234,000	\$4,141,831	\$20,375,831	\$405,000	\$428,885	\$833,885
2033-2037	\$2,800,000	\$2,801,600	\$5,601,600	\$485,000	\$324,495	\$809,495
2038-2042	\$3,025,000	\$2,103,600	\$5,128,600	\$585,000	\$204,470	\$789,470
2043-2047	\$3,750,000	\$1,380,100	\$5,130,100	\$555,000	\$41,745	\$596,745
2048-2052	\$4,555,000	\$566,718	\$5,121,718	\$0	\$0	\$0
Total	\$53,010,000	\$17,972,404	\$70,982,404	\$2,697,000	\$1,543,378	\$4,240,378

BUSINESS TYPE ACTIVITIES

General Obligation Bonds Schedule - 12/31/22

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$914,000	\$248,018	\$1,162,018
2024	\$945,000	\$222,617	\$1,167,617
2025	\$980,000	\$182,237	\$1,162,237
2026	\$1,021,000	\$145,057	\$1,166,057
2027	\$1,067,000	\$101,347	\$1,168,347
2028-2031	\$1,620,000	\$111,998	\$1,731,998
Total	\$6,547,000	\$1,011,274	\$7,558,274

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 Treasurers 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 Counties 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, 2022

In June 2022 the City issued long term Various Purpose Improvement Bonds in the amount of \$3,300,000 at 2.99% interest, with a maturity date of 12/01/2031. The Term Bond was issued to provide the financing for the construction, repair, and improvement of facilities at the Sewer Plant and to purchase a new aerial ladder fire truck.

In August 2022 the City issued long term Fire Facilities Bonds in the amount of \$16,800,000 at 4.30% interest, with a maturity date of 12/01/2052. The Term Bond was issued to provide the financing for the construction of four new Fire Stations for the City.

NOTE 12 - INTERFUND RECEIVABLES AND PAYABLES

The City's inter-fund receivables and payables at the end of 2022 were comprised of operating advances from the General Fund to other operating funds (\$3,040,136) and payments to the Municipal Garage Fund by the City operating funds for 2022 services (\$254,947). Inter-fund balances as of December 31, 2022 are as follows:

Fund	Receivables	Payables
Governmental Funds:		
General Fund	\$3,040,136	\$130,420
Health Fund	\$0	\$319
Non major government funds	\$0	\$2,138,281
Total governmental funds	\$3,040,136	\$2,269,020
Enterprise Funds:		
Water	\$0	\$17,550
Sewer	\$0	\$10,998
Storm Water	\$0	\$15,147
Solid Waste	\$0	\$710,000
Non major enterprise funds	\$0	\$272,368
Total enterprise funds	\$0	\$1,026,063
Internal Service Funds		
Internal service funds	\$254,947	\$0
Total internal service funds	\$254,947	\$0
Total all funds	\$3,295,083	\$3,295,083

NOTE 13 - CONTINGENT LIABILITY

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

For the period January 1, 2022, to December 31, 2022, the City received federal and State grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial to the financial statements as a whole.

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 14 - RISK MANAGEMENT

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

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2021, PEP retained \$500,000 for casualty claims and \$250,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other accountants) conform to generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2021 and 2020:

<u>Casualty & Property</u> <u>Coverage</u>	<u>2020</u>	<u>2021</u>
Assets	\$57,336,499	\$59,340,305
Liabilities	(\$16,156,805)	(\$17,071,953)
Net position - Unrestricted	<u>\$41,179,694</u>	<u>\$42,268,352</u>

At December 31, 2021 and 2020, the liabilities above included incurred claims payable. The assets above also include unpaid claims to be billed to approximately 589 member governments in the future, as of December 31, 2021 and 2020, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. At December 31, 2021, the city's share of these unpaid claims collectible in future years is approximately \$694,300.

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

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Contributions to PEP	
2018	\$577,497
2019	\$606,845
2020	\$622,220
2021	\$694,332
2022	\$785,833

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

NOTE 15 - SIGNIFICANT CONTRACTUAL OBLIGATIONS & ENCUMBRANCE COMMITMENTS

A. Contractual Commitments

As of December 31, 2022, 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:

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Vendor	Purpose	Amount Remaining
John R Jurgensen Company	2021 - 2022 Street Levy paving project	\$12,856,293
R A Miller Construction Co INC	2022 Local Street Improvements (22-16)	\$2,788,071
Barrett Paving Materials Inc	Valley View & Tarrimore WM Replacement	\$2,352,377
Shook Construction	Downtown CSO Storage Basin	\$2,138,934
Electrical Process Solutions	WRF Secondary Electrical Improvements (22-12)	\$1,860,000
Milcon Concrete, Inc.	Central Ave Improvements (21-11)	\$1,679,010
Aclara Technologies LLC	Automated Meter Reading Equipment	\$1,313,760
APP Architecture, INC	A&E Services for 4 Fire Stations	\$1,174,089
Triton Services INC	WRF Boiler Replacement	\$809,400
Redzone Robotics, Inc.	Sewer system condition assessment	\$751,462
Insituform Technologies LLC	Sewer Rehab - CIPP Lining	\$748,557
Hazen & Sawyer	Lime solids processing facility design	\$696,155
Granite Inliner	East Interceptor Sewer Rehabilitation (22-05)	\$612,467
Barrett Paving Materials, Inc	2021 Local Street Improvements	\$606,873
Brandstetter Carroll Inc.	Engin & Design for Community Center	\$559,400
Jacobs Engineering Group, Inc	Design of an elevated storage tank for water system reliability	\$520,580
Sidewinder Electric Co Inc	City Building Emergency Generator	\$489,915
Grid One Solutions	MTU Installation Services	\$472,348
AltaFiber	Public Wifi for Parks	\$469,739
Compass Minerals America INC	Purchase of Road Salt for 2022-2023 Season	\$419,985
Jack Doheny Company	Purchase of a new Vactor with hydro excavator for sewer maintenance	\$362,411
Proshot Concrete, INC	14th Ave Overflow Pipe Rehab (22-15)	\$279,838
J W Devers & Son Inc	Upfitting 3 Dump Trucks	\$277,880
Barrett Paving Materials, Inc	Poinciana Rd/Hampton Place water main replacement & reconstruction	\$270,759
Community Center Partners LLC	New Entertainment Complex Development	\$267,395
Brown & Caldwell Ohio LLC	Downtown CSO Storage Basin	\$231,167
JL Kuck General Contractors, Inc	Potable well 20 pumping system	\$196,772
AMS of Ohio	Airport FBO Agreement per Ord O2022-19	\$181,321
Perkins/Carmack Construction, LLC	Construction of maintenance building at Water Reclamation Facility	\$155,538
Whiteside of St. Clairsville	Purchase of 3 Trucks for Fire Dept	\$146,637
Riverbend Commercial Title Services, LP	Earnest Money Toward Property Purchase	\$125,000
Lutz Construction Management	Police Locker Room Remodel	\$118,559
		<hr/> \$35,932,692

B. Encumbrance Commitments

At December 31, 2022, the City had encumbrance commitments of \$13,668,832 in the Street Levy Fund, \$2,230,346 in the General Fund, \$2,105,084 in the Auto & Gas Fund, \$1,959,442 in the Capital Improvements Fund, \$1,174,089 in the Fire Station Levy Fund, \$1,153,012 in the American Rescue Plan Act Fund, \$57,154 for the Health Fund and \$12,509,252 for all other Governmental Funds.

NOTE 16 - RELATED ORGANIZATION

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

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 17 – 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, 2022 is \$82,940,000 hospital facilities revenue bonds issued on behalf of Atrium Medical Center.

NOTE 18 - JOINT ECONOMIC DEVELOPMENT DISTRICTS

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

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

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

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

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

NOTE 19 – 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, 2022

Fund Balances	General Fund	Special Assessment Debt Service Fund	Capital Improvements Fund	Health Fund	Street Levy Fund	Fire Station Levy Fund	Non-major Governmental Funds	Total Governmental Funds
Nonspendable								
Inventory of supplies	\$ 27,708	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 557,790	\$ 585,498
Interfund loans	3,040,136							3,040,136
Total Nonspendable	3,067,844						557,790	3,625,634
Restricted for								
Capital improvements			1,059,698			17,154,805	130,348	18,344,851
Debt service		445,583						445,583
Purposes allowed by								
TIF agreement							2,352,336	2,352,336
Senior Services							222	222
Community Development							3,331,076	3,331,076
Public health			779,081				50,356	829,437
Public safety							4,484,825	4,484,825
Roads				14,082,127			2,724,524	16,806,651
Total Restricted	-	445,583	1,059,698	779,081	14,082,127	17,154,805	13,073,687	46,594,981
Committed								
Capital improvements							315,501	315,501
Retirement benefits	158,172							158,172
Debt service							252,401	252,401
Recreation							6,947	6,947
Purchase of capital assets							1,265,736	1,265,736
Total Committed	158,172						1,840,585	1,998,757
Assigned								
Capital Improvements							200,229	200,229
Purchase commitments	1,483,000							1,483,000
Total Assigned	1,483,000						200,229	1,683,229
Unassigned (deficit)	15,869,315						(1,407,706)	14,461,609
Total Fund Balances	\$ 20,578,331	\$ 445,583	\$ 1,059,698	\$ 779,081	\$ 14,082,127	\$ 17,154,805	\$ 14,264,585	\$ 68,364,210

NOTE 20 – TAX ABATEMENTS

As of December 31, 2022, 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

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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.

The City abated property taxes of approximately \$71,690 from Community Reinvestment Area (CRA) abatement agreements in 2022, and approximately \$5,139,213 under the Enterprise Zone Agreement program during 2022, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

- A 100% property tax abatement to a local automotive company for the redevelopment of a previously vacant business property on Verity Parkway. The abatement amounted to an estimated \$10,136.
- A 100% property tax abatement to a local company for the redevelopment of an underutilized business property on Central Avenue. The abatement amounted to an estimated \$27,015.
- A 75% property tax abatement to a power generation developer to construct a 475 megawatt natural-gas-fired electric generating facility. The abatement amounted to approximately \$3,753,899.
- A 100% property tax abatement to a developer for construction of a 12,000 square foot speculative building. The abatement amounted to an estimated \$25,140.
- A 100% property tax abatement to a developer for construction of a 612,589 square foot speculative building. The abatement amounted to an estimated \$897,551.

CITY OF MIDDLETOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 21 – SUBSEQUENT EVENTS

The City evaluated the effects subsequent events would have on the financial statements through the date of the auditor's report, which is the date that financial statements were available for issuance.

NOTE 22 – ASSET RETIREMENT OBLIGATIONS

Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewage treatment system to the Ohio EPA for approval. Through this permitting process, the City would be responsible to address any public safety issues associated with their sewage treatment facilities and the permit would specify the procedures required to dispose of all or part of the sewage treatment plant. At this time, the City does not have an approved permit from the Ohio EPA to dispose of all or part of their sewage treatment plant(s). Due to the lack of specific legal requirements for retiring the sewage treatment plant(s), the City has determined that the amount of the Asset Retirement Obligation cannot be reasonably estimated.

NOTE 23 – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

For the year ended December 31, 2022, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 has an objective to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The implementation of GASB Statement No. 87 did not have an effect on the City's 2022 financial statements.

For the year ended December 31, 2022, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 91, *Conduit Debt Obligations*. GASB Statement No. 91 defines conduit debt obligations for accounting and financial reporting purposes and establishes related standards for recognition, measurement, and disclosure for issuers. The implementation of GASB Statement No. 91 did not have an effect on the City's 2022 financial statements.

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property taxes	\$ 3,166,104	\$ 3,166,104	\$ 3,227,050	\$ 60,946
Municipal income taxes	20,627,538	26,377,538	25,492,532	(885,006)
Intergovernmental revenue	1,647,001	1,647,001	1,709,388	62,387
Charges for services	4,745,792	4,745,792	4,965,057	219,265
Fees, licenses, and permits	550,000	550,000	655,671	105,671
Fines and forfeits	22,000	22,000	16,735	(5,265)
Interest earnings	112,000	112,000	264,771	152,771
Miscellaneous	1,356,578	1,616,697	1,274,057	(342,640)
Total revenues	32,227,013	38,237,132	37,605,261	(631,871)
Expenditures:				
Current				
Community Environment				
Administration				
Other	17,281	17,281	17,169	112
Street lighting				
Other	464,131	464,131	458,432	5,699
Total community environment	481,412	481,412	475,601	5,811
Leisure Time Activities				
Community center				
Other	115,000	115,000	111,825	3,175
Parks maintenance				
Personal services	538,778	513,778	512,766	1,012
Other	337,265	514,482	371,139	143,343
Total leisure time activities	991,043	1,143,260	995,730	147,530

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Public Safety				
Fire administration				
Personal services	387,135	387,135	317,157	69,978
Other	11,406	11,406	8,820	2,586
Fire operations				
Personal services	7,045,841	7,265,841	6,964,990	300,851
Other	1,520,636	1,625,497	1,541,718	83,779
Fire prevention/training				
Personal services	601,611	637,611	605,265	32,346
Other	7,349	7,349	5,119	2,230
Police administration				
Personal services	511,093	536,093	536,225	(132)
Other	162,500	189,500	127,285	62,215
Criminal investigation				
Personal services	1,274,261	1,274,261	1,258,919	15,342
Other	51,290	51,290	33,612	17,678
Narcotics				
Personal services	647,362	687,362	677,478	9,884
Other	28,842	28,842	24,482	4,360
Uniform patrol				
Personal services	5,256,387	5,264,387	5,243,314	21,073
Other	1,142,792	1,160,374	1,091,723	68,651
Police services				
Personal services	360,413	360,413	353,398	7,015
Other	8,700	8,700	8,420	280
Police and fire dispatch				
Personal services	1,342,060	1,542,060	1,489,276	52,784
Other	81,500	81,500	68,435	13,065
Jail management				
Personal services	967,637	967,637	959,341	8,296
Other	391,179	391,179	380,602	10,577
Building inspection and services				
Personal services	503,881	508,881	501,032	7,849
Other	90,014	90,014	87,009	3,005
Building maintenance				
Personal services	267,914	247,914	224,743	23,171
Other	274,362	839,105	833,534	5,571
Total public safety	22,936,165	24,164,351	23,341,897	822,454

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
General Government				
City council				
Personal services	131,211	131,211	130,895	316
Other	33,185	35,185	34,591	594
City manager				
Personal services	455,868	435,868	412,446	23,422
Other	86,835	61,162	54,994	6,168
Finance administration				
Personal services	270,318	265,318	237,538	27,780
Other	49,439	49,439	49,279	160
Treasury				
Personal services	215,680	208,680	180,866	27,814
Other	12,263	12,263	11,653	610
Information systems				
Personal services	653,080	633,080	602,544	30,536
Other	109,602	84,602	76,343	8,259
Personnel				
Personal services	309,257	289,257	245,628	43,629
Other	241,094	241,094	238,573	2,521
Law				
Personal services	360,127	387,627	387,154	473
Other	518,946	868,946	861,072	7,874
Purchasing				
Personal services	98,282	88,282	72,580	15,702
Other	5,279	5,279	5,180	99
Planning				
Personal services	766,519	732,519	704,527	27,992
Other	291,428	403,150	400,832	2,318
Economic development				
Personal services	505,615	377,615	336,312	41,303
Other	693,557	959,207	952,901	6,306
Communications				
Personal services	92,587	79,587	67,270	12,317
Other	165,294	164,294	163,425	869
Engineering				
Personal services	313,137	233,137	189,561	43,576
Other	137,096	137,096	129,541	7,555
Total general government	6,515,699	6,883,898	6,545,705	338,193

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Miscellaneous				
Non-departmental				
Personal services	34,860	34,860	31,119	3,741
Other	2,018,661	2,969,723	2,889,513	80,210
Debt Service	-	1,385,618	1,385,618	-
Total miscellaneous	2,053,521	4,390,201	4,306,250	83,951
Total expenditures	32,977,840	37,063,122	35,665,183	1,397,939
Excess of revenues over (under) expenditures	(750,827)	1,174,010	1,940,078	766,068
Other financing sources (uses)				
Advances Out	-	(600,000)	(689,881)	(89,881)
Transfers-out	(548,194)	(796,194)	(743,444)	52,750
Proceeds from bonds	-	1,300,000	1,300,000	-
Total other financing sources (uses)	(548,194)	(96,194)	(133,325)	(37,131)
Net change in fund balance	(1,299,021)	1,077,816	1,806,753	728,937
Fund balance, beginning of year	15,035,662	15,035,662	15,035,662	-
Appropriation for prior year encumbrances	1,033,324	1,033,324	1,033,324	-
Fund balance, end of the year	\$ 14,769,965	\$ 17,146,802	\$ 17,875,739	\$ 728,937

See notes to the required supplementary information.

CITY OF MIDDLETOWN, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
HEALTH FUND
FOR YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income taxes	\$ 237,453	\$ 237,453	\$ 240,229	\$ 2,776
Intergovernmental revenue	59,135	59,135	289,302	230,167
Charges for services	291,235	291,235	246,801	(44,434)
Miscellaneous	15,000	15,000	-	(15,000)
Total revenues	602,823	602,823	776,332	173,509
Expenditures:				
Current				
Health/Environment Admin.				
Personal services	674,534	711,534	694,474	17,060
Other	209,225	251,103	199,356	51,747
Total expenditures	883,759	962,637	893,830	68,807
Excess of expenditures over/under revenues	(280,936)	(359,814)	(117,498)	242,316
Net change in fund balance	(280,936)	(359,814)	(117,498)	242,316
Fund balance, beginning of the year	905,130	905,130	905,130	-
Appropriation for prior year encumbrances	4,878	4,878	4,878	-
Fund balance, end of the year	\$ 629,072	\$ 550,194	\$ 792,510	\$ 242,316

See notes to the required supplementary information.

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
STREET LEVY FUND
FOR YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income tax	\$ 3,425,608	\$ 4,225,608	\$ 4,135,918	\$ (89,690)
Interest earnings	25,000	25,000	156,242	131,242
Total revenues	3,450,608	4,250,608	4,292,160	41,552
Expenditures:				
Current				
Highways and streets:				
Other	25,109,989	25,398,060	25,378,475	19,585
Debt Service	3,231,523	3,231,523	3,231,523	-
Total expenditures	28,341,512	28,629,583	28,609,998	19,585
Net change in fund balance	(24,890,904)	(24,378,975)	(24,317,838)	61,137
Fund balance, beginning of the year	781,850	781,850	781,850	-
Appropriation for prior year encumbrances	24,890,904	24,890,904	24,890,904	-
Fund balance, end of the year	\$ 781,850	\$ 1,293,779	\$ 1,354,916	\$ 61,137

See notes to the required supplementary information.

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
AMERICAN RESCUE PLAN ACT (ARPA) FUND
FOR YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ -	\$ 9,462,577	\$ 9,462,577	\$ -
Total revenues	-	9,462,577	9,462,577	-
Expenditures:				
Current				
Public safety				
Personal Services	-	529,048	523,552	-
Other	-	430,000	430,000	-
Highways and streets				
Personal Services	-	39,936	36,384	3,552
Other	5,313	5,313	5,313	-
General Government				
Personal Services	-	125,305	124,305	-
Other	-	469,739	469,739	-
Health/Environment Admin.				
Personal Services	-	21,000	21,000	-
Community environment				
Personal Services	-	217,904	214,915	-
Other	-	689,600	600,000	89,600
Total expenditures	5,313	2,527,845	2,425,208	93,152
Net change in fund balance	(5,313)	6,934,732	7,037,369	102,637
Fund balance, beginning of the year	8,647,577	8,647,577	8,647,577	-
Appropriation for prior year encumbrances	5,313	5,313	5,313	-
Fund balance, end of the year	\$ 8,647,577	\$ 15,587,622	\$ 15,690,259	\$ 102,637

See notes to the required supplementary information.

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
FIRE STATION LEVY FUND
FOR YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Interest earnings	\$ -	\$ 36,908	\$ 65,949	\$ 29,041
Total revenues	-	36,908	65,949	29,041
Expenditures:				
Current				
Public Safety				
Other	-	1,293,965	1,293,965	-
Debt Service	-	233,868	233,868	-
Total expenditures	-	1,527,833	1,527,833	-
Excess of revenues over (under) expenditures	-	(1,490,925)	(1,461,884)	29,041
Other financing sources (uses):				
Proceeds from bonds	-	17,484,032	17,484,032	-
Total other financing sources (uses)	-	17,484,032	17,484,032	-
Net change in fund balance	-	15,993,107	16,022,148	29,041
Fund balance, beginning of the year	-	-	-	-
Fund balance, end of the year	\$ -	\$ 15,993,107	\$ 16,022,148	\$ 29,041

See notes to the required supplementary information.

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
BUTLER COUNTY ARPA FUND
FOR YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ -	\$ 3,000,000	\$ 4,500,000	\$ 1,500,000
Total revenues	-	3,000,000	4,500,000	1,500,000
Net change in fund balance	-	3,000,000	4,500,000	1,500,000
Fund balance, beginning of the year	-	-	-	-
Fund balance, end of the year	\$ -	\$ 3,000,000	\$ 4,500,000	\$ 1,500,000

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 Nine Years *

	2022	2021	2020	2019	2018
Entity's Proportion of the Net Pension Liability	0.083575%	0.085785%	0.080918%	0.081502%	0.08075%
Entity's Proportionate Share of the Net Pension Liability	\$ 7,271,367	\$ 12,702,835	\$ 15,994,021	\$ 22,321,871	\$ 12,668,078
Entity's Covered Payroll	\$ 13,208,099	\$ 13,084,996	\$ 13,080,365	\$ 12,394,111	\$ 12,122,858
Entity's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	55.05%	97.08%	122.28%	180.10%	104.50%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	92.62%	86.88%	82.17%	74.70%	84.66%
	2017	2016	2015	2014	
Entity's Proportion of the Net Pension Liability	0.0835383%	0.0809491%	0.08166428%	0.08166428%	
Entity's Proportionate Share of the Net Pension Liability	\$ 18,970,130	\$ 14,021,397	\$ 9,849,625	\$ 9,627,155	
Entity's Covered Payroll	\$ 11,644,126	\$ 11,036,783	\$ 10,884,143	\$ 11,843,740	
Entity's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	162.92%	127.04%	90.50%	81.28%	
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	77.25%	81.08%	86.45%	86.36%	

* Information prior to 2014 is not available.

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

Notes to Schedule:

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

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

Change in Assumptions - In 2022, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2020. Significant changes included a reduction of the discount rate from 7.2% to 6.9%, a reduction in the wage inflation rate from 3.25% to 2.75%, and transition from the RP-2014 mortality tables to the MP-2020 mortality tables.

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 Nine Years *

	2022	2021	2020	2019	2018
Entity's Proportion of the Net Pension Liability	0.466982%	0.456035%	0.459636%	0.476649%	0.479188%
Entity's Proportionate Share of the Net Pension Liability	\$ 29,174,346	\$ 31,088,329	\$ 30,963,551	\$ 38,907,174	\$ 29,409,924
Entity's Covered Payroll	\$ 11,772,561	\$ 11,026,572	\$ 11,216,823	\$ 10,754,471	\$ 10,409,924
Entity's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	247.82%	281.94%	276.05%	361.78%	282.52%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	75.03%	70.65%	69.89%	63.07%	70.91%
	2017	2016	2015	2014	
Entity's Proportion of the Net Pension Liability	0.464288%	0.46728149%	0.54326535%	0.54326535%	
Entity's Proportionate Share of the Net Pension Liability	\$ 29,407,539	\$ 30,060,543	\$ 28,143,411	\$ 26,458,727	
Entity's Covered Payroll	\$ 9,631,388	\$ 9,724,488	\$ 10,647,153	\$ 11,049,711	
Entity's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	305.33%	309.12%	264.33%	239.45%	
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	68.36%	66.77%	72.20%	73.00%	

* Information prior to 2014 is not available.

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

Notes to Schedule:

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

Change in Assumptions - In 2022, significant changes included a reduction of the discount rate from 8.00% to 7.50%.

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

	2022	2021	2020	2019	2018
Contractually Required Contribution	\$ 1,935,811	\$ 1,868,736	\$ 1,877,821	\$ 1,852,126	\$ 1,743,281
Contributions in Relation to the Contractually Required Contribution	<u>(1,935,811)</u>	<u>(1,868,736)</u>	<u>(1,877,821)</u>	<u>(1,852,126)</u>	<u>(1,743,281)</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>				
Entity Covered Payroll	\$ 13,827,222	\$ 13,208,099	\$ 13,084,996	\$ 13,080,365	\$ 12,394,111
Contributions as a Percentage of Covered Payroll	14%	14%	14%	14%	14%
	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 1,569,931	\$ 1,413,090	\$ 1,545,150	\$ 1,205,425	\$ 1,658,124
Contributions in Relation to the Contractually Required Contribution	<u>(1,569,931)</u>	<u>(1,413,090)</u>	<u>(1,545,150)</u>	<u>(1,205,425)</u>	<u>(1,658,124)</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>				
Entity Covered Payroll	\$ 12,122,858	\$ 11,644,126	\$ 11,036,783	\$ 10,884,143	\$ 11,843,740
Contributions as a Percentage of Covered Payroll	13%	12%	14%	11%	14%

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

	2022	2021	2020	2019	2018
Contractually Required Contribution	\$ 2,719,559	\$ 2,473,475	\$ 2,380,338	\$ 2,459,236	\$ 2,256,918
Contributions in Relation to the Contractually Required Contribution	<u>(2,719,559)</u>	<u>(2,473,475)</u>	<u>(2,380,338)</u>	<u>(2,459,236)</u>	<u>(2,256,918)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
Entity Covered Payroll	\$ 12,794,436	\$ 11,772,561	\$ 11,026,572	\$ 11,216,823	\$ 10,754,471
Contributions as a Percentage of Covered Payroll	21.26%	21.01%	21.59%	21.92%	20.99%
	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 2,188,619	\$ 2,019,817	\$ 2,108,003	\$ 2,273,530	\$ 2,750,824
Contributions in Relation to the Contractually Required Contribution	<u>(2,188,619)</u>	<u>(2,019,817)</u>	<u>(2,108,003)</u>	<u>(2,273,530)</u>	<u>(2,750,824)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
Entity Covered Payroll	\$ 10,409,924	\$ 9,631,388	\$ 9,724,488	\$ 10,647,153	\$ 11,049,711
Contributions as a Percentage of Covered Payroll	21.02%	20.97%	21.68%	21.35%	24.89%

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 Six Years *

	2022	2021	2020	2019	2018
Entity's Proportion of the Net OPEB Liability/(Asset)	0.085731%	0.087715%	0.084171%	0.085428%	0.084702%
Entity's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (2,685,234)	\$ (1,562,720)	\$ 11,626,265	\$ 11,137,784	\$ 9,198,025
Entity's Covered Payroll	\$ 13,208,099	\$ 13,084,996	\$ 13,080,365	\$ 12,394,111	\$ 12,122,858
Entity's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-20.33%	-11.94%	88.88%	89.86%	75.87%
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability/(Asset)	128.23%	115.57%	47.80%	46.33%	54.14%
<hr/>					
	<u>2017</u>				
Entity's Proportion of the Net OPEB Liability/(Asset)	0.086891%				
Entity's Proportionate Share of the Net OPEB Liability/(Asset)	\$ 8,776,325				
Entity's Covered Payroll	\$ 11,644,126				
Entity's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	75.37%				
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability/(Asset)	54.04%				

* Information prior to 2017 is not available.

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

Notes to Schedule:

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

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

In 2020, the single discount rate changed from 3.96% to 3.16%. The municipal bond rate changed from 3.71% to 2.75%, and the health care cost trend rate changed from 10.0% to 10.5%.

In 2021, the single discount rate changed from 3.16% to 6.00% and the health care cost trend rate changed from 10.5% initial, 3.50% ultimate in 2030 to 8.5% initial, 3.50% ultimate in 2035.

In 2022, The municipal bond rate changed from 2.00% to 1.84%, and the health care cost trend rate changed from 8.5% initial, 3.50% ultimate in 2035 to 5.5% initial, 3.50% ultimate in 2034.

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 Six Years *

	2022	2021	2020	2019	2018
Entity's Proportion of the Net OPEB Liability	0.466982%	0.456035%	0.459636%	0.476649%	0.479188%
Entity's Proportionate Share of the Net OPEB Liability	\$ 5,118,527	\$ 4,831,767	\$ 4,540,163	\$ 4,340,623	\$ 27,150,114
Entity's Covered Payroll	\$ 11,772,561	\$ 11,026,572	\$ 11,216,823	\$ 10,754,471	\$ 10,409,924
Entity's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	43.48%	43.82%	40.48%	40.36%	260.81%
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability	46.86%	45.42%	47.08%	46.57%	14.13%
<hr/>					
	2017				
Entity's Proportion of the Net OPEB Liability	0.464288%				
Entity's Proportionate Share of the Net OPEB Liability	\$ 22,038,709				
Entity's Covered Payroll	\$ 9,631,388				
Entity's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	228.82%				
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability	15.96%				

* Information prior to 2017 is not available.

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

Notes to Schedule:

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

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

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

In 2020, the single discount rate changed from 4.66% to 3.56%.

In 2021, the single discount rate changed from 3.56% to 2.96%.

Change in Assumptions - In 2022, significant changes included a reduction of the discount rate from 8.00% to 7.50%.

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

	2022	2021	2020	2019	2018
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Entity Covered Payroll	\$ 13,827,222	\$ 13,208,099	\$ 13,084,996	\$ 13,080,365	\$ 12,394,111
Contributions as a Percentage of Covered Payroll	0%	0%	0%	0%	0%
	2017	2016			
Contractually Required Contribution	\$ 106,137	\$ 231,052			
Contributions in Relation to the Contractually Required Contribution	<u>(106,137)</u>	<u>(231,052)</u>			
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>			
Entity Covered Payroll	\$ 12,122,858	\$ 11,644,126			
Contributions as a Percentage of Covered Payroll	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

	2022	2021	2020	2019	2018
Contractually Required Contribution	\$ 64,675	\$ 59,526	\$ 57,284	\$ 59,183	\$ 54,314
Contributions in Relation to the Contractually Required Contribution	<u>(64,675)</u>	<u>(59,526)</u>	<u>(57,284)</u>	<u>(59,183)</u>	<u>(54,314)</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>				
Entity Covered Payroll	\$ 12,794,436	\$ 11,772,561	\$ 11,026,572	\$ 11,216,823	\$ 10,754,471
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%	0.50%
	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 52,670	\$ 48,194	\$ 59,155	\$ 54,120	\$ 308,502
Contributions in Relation to the Contractually Required Contribution	<u>(52,670)</u>	<u>(48,194)</u>	<u>(59,155)</u>	<u>(54,120)</u>	<u>(308,502)</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>				
Entity Covered Payroll	\$ 10,409,924	\$ 9,631,388	\$ 9,724,488	\$ 10,647,153	\$ 11,049,711
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%	2.79%

CITY OF MIDDLETOWN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

NOTE 1 - BUDGETARY ACCOUNTING

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

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

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budgetary (cash) basis for the General, Health, Street Levy, ARPA, Fire Station Levy and Butler County ARPA Funds are as follows:

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

	General Fund **	Health Fund	Street Levy Fund	ARPA Fund	Fire Station Levy Fund	Butler County ARPA Fund
GAAP basis (as reported)	\$1,496,531	(\$119,130)	(\$11,006,509)	\$0	\$17,154,805	\$0
Adjustments: revenue and other sources	3,082,269	98,049	15,000	8,190,381	(322,338)	4,500,000
Expenditures and other uses	148,180	(39,263)	342,503	-	363,770	-
Advances In Encumbrances	(689,881)	-	-	-	-	-
Budget basis	\$1,806,753	(\$117,498)	(\$24,317,838)	\$7,037,369	\$16,022,148	\$4,500,000

** The General Fund on a Modified Accrual Basis of Accounting includes the General Fund, the Income Tax Fund & the Termination Pay Fund. However these funds are budgeted separately. Comparative schedules for the Income Tax Fund and the Termination Pay Fund are included in the supplementary schedules.

**CITY OF MIDDLETOWN
FUND DESCRIPTIONS
DECEMBER 31, 2022**

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 2022

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

EMERGENCY MEDICAL SERVICES FUND (EMS)

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

URBAN DEVELOPMENT ACTION GRANT (UDAG) FUND

To account for the Urban Development Action Grant loans.

COURT COMPUTERIZATION FUND

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

LAW ENFORCEMENT TRUST FUND

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

MANDATORY DRUG FINE FUND

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

PROBATION SERVICES FUND

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

INDIGENT DRIVER ALCOHOL TREATMENT FUND

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

**CITY OF MIDDLETON
FUND DESCRIPTIONS
DECEMBER 31, 2022**

Non Major Special Revenue Funds continued:

ENFORCEMENT/EDUCATION FUND

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

CIVIC DEVELOPMENT FUND

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

MUNICIPAL COURT FUND

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

POLICE GRANT FUND

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

COURT INDIGENT DRIVERS INTERLOCK AND ALCOHOL MONITORING FUND

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

COURT SPECIAL PROJECTS FUND

To accumulate funds for projects designated by the Municipal Court.

HOME PROGRAM FUND

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

COMMUNITY DEVELOPMENT FUND

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

COMMUNITY DEVELOPMENT ESCROW FUND

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

POLICE PENSION FUND

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

FIRE PENSION FUND

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

**CITY OF MIDDLETOWN
FUND DESCRIPTIONS
DECEMBER 31, 2022**

Non Major Special Revenue Funds continued:

NEIGHBORHOOD STABILIZATION PROGRAM FUND *No adopted budget for 2022

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.

ONE OHIO OPIOID SETTLEMENT FUND

To account for receipts from the legal settlement related the opioid crisis.

HUD SECTION 108 FUND *No adopted budget for 2022

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 2022

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

MIDDLETOWN PORT AUTHORITY FUND *No adopted budget for 2022

To accumulate funds to be used for the purpose of working with the City and private business sector for the attraction and business expansion of companies and projects that will positively impact the City and maintain the quality of infrastructure within the City.

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.

**CITY OF MIDDLETOWN
FUND DESCRIPTIONS
DECEMBER 31, 2022**

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.

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.

**CITY OF MIDDLETOWN
FUND DESCRIPTIONS
DECEMBER 31, 2022**

Non Major Debt Service Funds continued:

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 2022

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

GREENTREE TAX INCREMENT FINANCING DISTRICT FUND

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

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

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

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.

**CITY OF MIDDLETOWN
FUND DESCRIPTIONS
DECEMBER 31, 2022**

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.

2011 SIDEWALK, CURB AND GUTTER FUND

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.

CENTRAL AVE SIDEWALK, CURB AND GUTTER FUND

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

2018 SIDEWALK, CURB AND GUTTER FUND

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

2019 SIDEWALK, CURB AND GUTTER FUND

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

2020 SIDEWALK, CURB AND GUTTER FUND

To accumulate costs for the 2020 sidewalk project for repairs and/or replacement of curb and sidewalk in designated areas. Property owners will be assessed for this project

2021 SIDEWALK, CURB AND GUTTER FUND

To accumulate costs for the 2021 sidewalk project for repairs and/or replacement of curb and sidewalk in designated areas. Property owners will be assessed for this project

2022 SIDEWALK, CURB AND GUTTER FUND

To accumulate costs for the 2022 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, 2022

	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	\$ 9,626,679	\$ 2,664,661	\$ 2,454,576	\$ 14,745,916
Receivables (net of allowance for uncollectibles):				
Property taxes	978,712	-	-	978,712
Accounts	110,501	-	17,351	127,852
Loans	682,392	-	-	682,392
Special assessments	340,000	-	-	340,000
Payment in lieu of taxes	-	1,296,432	-	1,296,432
Due from other governments	2,387,846	5,949	-	2,393,795
Inventory of supplies	636,377	-	-	636,377
Total assets	\$ 14,762,507	\$ 3,967,042	\$ 2,471,927	\$ 21,201,476
Liabilities:				
Accounts payable	\$ 106,933	\$ 59,924	\$ 52,802	\$ 219,659
Accrued wages and benefits	60,703	-	-	60,703
Due to other funds	316,145	-	1,822,136	2,138,281
Due to other governments	123,349	-	-	123,349
Due to individuals	400,000	-	-	400,000
Total liabilities	1,007,130	59,924	1,874,938	2,941,992
Deferred inflows:				
Revenues levied for the next year and unavailable revenue	2,692,518	1,302,381	-	3,994,899
Total deferred inflows	2,692,518	1,302,381	-	3,994,899
Fund balances:				
Nonspendable	557,790	-	-	557,790
Restricted	10,591,003	2,352,336	130,348	13,073,687
Committed	6,947	252,401	1,581,237	1,840,585
Assigned	-	-	200,229	200,229
Unassigned	(92,881)	-	(1,314,825)	(1,407,706)
Total fund balances	11,062,859	2,604,737	596,989	14,264,585
Total liabilities, deferred inflows and fund balances	\$ 14,762,507	\$ 3,967,042	\$ 2,471,927	\$ 21,201,476

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Non Major Special Revenue Funds	Non Major Debt Service Funds	Non Major Capital Project Funds	Total Non Major Governmental Funds
Revenues:				
Property taxes	\$ 1,202,860	\$ -	\$ -	\$ 1,202,860
Municipal income taxes	4,007,453	650,000	8,000	4,665,453
Payment in lieu of taxes	-	3,145,338	-	3,145,338
Intergovernmental revenues	5,275,596	443,165	231,415	5,950,176
Charges for services	268,700	-	-	268,700
Fines and forfeits	1,806,429	-	-	1,806,429
Special assessments	398,463	-	260,582	659,045
Investment income	39,060	-	23,406	62,466
Miscellaneous	538,019	280,416	95,444	913,879
Total revenues	13,536,580	4,518,919	618,847	18,674,346
Expenditures:				
Current				
Public safety	5,818,997	-	-	5,818,997
Community environment	3,123,025	-	146,837	3,269,862
Highways and streets	3,024,871	-	44,777	3,069,648
General government	-	-	269,512	269,512
Miscellaneous	233,647	2,181,374	-	2,415,021
Debt service				
Principal retirement	-	1,490,000	215,000	1,705,000
Interest and fiscal charges	93,634	368,564	131,716	593,914
Total expenditures	12,294,174	4,039,938	807,842	17,141,954
Excess of revenues over (under) expenditures	1,242,406	478,981	(188,995)	1,532,392
Other financing sources (uses):				
Transfers-in	363,250	-	417,570	780,820
Total other financing sources (uses)	363,250	-	417,570	780,820
Net change in fund balances	1,605,656	478,981	228,575	2,313,212
Fund balance, beginning of year	9,457,203	2,125,756	368,414	11,951,373
Fund balance, end of the year	\$ 11,062,859	\$ 2,604,737	\$ 596,989	\$ 14,264,585

CITY OF MIDDLETOWN, OHIO
COMBINING BALANCE SHEET
NON MAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2022

	Auto & Gas Tax	Acquisition for Parks	Emergency Medical Services	Urban Development Action Grant	Court Computerization	Law Enforcement Trust
Assets:						
Cash and equity in pooled cash, deposits and investments	\$ 2,552,659	\$ 6,947	\$ 47,399	\$ 10,000	\$ 51,988	\$ 342,986
Receivables (net of allowance for uncollectibles):						
Property taxes	-	-	-	-	-	-
Accounts	-	-	-	-	2,030	-
Loans	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Due from other governments	1,569,043	-	-	-	-	-
Inventory of supplies	557,790	-	-	-	-	-
Total assets	\$ 4,679,492	\$ 6,947	\$ 47,399	\$ 10,000	\$ 54,018	\$ 342,986
Liabilities:						
Accounts payable	\$ 11,972	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits	19,236	-	-	-	-	-
Due to other funds	47,831	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Due to individuals	-	-	-	-	-	-
Total liabilities	79,039	-	-	-	-	-
Deferred inflows:						
Revenues levied for the next year and unavailable revenue	1,318,139	-	-	-	-	-
Total deferred inflows	1,318,139	-	-	-	-	-
Fund balances:						
Nonspendable	557,790	-	-	-	-	-
Restricted	2,724,524	-	47,399	10,000	54,018	342,986
Committed	-	6,947	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	3,282,314	6,947	47,399	10,000	54,018	342,986
Total liabilities, deferred inflows and fund balances	\$ 4,679,492	\$ 6,947	\$ 47,399	\$ 10,000	\$ 54,018	\$ 342,986

Mandatory Drug Fine	Probation Services	Indigent Driver Alcohol Treatment	Enforce- ment Education	Civic Develop- ment	Municipal Court	Police Grant	Court IDIAM
\$ 361,803	\$ 208,633	\$ 18,962	\$ 59,123	\$ 156,230	\$ 76,352	\$ 182,725	\$ 67,365
-	-	-	-	-	-	-	-
180	7,987	291	-	7,445	84,333	-	5
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 361,983	\$ 216,620	\$ 19,253	\$ 59,123	\$ 163,675	\$ 160,685	\$ 182,725	\$ 67,370
<hr/>							
\$ 6,536	\$ -	\$ -	\$ -	\$ 5,763	\$ 5,446	\$ 7,273	\$ -
-	809	-	-	-	40,051	-	-
1,535	-	-	-	-	779	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8,071	809	-	-	5,763	46,276	7,273	-
<hr/>							
353,912	215,811	19,253	59,123	157,912	114,409	175,452	67,370
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
353,912	215,811	19,253	59,123	157,912	114,409	175,452	67,370
\$ 361,983	\$ 216,620	\$ 19,253	\$ 59,123	\$ 163,675	\$ 160,685	\$ 182,725	\$ 67,370

(continued)

CITY OF MIDDLETOWN, OHIO
COMBINING BALANCE SHEET
NON MAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2022

	Court Special Projects	Home Program	Community Develop- ment	Community Development Escrow	Police Pension	Fire Pension
Assets:						
Cash and equity in pooled cash, deposits and investments	\$ 339,162	\$ 88,877	\$ 82,275	\$ 30,794	\$ 1,344,014	\$ 1,348,813
Receivables (net of allowance for uncollectibles):						
Property taxes	-	-	-	-	242,929	242,929
Accounts	7,938	-	18	274	-	-
Loans	-	-	-	628,020	-	-
Special assessments	-	-	-	-	-	-
Due from other governments	-	-	763,136	-	13,318	18,569
Inventory of supplies	-	-	-	-	-	-
Total assets	\$ 347,100	\$ 88,877	\$ 845,429	\$ 659,088	\$ 1,600,261	\$ 1,610,311
Liabilities:						
Accounts payable	\$ 4,228	\$ 11,043	\$ 49,639	\$ -	\$ -	\$ -
Accrued wages and benefits	607	-	-	-	-	-
Due to other funds	-	50,000	100,000	-	-	-
Due to other governments	-	-	-	-	-	-
Due to individuals	-	-	-	-	-	-
Total liabilities	4,835	61,043	149,639	-	-	-
Deferred inflows:						
Revenues levied for the next year and unavailable revenue					256,247	261,498
Total deferred inflows	-	-	-	-	256,247	261,498
Fund balances:						
Nonspendable						
Restricted	342,265	27,834	695,790	659,088	1,344,014	1,348,813
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	342,265	27,834	695,790	659,088	1,344,014	1,348,813
Total liabilities, deferred inflows and fund balances	\$ 347,100	\$ 88,877	\$ 845,429	\$ 659,088	\$ 1,600,261	\$ 1,610,311

Neighborhood Stabilization Program											Conservancy District			Nuisance Abatement		Senior Services		HUD Section 108 Loan		Housing Assistance		One Ohio Opioid Fund		Middletown Port Authority		Totals	
\$	460	\$	67,421	\$	516,163	\$	222	\$	1,765	\$	-	\$	50,356	\$	1,613,185	\$	9,626,679										
-			108,396		-		384,458		-		-		-		-		978,712										
-			-		-		-		-		-		-		-		110,501										
-			-		-		-		-		-		-		54,372		682,392										
-			340,000		-		-		-		-		-		-		340,000										
-			6,036		-		17,744		-		-		-		-		2,387,846										
78,587			-		-		-		-		-		-		-		636,377										
\$	79,047	\$	181,853	\$	856,163	\$	402,424	\$	1,765	\$	-	\$	50,356	\$	1,667,557	\$	14,762,507										
\$	-	\$	-	\$	5,033	\$	-	\$	-	\$	-	\$	-	\$	-	\$	106,933										
-			-		-		-		-		-		-		-		60,703										
116,000			-		-		-		-		-		-		-		316,145										
-			123,349		-		-		-		-		-		-		123,349										
-			-		-		-		-		-		-		400,000		400,000										
116,000	123,349		5,033		-		-		-		-		-		-	400,000	1,007,130										
-			114,432		340,000		402,202		-		-		-		-		2,692,518										
-	114,432		340,000		402,202		-		-		-		-		-	-	2,692,518										
-			-		511,130		222		1,765		-		50,356		1,267,557		557,790										
-			-		-		-		-		-		-		-		10,591,003										
(36,953)			(55,928)		-		-		-		-		-		-		6,947										
(36,953)	(55,928)		511,130		222		1,765		-		50,356		1,267,557		11,062,859		(92,881)										
\$	79,047	\$	181,853	\$	856,163	\$	402,424	\$	1,765	\$	-	\$	50,356	\$	1,667,557	\$	14,762,507										

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, 2022

	Auto & Gas Tax	Acquisition for Parks	Emergency Medical Services	Urban Development Action Grant	Court Computerization	Law Enforcement Trust
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Municipal income taxes	500,000	-	-	-	-	-
Intergovernmental revenues	3,489,509	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	39,103	53,108
Special assessments	-	-	-	-	-	-
Interest earnings	29,201	-	-	-	-	-
Miscellaneous	-	-	11,000	-	-	193,743
Total revenues	4,018,710	-	11,000	-	39,103	246,851
Expenditures:						
Current						
Public safety	707,081	-	-	-	38,333	24,963
Community environment	-	-	-	-	-	-
Highways and streets	3,024,871	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Debt service						
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	3,731,952	-	-	-	38,333	24,963
Excess of revenues over (under) expenditures	286,758	-	11,000	-	770	221,888
Other financing sources (uses):						
Transfers-in	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	286,758	-	11,000	-	770	221,888
Fund balance, beginning of year	2,995,556	6,947	36,399	10,000	53,248	121,098
Fund balance, end of the year	\$ 3,282,314	\$ 6,947	\$ 47,399	\$ 10,000	\$ 54,018	\$ 342,986

Mandatory Drug Fine	Probation Services	Indigent Driver Alcohol Treatment	Enforcement Education	Civic Development	Municipal Court	Police Grant	Court IDIAM
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 625,000	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	40,330	-
-	-	-	-	-	-	-	-
215,952	127,099	12,951	4,348	-	1,196,540	-	5,986
-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,440	-
54,681	-	-	-	242,261	19,387	-	-
270,633	127,099	12,951	4,348	242,261	1,840,927	42,770	5,986
165,639	119,161	15,131	4,546	-	1,730,559	9,740	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	224,731	-	-	2,788
-	-	-	-	-	-	-	-
165,639	119,161	15,131	4,546	224,731	1,730,559	9,740	2,788
104,994	7,938	(2,180)	(198)	17,530	110,368	33,030	3,198
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
104,994	7,938	(2,180)	(198)	17,530	110,368	33,030	3,198
248,918	207,873	21,433	59,321	140,382	4,041	142,422	64,172
\$ 353,912	\$ 215,811	\$ 19,253	\$ 59,123	\$ 157,912	\$ 114,409	\$ 175,452	\$ 67,370

(continued)

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Court Special Projects	Home Program	Community Development	Community Development Escrow	Police Pension	Fire Pension
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 231,723	\$ 231,723
Municipal income taxes	-	-	-	-	1,293,416	1,589,037
Intergovernmental revenues	-	225,159	1,339,353	-	26,387	26,387
Charges for services	-	-	-	-	-	-
Fines and forfeits	122,390	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Interest earnings	-	-	3,711	19	-	-
Miscellaneous	-	-	6,400	10,547	-	-
Total revenues	122,390	225,159	1,349,464	10,566	1,551,526	1,847,147
Expenditures:						
Current						
Public safety	121,391	-	-	-	1,293,416	1,589,037
Community environment	-	220,751	626,871	-	-	-
Highways and streets	-	-	-	-	-	-
Miscellaneous	-	-	-	-	3,064	3,064
Debt service						
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	121,391	220,751	626,871	-	1,296,480	1,592,101
Excess of revenues over (under) expenditures	999	4,408	722,593	10,566	255,046	255,046
Other financing sources (uses):						
Transfers-in	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	999	4,408	722,593	10,566	255,046	255,046
Fund balance, beginning of year	341,266	23,426	(26,803)	648,522	1,088,968	1,093,767
Fund balance, end of the year	\$ 342,265	\$ 27,834	\$ 695,790	\$ 659,088	\$ 1,344,014	\$ 1,348,813

Neighborhood Stabilization Program	Conservancy District	Nuisance Abatement	Senior Services	HUD Section 108 Loan	Housing Assistance	One Ohio Opioid Fund	Middletown Port Authority	Totals
\$ - \$ 101,268	\$ -	\$ 638,146	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,202,860
- -	- -	- -	- -	- -	- -	- -	- -	4,007,453
- 12,156	- -	65,959	- -	- -	- -	50,356	- -	5,275,596
- -	- -	- -	- -	- -	- -	- -	268,700	268,700
- -	28,952	- -	- -	- -	- -	- -	- -	1,806,429
- -	398,463	- -	- -	- -	- -	- -	- -	398,463
- -	- -	- -	- -	- -	- -	- -	3,689	39,060
- -	- -	- -	- -	- -	- -	- -	- -	538,019
- 113,424	427,415	704,105	-	-	-	50,356	272,389	13,536,580
 - -	 124,664	 352,981	 703,883	 - -	 400,512	 - -	 693,363	 5,818,997
- -	- -	- -	- -	- -	- -	- -	- -	3,123,025
- -	- -	- -	- -	- -	- -	- -	- -	3,024,871
- -	- -	- -	- -	- -	- -	- -	- -	233,647
- -	- -	- -	- -	- -	- -	- -	93,634	93,634
- 124,664	352,981	703,883	-	400,512	-	786,997	12,294,174	
 - -	 (11,240)	 74,434	 222	 - -	 (400,512)	 50,356	 (514,608)	 1,242,406
- -	16,000	300,000	- -	- -	- -	- -	47,250	363,250
- 16,000	300,000	-	-	-	-	-	47,250	363,250
- -	4,760	374,434	222	- -	(400,512)	50,356	(467,358)	1,605,656
(36,953)	(60,688)	136,696	- -	1,765	400,512	- -	1,734,915	9,457,203
\$ (36,953)	\$ (55,928)	\$ 511,130	\$ 222	\$ 1,765	\$ -	\$ 50,356	\$ 1,267,557	\$ 11,062,859

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income tax	\$ 500,000	\$ 500,000	\$ 500,000	\$ -
Intergovernmental revenue	3,247,588	3,247,588	3,698,491	450,903
Interest earnings	12,000	12,000	29,200	17,200
Rentals and leases	- -	- -	(300)	(300)
Miscellaneous	96,767	96,767	77,143	(19,624)
Total revenues	3,856,355	3,856,355	4,304,534	448,179
Expenditures:				
Current				
Public safety:				
Electronic Maintenance				
Personal Services	368,253	368,253	343,909	24,344
Other	494,746	494,746	430,905	63,841
Total public safety	862,999	862,999	774,814	88,185
Highways and streets:				
Street Maintenance				
Personal Services	1,058,451	1,058,451	971,278	87,173
Other	3,480,061	3,903,545	3,902,219	1,326
Grounds Maintenance				
Personal Services	93,326	93,326	86,103	7,223
Other	109,510	109,509	101,989	7,520
Total highways and streets	4,741,348	5,164,831	5,061,589	103,242
Total expenditures	5,604,347	6,027,830	5,836,403	191,427
Net change in fund balance	(1,747,992)	(2,171,475)	(1,531,869)	639,606
Fund balance, beginning of the year	695,906	695,906	695,906	-
Appropriation for prior year encumbrances	1,283,538	1,283,538	1,283,538	-
Fund balance, end of the year	\$ 231,452	\$ (192,031)	\$ 447,575	\$ 639,606

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Miscellaneous	\$ 2,850	\$ 2,850	\$ 11,000	\$ 8,150
Total revenues	2,850	2,850	11,000	8,150
Expenditures:				
Current				
Public health and welfare				
Other	8,850	8,850	8,735	115
Total expenditures	8,850	8,850	8,735	115
Net change in fund balance	(6,000)	(6,000)	2,265	8,265
Fund balance, beginning of the year	36,399	36,399	36,399	-
Fund balance, end of the year	\$ 30,399	\$ 30,399	\$ 38,664	\$ 8,265

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Expenditures:				
Current				
Community environment				
Other	10,000	-	-	-
Total expenditures	10,000	-	-	-
Net change in fund balance	(10,000)	-	-	-
Fund balance, beginning of the year	-	-	-	-
Appropriation for prior year encumbrances	10,000	10,000	10,000	-
Fund balance, end of the year	\$ -	\$ 10,000	\$ 10,000	\$ -

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeitures	\$ 65,500	\$ 65,500	\$ 37,072	\$ (28,428)
Total revenues	<u>65,500</u>	<u>65,500</u>	<u>37,072</u>	<u>(28,428)</u>
Expenditures:				
Current				
Public safety				
Other	60,000	60,000	38,919	21,081
Total expenditures	<u>60,000</u>	<u>60,000</u>	<u>38,919</u>	<u>21,081</u>
Net change in fund balance	5,500	5,500	(1,847)	(7,347)
Fund balance, beginning of the year	53,835	53,835	53,835	-
Fund balance, end of the year	<u>\$ 59,335</u>	<u>\$ 59,335</u>	<u>\$ 51,988</u>	<u>\$ (7,347)</u>

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ 19,500	\$ 19,500	\$ 53,108	\$ 33,608
Miscellaneous	-	-	193,743	193,743
Total revenues	19,500	19,500	246,851	227,351
Expenditures:				
Current				
Public safety	60,000	60,000	24,963	35,037
Other	-	-	-	-
Total expenditures	60,000	60,000	24,963	35,037
Net change in fund balance	(40,500)	(40,500)	221,888	262,388
Fund balance, beginning of the year	121,098	121,098	121,098	-
Fund balance, end of the year	\$ 80,598	\$ 80,598	\$ 342,986	\$ 262,388

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ 68,000	\$ 68,000	\$ 218,499	\$ 150,499
Miscellaneous	12,000	12,000	54,681	42,681
Total revenues	80,000	80,000	273,180	193,180
Expenditures:				
Current				
Public safety				
Other	191,682	190,997	171,290	19,707
Total expenditures	191,682	190,997	171,290	19,707
Net change in fund balance	(111,682)	(110,997)	101,890	212,887
Fund balance, beginning of the year	199,067	199,067	199,067	-
Appropriation for prior year encumbrances	52,439	52,439	52,439	-
Fund balance, end of the year	\$ 139,824	\$ 140,509	\$ 353,396	\$ 212,887

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ 120,012	\$ 120,012	\$ 119,112	\$ (900)
Total revenues	<u>120,012</u>	<u>120,012</u>	<u>119,112</u>	<u>(900)</u>
Expenditures:				
Current				
Public safety				
Personal Services	95,728	110,728	103,027	7,701
Other	48,500	33,500	17,195	16,305
Total expenditures	<u>144,228</u>	<u>144,228</u>	<u>120,222</u>	<u>24,006</u>
Net change in fund balance	(24,216)	(24,216)	(1,110)	23,106
Fund balance, beginning of the year	209,743	209,743	209,743	-
Fund balance, end of the year	<u>\$ 185,527</u>	<u>\$ 185,527</u>	<u>\$ 208,633</u>	<u>\$ 23,106</u>

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ 22,285	\$ 22,285	\$ 12,660	\$ (9,625)
Total revenues	22,285	22,285	12,660	(9,625)
Expenditures:				
Current				
Public safety				
Other	25,500	25,500	15,131	10,369
Total expenditures	25,500	25,500	15,131	10,369
Net change in fund balance	(3,215)	(3,215)	(2,471)	744
Fund balance, beginning of the year	21,433	21,433	21,433	-
Fund balance, end of the year	\$ 18,218	\$ 18,218	\$ 18,962	\$ 744

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines and forfeits	\$ 3,550	\$ 3,550	\$ 223	\$ (3,327)
Miscellaneous	- -	- -	4,796	4,796
Total revenues	3,550	3,550	5,019	1,469
Expenditures:				
Current				
Public safety				
Other	4,545	4,545	4,545	-
Total expenditures	4,545	4,545	4,545	-
Net change in fund balance	(995)	(995)	474	1,469
Fund balance, beginning of year	54,104	54,104	54,104	-
Appropriation for prior year encumbrances	4,545	4,545	4,545	-
Fund balance, end of the year	\$ 57,654	\$ 57,654	\$ 59,123	\$ 1,469

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Miscellaneous	\$ 230,000	\$ 300,000	\$ 263,926	\$ (36,074)
Total revenues	230,000	300,000	263,926	(36,074)
Expenditures:				
Current				
Miscellaneous	438,740	376,325	313,769	62,556
Total expenditures	438,740	376,325	313,769	62,556
Net change in fund balance	(208,740)	(76,325)	(49,843)	26,482
Fund balance, beginning of the year	78,393	78,393	78,393	-
Appropriation for prior year encumbrances	63,740	63,740	63,740	-
Fund balance, end of the year	\$ (66,607)	\$ 65,808	\$ 92,290	\$ 26,482

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income tax	\$ 625,000	\$ 625,000	\$ 625,000	\$ -
Fines and forfeits	1,142,279	1,142,279	1,140,100	(2,179)
Miscellaneous	31,020	31,020	19,951	(11,069)
Total revenues	1,798,299	1,798,299	1,785,051	(13,248)
Expenditures:				
Current				
Public safety				
Personal Services	1,605,976	1,605,976	1,591,974	14,002
Other	144,702	144,702	129,614	15,088
Total expenditures	1,750,678	1,750,678	1,721,588	29,090
Net change in fund balance	47,621	47,621	63,463	15,842
Fund balance, beginning of the year	12,889	12,889	12,889	-
Fund balance, end of the year	\$ 60,510	\$ 60,510	\$ 76,352	\$ 15,842

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ 40,401	\$ 69,585	\$ 11,146	\$ (58,439)
Interest earnings	-	-	2,441	2,441
Miscellaneous	-	-	29,184	29,184
Total revenues	40,401	69,585	42,771	(26,814)
Expenditures:				
Current				
Public safety:				
Step Grant				
Personal Services	14,685	14,685	456	14,229
Step Grant II				
Personal Services	19,778	19,778	961	18,817
COPS Grant				
Capital Outlay	14,980	14,980	9,464	5,516
OVI Task Force Grant				
Personal Services	11,000	11,000	1,050	9,950
Total expenditures	60,443	60,443	11,931	48,512
Net change in fund balance		(20,042)	9,142	30,840
Fund balance, beginning of the year		148,553	148,553	148,553
Fund balance, end of the year	\$ 128,511	\$ 157,695	\$ 179,393	\$ 21,698

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines & forfeits	\$ 7,239	\$ 7,239	\$ 5,981	\$ (1,258)
Total revenues	7,239	7,239	5,981	(1,258)
Expenditures:				
Current				
Miscellaneous				
Other	20,000	20,000	2,788	17,212
Total expenditures	20,000	20,000	2,788	17,212
Net change in fund balance	(12,761)	(12,761)	3,193	15,954
Fund balance, beginning of the year	64,172	64,172	64,172	-
Fund balance, end of the year	\$ 51,411	\$ 51,411	\$ 67,365	\$ 15,954

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Fines & forfeits	\$ 112,157	\$ 112,157	\$ 117,647	\$ 5,490
Total revenues	112,157	112,157	117,647	5,490
Expenditures:				
Current				
Public safety				
Personal Services	80,738	80,738	77,068	3,670
Other	135,161	135,161	43,796	91,365
Total expenditures	215,899	215,899	120,864	95,035
Net change in fund balance	(103,742)	(103,742)	(3,217)	100,525
Fund balance, beginning of the year	314,448	314,448	314,448	-
Appropriation for prior year encumbrances	25,161	25,161	25,161	-
Fund balance, end of the year	\$ 235,867	\$ 235,867	\$ 336,392	\$ 100,525

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ 355,200	\$ 355,200	\$ 225,159	\$ (130,041)
Total revenues	355,200	355,200	225,159	(130,041)
Expenditures:				
Current				
Community environment				
Other	355,200	355,200	242,388	112,812
Total expenditures	355,200	355,200	242,388	112,812
Net change in fund balance	-	-	(17,229)	(17,229)
Fund balance, beginning of the year	106,106	106,106	106,106	-
Fund balance, end of the year	\$ 106,106	\$ 106,106	\$ 88,877	\$ (17,229)

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ 758,985	\$ 758,985	\$ 619,094	\$ (139,891)
Interest earnings	-	-	3,711	3,711
Miscellaneous	-	-	6,382	6,382
Total revenues	758,985	758,985	629,187	(129,798)
Expenditures:				
Current				
Community environment				
Other	807,302	1,027,302	635,179	392,123
Total expenditures	807,302	1,027,302	635,179	392,123
Net change in fund balance	(48,317)	(268,317)	(5,992)	262,325
Fund balance, beginning of the year	2,324	2,324	2,324	-
Appropriation for prior year encumbrances	48,317	48,317	48,317	-
Fund balance, end of the year	\$ 2,324	\$ (217,676)	\$ 44,649	\$ 262,325

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Interest earnings	\$ 2,536	\$ 2,536	\$ 19	\$ (2,517)
Miscellaneous	57,709	79,709	9,540	(70,169)
Total revenues	60,245	82,245	9,559	(72,686)
Expenditures:				
Current				
Other	106,138	106,138	(730)	106,868
Total expenditures	106,138	106,138	(730)	106,868
Net change in fund balance	(45,893)	(23,893)	10,289	34,182
Fund balance, beginning of the year	605	605	605	-
Fund balance, end of the year	\$ (45,288)	\$ (23,288)	\$ 10,894	\$ 34,182

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property taxes	\$ 216,000	\$ 216,000	\$ 231,723	\$ 15,723
Intergovernmental revenue	26,400	26,400	26,388	(12)
Municipal income taxes	1,180,000	1,380,000	1,293,416	(86,584)
Total revenues	<u>1,422,400</u>	<u>1,622,400</u>	<u>1,551,527</u>	<u>(70,873)</u>
Expenditures:				
Current				
Public safety				
Miscellaneous	4,636	4,636	3,064	1,572
Personal Services	1,327,325	1,387,325	1,293,417	93,908
Total expenditures	<u>1,331,961</u>	<u>1,391,961</u>	<u>1,296,481</u>	<u>95,480</u>
Net change in fund balance	90,439	230,439	255,046	24,607
Fund balance, beginning of the year	1,088,968	1,088,968	1,088,968	-
Fund balance, end of the year	<u>\$ 1,179,407</u>	<u>\$ 1,319,407</u>	<u>\$ 1,344,014</u>	<u>\$ 24,607</u>

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property taxes	\$ 216,000	\$ 216,000	\$ 231,723	\$ 15,723
Intergovernmental revenue	26,400	26,400	26,387	(13)
Municipal income taxes	1,401,000	1,651,000	1,589,037	(61,963)
Total revenues	1,643,400	1,893,400	1,847,147	(46,253)
Expenditures:				
Current				
Public safety				
Miscellaneous	4,636	4,636	3,064	1,572
Personal Services	1,498,000	1,648,000	1,589,037	58,963
Total expenditures	1,502,636	1,652,636	1,592,101	60,535
Net change in fund balance	140,764	240,764	255,046	14,282
Fund balance, beginning of the year	1,093,767	1,093,767	1,093,767	-
Fund balance, end of the year	\$ 1,234,531	\$ 1,334,531	\$ 1,348,813	\$ 14,282

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property taxes	\$ 98,141	\$ 98,141	\$ 101,268	\$ 3,127
Intergovernmental revenue	14,659	14,659	12,156	(2,503)
Total revenues	112,800	112,800	113,424	624
Expenditures:				
Current				
Community environment				
Other	125,449	125,449	124,664	785
Total expenditures	125,449	125,449	124,664	785
Excess of revenues over (under) expenditures	(12,649)	(12,649)	(11,240)	1,409
Other financing sources (uses):				
Transfers-in	16,000	16,000	16,000	-
Total other financing sources (uses)	16,000	16,000	16,000	-
Net change in fund balance	3,351	3,351	4,760	1,409
Fund balance, beginning of the year	62,661	62,661	62,661	-
Fund balance, end of the year	\$ 66,012	\$ 66,012	\$ 67,421	\$ 1,409

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special assessments	\$ 210,000	\$ 210,000	\$ 398,463	\$ 188,463
Fines and forfeitures	-	-	28,952	28,952
Total revenues	225,000	225,000	427,415	202,415
Expenditures:				
Current				
Community environment				
Other	339,900	539,900	539,613	287
Total expenditures	339,900	539,900	539,613	287
Excess of revenues over (under) expenditures	(114,900)	(314,900)	(112,198)	202,702
Other financing sources (uses):				
Transfers-in	100,000	516,705	300,000	(216,705)
Total other financing sources (uses)	100,000	516,705	300,000	(216,705)
Net change in fund balance	(14,900)	201,805	187,802	(14,003)
Fund balance, beginning of the year	142,035	142,035	142,035	-
Appropriation for prior year encumbrances	8,900	8,900	8,900	-
Fund balance, end of the year	\$ 136,035	\$ 352,740	\$ 338,737	\$ (14,003)

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property taxes	\$ 647,634	\$ 647,634	\$ 638,146	\$ (9,488)
Intergovernmental revenue	96,772	96,772	65,959	(30,813)
Total revenues	744,406	744,406	704,105	(40,301)
Expenditures:				
Current				
Community environment				
Other	744,406	744,406	703,883	40,523
Total expenditures	744,406	744,406	703,883	40,523
Net change in fund balance			222	222
Fund balance, beginning of the year			-	-
Fund balance, end of the year	\$ -	\$ -	\$ 222	\$ 222

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
ONE OHIO OPIOID SETTLEMENT FUND
FOR YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental revenue	\$ -	\$ 50,356	\$ 50,356	\$ -
Total revenues	-	50,356	50,356	-
Net change in fund balance		- 50,356	- 50,356	- -
Fund balance, beginning of the year		- -	- -	- -
Fund balance, end of the year	\$ -	\$ 50,356	\$ 50,356	\$ -

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
CITY INCOME TAX	\$ 29,357,073	\$ 36,377,073	\$ 33,725,306	\$ (2,651,767)
less transfers out				
TO GENERAL FUND	(16,956,000)	(21,756,000)	(20,989,871)	(766,129)
TO AUTO & GAS TAX FUND	(500,000)	(500,000)	(500,000)	-
TO FIRE PENSION FUND	(1,401,000)	(1,651,000)	(1,589,037)	(61,963)
TO POLICE PENSION FUND	(1,180,000)	(1,380,000)	(1,293,416)	(86,584)
TO GENERAL BOND RETIREMENT	(650,000)	(650,000)	(650,000)	-
TO COMPUTER REPLACE FUND	(8,000)	(8,000)	(8,000)	-
TO TERMINATION PAY	(475,000)	(475,000)	(475,000)	-
TO PUBLIC SAFETY FUND	(3,671,538)	(4,621,538)	(4,502,661)	(118,877)
TO STREET LEVY FUND	(3,425,608)	(4,225,608)	(4,135,918)	(89,690)
TO HEALTH FUND	(103,500)	(103,500)	(103,500)	-
TO MUNICIPAL COURT	(625,000)	(625,000)	(625,000)	-
Total revenues	361,427	381,427	(1,147,097)	(3,775,010)
Expenditures:				
Current				
General government				
Personal services	658,447	658,447	625,040	33,407
Other	76,631	96,631	86,767	9,864
Total expenditures	735,078	755,078	711,807	43,271
Net change in fund balance	(373,651)	(373,651)	(1,858,904)	(3,731,739)
Fund balance, beginning of the year	1,862,233	1,862,233	1,862,233	-
Appropriation for prior year encumbrances	21,671	21,671	21,671	-
Fund balance, end of the year	\$ 1,510,253	\$ 1,510,253	\$ 25,000	\$ (3,731,739)

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income tax	\$ 475,000	\$ 475,000	\$ 475,000	\$ -
Total revenues	475,000	475,000	475,000	-
Expenditures:				
Current				
Personal services:				
Public safety	377,674	377,674	367,755	9,919
Community environment	19,787	19,787	19,267	520
General government	219,896	219,896	214,121	5,775
Highways & streets	1,867	1,867	1,818	49
Miscellaneous	30,776	30,776	29,968	808
Total expenditures	650,000	650,000	632,929	17,071
Net change in fund balance	(175,000)	(175,000)	(157,929)	17,071
Fund balance, beginning of the year	559,142	559,142	559,142	-
Fund balance, end of the year	\$ 384,142	\$ 384,142	\$ 401,213	\$ 17,071



CITY OF MIDDLETOWN, OHIO
COMBINING BALANCE SHEET
NON MAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2022

	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	\$ 252,401	\$ 682,147	\$ 39,573	\$ 8,105	\$ 12,388	\$ 149,471
Receivables (net of allowance for uncollectibles):						
Payments in lieu of taxes	-	289,322	16,228	-	651	15,249
Due from other governments	5,949	-	-	-	-	-
Total assets	\$ 258,350	\$ 971,469	\$ 55,801	\$ 8,105	\$ 13,039	\$ 164,720
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred inflows:						
Revenues levied for the next year and unavailable revenue	\$ 5,949	\$ 289,322	\$ 16,228	\$ -	\$ 651	\$ 15,249
Total deferred inflows	5,949	289,322	16,228	-	651	15,249
Fund balances:						
Restricted	-	682,147	39,573	8,105	12,388	149,471
Committed	252,401	-	-	-	-	-
Total fund balance	252,401	682,147	39,573	8,105	12,388	149,471
Total liabilities, deferred inflows and fund balances	\$ 258,350	\$ 971,469	\$ 55,801	\$ 8,105	\$ 13,039	\$ 164,720

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
\$ 142,693	\$ 372,048	\$ 682,356	\$ 378	\$ 216,861	\$ 21,015	\$ 25,301	\$ 59,924	\$ 2,664,661
204,476	147,152	383,010	-	138,780	2,406	511	98,647	1,296,432
\$ 347,169	\$ 519,200	\$ 1,065,366	\$ 378	\$ 355,641	\$ 23,421	\$ 25,812	\$ 158,571	\$ 3,967,042
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,924	\$ 59,924
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,924	\$ 59,924
\$ 204,476	\$ 147,152	\$ 383,010	-	\$ 138,780	\$ 2,406	\$ 511	\$ 98,647	\$ 1,302,381
204,476	147,152	383,010	-	138,780	2,406	511	98,647	1,302,381
142,693	372,048	682,356	378	216,861	21,015	25,301	-	2,352,336
-	-	-	-	-	-	-	-	252,401
142,693	372,048	682,356	378	216,861	21,015	25,301	-	2,604,737
\$ 347,169	\$ 519,200	\$ 1,065,366	\$ 378	\$ 355,641	\$ 23,421	\$ 25,812	\$ 158,571	\$ 3,967,042

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON MAJOR DEBT SERVICE FUNDS
FOR YEAR ENDED DECEMBER 31, 2022

	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	\$ 650,000	\$ -	\$ -	\$ -	\$ -	\$ -
Payment in lieu of taxes	-	404,447	15,788	3,647	488	14,128
Intergovernmental	443,165	-	-	-	-	-
Miscellaneous revenues	280,416	-	-	-	-	-
Total revenues	1,373,581	404,447	15,788	3,647	488	14,128
Expenditures						
Debt service						
Principal retirement	1,000,000	280,000	-	-	-	-
Interest and fiscal charges	269,713	18,851	-	-	-	-
Miscellaneous	-	104,288	-	-	-	-
Total expenditures	1,269,713	403,139	-	-	-	-
Net change in fund balance	103,868	1,308	15,788	3,647	488	14,128
Fund balance, beginning of the year	148,533	680,839	23,785	4,458	11,900	135,343
Fund balance, end of the year	\$ 252,401	\$ 682,147	\$ 39,573	\$ 8,105	\$ 12,388	\$ 149,471

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 650,000
731,739	593,945	1,064,040	-	93,452	3,758	639	219,267	3,145,338
-	-	-	-	-	-	-	-	443,165
-	-	-	-	-	-	-	-	280,416
731,739	593,945	1,064,040	-	93,452	3,758	639	219,267	4,518,919
140,000	70,000	-	-	-	-	-	-	1,490,000
-	-	80,000	-	-	-	-	-	368,564
583,151	433,728	773,233	-	-	-	-	286,974	2,181,374
723,151	503,728	853,233	-	-	-	-	286,974	4,039,938
8,588	90,217	210,807	-	93,452	3,758	639	(67,707)	478,981
134,105	281,831	471,549	378	123,409	17,257	24,662	67,707	2,125,756
\$ 142,693	\$ 372,048	\$ 682,356	\$ 378	\$ 216,861	\$ 21,015	\$ 25,301	\$ -	\$ 2,604,737

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special assessments	\$ 255,408	\$ 255,408	\$ 119,822	\$ (135,586)
Miscellaneous	-	-	11,213	11,213
Total revenues	255,408	255,408	131,035	(124,373)
Expenditures:				
Debt service	128,887	128,887	118,483	10,404
Total expenditures	128,887	128,887	118,483	10,404
Net change in fund balance	126,521	126,521	12,552	(113,969)
Fund balance, beginning of the year	433,030	433,030	433,030	-
Fund balance, end of the year	\$ 559,551	\$ 559,551	\$ 445,582	\$ (113,969)

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income taxes	\$ 650,000	\$ 650,000	\$ 650,000	\$ -
Intergovernmental	950	950	296,634	295,684
Miscellaneous	719,312	719,312	426,947	(292,365)
Total revenues	1,370,262	1,370,262	1,373,581	3,319
Expenditures:				
Current				
Miscellaneous				
Other	5,000	5,000	-	5,000
Debt service	1,277,165	1,277,165	1,269,713	7,452
Total expenditures	1,282,165	1,282,165	1,269,713	12,452
Net change in fund balance	88,097	88,097	103,868	15,771
Fund balance, beginning of the year	148,533	148,533	148,533	-
Fund balance, end of the year	\$ 236,630	\$ 236,630	\$ 252,401	\$ 15,771

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 404,000	\$ 404,000	\$ 404,447	\$ 447
Total revenues	404,000	404,000	404,447	447
Expenditures:				
Current				
Miscellaneous				
Other	113,941	113,941	104,287	9,654
Debt service	298,852	298,852	298,852	-
Total expenditures	412,793	412,793	403,139	9,654
Net change in fund balance	(8,793)	(8,793)	1,308	10,101
Fund balance, beginning of the year	680,839	680,839	680,839	-
Fund balance, end of the year	\$ 672,046	\$ 672,046	\$ 682,147	\$ 10,101

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 8,155	\$ 8,155	\$ 15,788	\$ 7,633
Total revenues	<u>8,155</u>	<u>8,155</u>	<u>15,788</u>	<u>7,633</u>
Expenditures:				
Current				
Miscellaneous				
Other	100	100	-	100
Total expenditures	<u>100</u>	<u>100</u>	<u>-</u>	<u>100</u>
Net change in fund balance	8,055	8,055	15,788	7,733
Fund balance, beginning of the year	23,785	23,785	23,785	-
Fund balance, end of the year	<u>\$ 31,840</u>	<u>\$ 31,840</u>	<u>\$ 39,573</u>	<u>\$ 7,733</u>

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ -	\$ -	\$ 3,647	\$ 3,647
Total revenues	-	-	3,647	3,647
Expenditures:				
Current				
Miscellaneous				
Other	36	36	-	36
Total expenditures	36	36	-	36
Net change in fund balance	(36)	(36)	3,647	3,683
Fund balance, beginning of the year	4,458	4,458	4,458	-
Fund balance, end of the year	\$ 4,422	\$ 4,422	\$ 8,105	\$ 3,683

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 974	\$ 974	\$ 488	\$ (486)
Total revenues	974	974	488	(486)
Expenditures:				
Current				
Miscellaneous				
Other	35	35	-	35
Total expenditures	35	35	-	35
Net change in fund balance	939	939	488	(451)
Fund balance, beginning of the year	11,900	11,900	11,900	-
Fund balance, end of the year	\$ 12,839	\$ 12,839	\$ 12,388	\$ (451)

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 14,800	\$ 14,800	\$ 14,127	\$ (673)
Total revenues	14,800	14,800	14,127	(673)
Expenditures:				
Current				
Miscellaneous				
Other	300	300	-	300
Total expenditures	300	300	-	300
Net change in fund balance	14,500	14,500	14,127	(373)
Fund balance, beginning of the year	135,343	135,343	135,343	-
Fund balance, end of the year	\$ 149,843	\$ 149,843	\$ 149,471	\$ (373)

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 685,000	\$ 746,401	\$ 731,739	\$ (14,662)
Total revenues	685,000	746,401	731,739	(14,662)
Expenditures:				
Current				
Miscellaneous				
Other	521,750	583,151	583,151	-
Debt service	140,000	140,000	140,000	-
Total expenditures	661,750	723,151	723,151	-
Net change in fund balance	23,250	23,250	8,588	(14,662)
Fund balance, beginning of the year	134,105	134,105	134,105	-
Fund balance, end of the year	\$ 157,355	\$ 157,355	\$ 142,693	\$ (14,662)

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 595,000	\$ 595,000	\$ 593,945	\$ (1,055)
Total revenues	<u>595,000</u>	<u>595,000</u>	<u>593,945</u>	<u>(1,055)</u>
Expenditures:				
Current				
Miscellaneous				
Other	440,150	440,150	433,729	6,421
Debt service	70,000	70,000	70,000	-
Total expenditures	<u>510,150</u>	<u>510,150</u>	<u>503,729</u>	<u>6,421</u>
Net change in fund balance	84,850	84,850	90,217	5,366
Fund balance, beginning of the year	281,831	281,831	281,831	-
Fund balance, end of the year	<u>\$ 366,681</u>	<u>\$ 366,681</u>	<u>\$ 372,048</u>	<u>\$ 5,366</u>

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 790,000	\$ 964,734	\$ 1,064,040	\$ 99,306
Total revenues	790,000	964,734	1,064,040	99,306
Expenditures:				
Current				
Miscellaneous				
Other	598,500	773,234	773,233	1
Debt service	80,000	80,000	80,000	-
Total expenditures	678,500	853,234	853,233	1
Net change in fund balance	111,500	111,500	210,807	99,307
Fund balance, beginning of the year	471,549	471,549	471,549	-
Fund balance, end of the year	\$ 583,049	\$ 583,049	\$ 682,356	\$ 99,307

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 135,000	\$ 135,000	\$ 93,452	\$ (41,548)
Total revenues	135,000	135,000	93,452	(41,548)
Expenditures:				
Current				
Miscellaneous				
Other	20,020	20,020	-	20,020
Capital Outlay	55,000	55,000	-	55,000
Total expenditures	75,020	75,020	-	75,020
Net change in fund balance	59,980	59,980	93,452	33,472
Fund balance, beginning of the year	123,409	123,409	123,409	-
Fund balance, end of the year	\$ 183,389	\$ 183,389	\$ 216,861	\$ 33,472

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 7,800	\$ 7,800	\$ 3,758	\$ (4,042)
Total revenues	7,800	7,800	3,758	(4,042)
Expenditures:				
Current				
Miscellaneous				
Other	35	35	-	35
Total expenditures	35	35	-	35
Net change in fund balance	7,765	7,765	3,758	(4,007)
Fund balance, beginning of the year	17,257	17,257	17,257	-
Fund balance, end of the year	\$ 25,022	\$ 25,022	\$ 21,015	\$ (4,007)

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 790	\$ 790	\$ 639	\$ (151)
Total revenues	790	790	639	(151)
Expenditures:				
Current				
Miscellaneous				
Other	35	35	-	35
Total expenditures	35	35	-	35
Net change in fund balance	755	755	639	(116)
Fund balance, beginning of the year	24,662	24,662	24,662	-
Fund balance, end of the year	\$ 25,417	\$ 25,417	\$ 25,301	\$ (116)

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Payments in lieu of taxes	\$ 139,000	\$ 229,773	\$ 219,267	\$ (10,506)
Total revenues	139,000	229,773	219,267	(10,506)
Expenditures:				
Current				
Miscellaneous				
Other	196,202	286,975	227,050	59,925
Total expenditures	196,202	286,975	227,050	59,925
Net change in fund balance	(57,202)	(57,202)	(7,783)	49,419
Fund balance, beginning of the year	67,707	67,707	67,707	-
Fund balance, end of the year	\$ 10,505	\$ 10,505	\$ 59,924	\$ 49,419

CITY OF MIDDLETOWN, OHIO
COMBINING BALANCE SHEET
NON MAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2022

	East End Development	Downtown Improvements	Computer Replacement	Property Development	2011 Sidewalk, Curb and Gutter	Central Avenue Sidewalk Curb and Gutter
Assets						
Cash and equity in pooled cash, deposits and investments	\$ 130,348	\$ 206,885	\$ 1,293,538	\$ 298,150	\$ 16,077	\$ 1
Receivables (net of allowance for uncollectibles):						
Accounts	-	-	-	17,351	-	-
Total assets	\$ 130,348	\$ 206,885	\$ 1,293,538	\$ 315,501	\$ 16,077	\$ 1
Liabilities						
Accounts payable	\$ -	\$ 25,000	\$ 27,802	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	43,152
Total liabilities	-	25,000	27,802	-	-	43,152
Fund balances:						
Restricted	130,348	-	-	-	-	-
Committed	-	-	1,265,736	315,501	-	-
Assigned	-	181,885	-	-	16,077	-
Unassigned	-	-	-	-	-	(43,151)
Total fund balances	130,348	181,885	1,265,736	315,501	16,077	(43,151)
Total liabilities and fund balances	\$ 130,348	\$ 206,885	\$ 1,293,538	\$ 315,501	\$ 16,077	\$ 1

2018 Sidewalk Curb and Gutter Program	2019 Sidewalk Curb and Gutter Program	2020 Sidewalk Curb and Gutter Program	2021 Sidewalk Curb and Gutter Program	2022 Sidewalk Curb and Gutter Program	Economic Development Bond Service	Totals
\$ 1 \$	1 \$	1 \$	1 \$	7,307 \$	500,000 \$	2,267 \$ 2,454,576
-	-	-	-	-	-	17,351
\$ 1 \$	1 \$	1 \$	1 \$	7,307 \$	500,000 \$	2,267 \$ 2,471,927
\$ 55,876 \$	284,393 \$	736,028 \$	202,687 \$	500,000 \$	- \$	52,802 \$ 1,822,136
55,876	284,393	736,028	202,687	500,000	-	1,874,938
-	-	-	-	-	-	130,348
-	-	-	-	-	-	1,581,237
-	-	-	-	-	-	200,229
(55,875)	(284,392)	(736,027)	(195,380)	-	-	(1,314,825)
(55,875)	(284,392)	(736,027)	(195,380)	-	2,267	596,989
\$ 1 \$	1 \$	1 \$	1 \$	7,307 \$	500,000 \$	2,267 \$ 2,471,927

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON MAJOR CAPITAL PROJECT FUNDS
FOR YEAR ENDED DECEMBER 31, 2022

	East End Development	Downtown Improvements	Computer Replacement	Property Development	2011 Sidewalk, Curb and Gutter	Central Avenue Sidewalk Curb and Gutter
Revenues						
Municipal income taxes	\$ -	\$ -	\$ 8,000	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	231,415	-	-
Special Assessments	-	-	-	-	459	8,851
Investment income	1,737	3,406	18,263	-	-	-
Miscellaneous	-	95,444	-	-	-	-
Total revenues	1,737	98,850	26,263	231,415	459	8,851
Expenditures						
Current						
Community environment	-	34,025	-	112,812	-	-
Highways and streets	-	-	-	-	-	-
General government	-	25,000	244,512	-	-	-
Debt service						
Principal retirement	-	130,000	-	-	-	-
Interest and fiscal charges	-	59,523	-	-	-	-
Total expenditures	-	248,548	244,512	112,812	-	-
Excess of revenues over (under) expenditures	1,737	(149,698)	(218,249)	118,603	459	8,851
Other financing sources (uses)						
Transfers-in	-	175,000	85,376	-	-	-
Total other financing sources (uses)	-	175,000	85,376	-	-	-
Net change in fund balances	1,737	25,302	(132,873)	118,603	459	8,851
Fund balance, beginning of year	128,611	156,583	1,398,609	196,898	15,618	(52,002)
Fund balance, end of the year	\$ 130,348	\$ 181,885	\$ 1,265,736	\$ 315,501	\$ 16,077	\$ (43,151)

2018 Sidewalk Curb and Gutter Program	2019 Sidewalk Curb and Gutter Program	2020 Sidewalk Curb and Gutter Program	2021 Sidewalk Curb and Gutter Program	2022 Sidewalk Curb and Gutter Program	Economic Development Bond Service	Totals
\$ - \$ -	\$ - \$ -	\$ - \$ -	\$ - \$ -	\$ - \$ -	\$ - \$ -	\$ 8,000
51,361	79,206	111,778	8,927	-	-	231,415
-	-	-	-	-	-	260,582
-	-	-	-	-	-	23,406
-	-	-	-	-	-	95,444
51,361	79,206	111,778	8,927	-	-	618,847
<hr/>						
-	-	-	-	-	-	146,837
-	-	-	44,777	-	-	44,777
-	-	-	-	-	-	269,512
-	-	-	-	-	85,000	215,000
-	-	-	-	-	72,193	131,716
-	-	-	44,777	-	157,193	807,842
<hr/>						
51,361	79,206	111,778	(35,850)	-	(157,193)	(188,995)
-	-	-	-	-	157,194	417,570
-	-	-	-	-	157,194	417,570
51,361	79,206	111,778	(35,850)	-	1	228,575
(107,236)	(363,598)	(847,805)	(159,530)	-	2,266	368,414
\$ (55,875) \$	(284,392) \$	(736,027) \$	(195,380) \$	- \$	2,267 \$	596,989

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Property taxes	\$ 697,200	\$ 697,200	\$ 691,167	\$ (6,033)
Intergovernmental revenue	5,480,559	5,480,559	4,234,692	(1,245,867)
Charges for services	5,000	5,000	8,823	3,823
Interest earnings	-	-	24,582	24,582
Miscellaneous	10,000	10,000	17,500	7,500
Total revenues	6,192,759	6,192,759	4,976,764	(1,215,995)
Expenditures:				
Current				
Public safety				
Other	350,073	350,073	88,010	262,063
Leisure time activities				
Other	133,390	150,890	135,259	15,631
Highways and streets				
Other	6,468,879	6,528,880	6,565,736	(36,856)
Miscellaneous				
Other	13,500	13,500	8,990	4,510
Total expenditures	6,965,842	7,043,343	6,797,995	245,348
Net change in fund balance	(773,083)	(850,584)	(1,821,231)	(970,647)
Fund balance, beginning of the year	760,370	760,370	760,370	-
Appropriation for prior year encumbrances	460,808	460,808	460,808	-
Fund balance, end of the year	\$ 448,095	\$ 370,594	\$ (600,053)	\$ (970,647)

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Interest earnings	\$ -	\$ -	\$ 1,737	\$ 1,737
Total revenues	-	-	1,737	1,737
Net change in fund balance	-	-	1,737	1,737
Fund balance, beginning of the year	128,611	128,611	128,611	-
Fund balance, end of the year	\$ 128,611	\$ 128,611	\$ 130,348	\$ 1,737

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Interest earnings	\$ 1,972	\$ 1,972	\$ 3,407	\$ 1,435
Miscellaneous	71,171	71,171	95,443	24,272
Total revenues	73,143	73,143	98,850	25,707
Expenditures:				
Current				
Community environment				
Other	110,000	110,000	64,738	45,262
Debt Service				
Principal retirement	130,000	130,000	130,000	-
Interest & fiscal charges	59,523	59,523	59,523	-
Total expenditures	299,523	299,523	254,261	45,262
Excess of revenues under expenditures	(226,380)	(226,380)	(155,411)	70,969
Other financing sources (uses):				
Transfers-in	175,000	175,000	175,000	-
Total other financing sources (uses)	175,000	175,000	175,000	-
Net change in fund balance	(51,380)	(51,380)	19,589	70,969
Fund balance, beginning of the year	128,046	128,046	128,046	-
Appropriation for prior year encumbrances	30,000	30,000	30,000	-
Fund balance, end of the year	\$ 106,666	\$ 106,666	\$ 177,635	\$ 70,969

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Municipal income taxes	\$ 8,000	\$ 8,000	\$ 8,000	\$ -
Interest earnings	55,351	55,351	18,262	(37,089)
Miscellaneous	55,120	55,120	-	(55,120)
Total revenues	118,471	118,471	26,262	(92,209)
Expenditures:				
Current				
General government				
Other	429,303	689,161	579,574	109,587
Total expenditures	429,303	689,161	579,574	109,587
Excess of revenues under expenditures	(310,832)	(570,690)	(553,312)	17,378
Other financing sources:				
Transfers-in	185,376	185,376	85,376	(100,000)
Total other financing sources	185,376	185,376	85,376	(100,000)
Net change in fund balance	(125,456)	(385,314)	(467,936)	(82,622)
Fund balance, beginning of the year	1,363,936	1,363,936	1,363,936	-
Appropriation for prior year encumbrances	54,303	54,303	54,303	-
Fund balance, end of the year	\$ 1,292,783	\$ 1,032,925	\$ 950,303	\$ (82,622)

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Intergovernmental	\$ 185,650	\$ 185,650	\$ 230,030	\$ 44,380
Total revenues	185,650	185,650	230,030	44,380
Expenditures:				
Current				
Community environment				
Other	327,132	327,132	175,611	151,521
Total expenditures	327,132	327,132	175,611	151,521
Net change in fund balance	(141,482)	(141,482)	54,419	195,901
Fund balance, beginning of the year	110,931	110,931	110,931	-
Appropriation for prior year encumbrances	70,000	70,000	70,000	-
Fund balance, end of the year	\$ 39,449	\$ 39,449	\$ 235,350	\$ 195,901

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special assessments	\$ -	\$ -	\$ 459	\$ 459
Total revenues	-	-	459	459
Net change in fund balance	-	-	459	459
Fund balance, beginning of the year	15,618	15,618	15,618	-
Fund balance, end of the year	\$ 15,618	\$ 15,618	\$ 16,077	\$ 459

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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special Assessments	\$ -	\$ -	\$ 8,851	\$ 8,851
Total revenues	-	-	8,851	8,851
Excess of revenues over/under expenditures	-	-	8,851	8,851
Other financing sources/uses:				
Advance out	-	-	(8,850)	(8,850)
Total other financing sources/(uses)	-	-	(8,850)	(8,850)
Net change in fund balance	-	-	1	1
Fund balance, beginning of the year	-	-	-	-
Fund balance, end of the year	\$ -	\$ -	\$ 1	\$ 1

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
2018 SIDEWALK, CURB AND GUTTER FUND
FOR YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special assessments	\$ -	\$ -	\$ 51,360	\$ 51,360
Total revenues	-	-	51,360	51,360
Excess of revenues over expenditures	- -	- -	51,360	51,360
Other financing uses:				
Advance out	- -	- -	(51,360)	(51,360)
Total other financing uses	- -	- -	(51,360)	(51,360)
Net change in fund balance	- -	- -	- -	- -
Fund balance, beginning of the year	1 1	1 1	1 1	- -
Fund balance, end of the year	\$ 1 \$	1 \$	1 \$	- -

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
2019 SIDEWALK, CURB AND GUTTER FUND
FOR YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special assessments	\$ -	\$ -	\$ 79,206	\$ 79,206
Total revenues	-	-	79,206	79,206
Excess of revenues over expenditures	- -	- -	79,206	79,206
Other financing uses:				
Advance out	- -	- -	(79,206)	(79,206)
Total other financing uses	- -	- -	(79,206)	(79,206)
Net change in fund balance	- -	- -	- -	- -
Fund balance, beginning of the year	1 1	1 1	1 1	- -
Fund balance, end of the year	\$ 1 \$ 1	\$ 1 \$ 1	\$ 1 \$ 1	- -

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
2020 SIDEWALK, CURB AND GUTTER FUND
FOR YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special assessments	\$ -	\$ -	\$ 111,778	\$ 111,778
Total revenues	-	-	111,778	111,778
Excess of revenues under expenditures	- -	- -	111,778	111,778
Other financing uses:				
Advance out	- -	- -	(111,777)	(111,777)
Total other financing uses	- -	- -	(111,777)	(111,777)
Net change in fund balance	- -	- -	1	1
Fund balance, beginning of the year	- -	- -	-	-
Fund balance, end of the year	\$ -	\$ -	\$ 1	\$ 1

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
2021 SIDEWALK, CURB AND GUTTER FUND
FOR YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special assessments	\$ -	\$ -	\$ 8,927	\$ 8,927
Total revenues	-	-	8,927	8,927
Expenditures:				
Current				
Highways and streets	52,083	52,083	52,083	-
Other	52,083	52,083	52,083	-
Total expenditures	52,083	52,083	52,083	-
Excess of revenues under expenditures	(52,083)	(52,083)	(43,156)	8,927
Other financing sources:				
Advance in	-	-	(8,926)	(8,926)
Total other financing sources	-	-	(8,926)	(8,926)
Net change in fund balance	(52,083)	(52,083)	(52,082)	1
Fund balance, beginning of the year	-	-	-	-
Appropriation for prior year encumbrances	52,083	52,083	52,083	-
Fund balance, end of the year	\$ -	\$ -	\$ 1	\$ 1

CITY OF MIDDLETOWN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
2022 SIDEWALK, CURB AND GUTTER FUND
FOR YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues:				
Special assessments	\$ 600,000	\$ 600,000	\$ -	\$ (600,000)
Total revenues	600,000	600,000	-	(600,000)
Expenditures:				
Current				
Highways and streets	600,000	600,000	500,000	100,000
Other	600,000	600,000	500,000	100,000
Total expenditures	600,000	600,000	500,000	100,000
Excess of revenues under expenditures	-	-	(500,000)	(500,000)
Other financing sources:				
Advance in	-	-	500,000	500,000
Total other financing sources	-	-	500,000	500,000
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, 2022

	Original Budget	Final Budget	Actual	Variance From Final Budget
Expenditures:				
Current				
Debt Service				
Principal retirement	\$ 85,000	\$ 85,000	\$ 85,000	\$ -
Interest expense	72,193	72,193	72,193	-
Total expenditures	157,193	157,193	157,193	-
Excess of revenues over/under expenditures	(157,193)	(157,193)	(157,193)	-
Other financing sources:				
Transfer in	157,194	157,194	157,194	-
Total other financing sources	157,194	157,194	157,194	-
Net change in fund balance	1	1	1	-
Fund balance, beginning of the year	2,266	2,266	2,266	-
Fund balance, end of the year	\$ 2,267	\$ 2,267	\$ 2,267	\$ -

**CITY OF MIDDLETOWN
FUND DESCRIPTIONS
DECEMBER 31, 2022**

NON MAJOR ENTERPRISE FUNDS:

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

AIRPORT FUND

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

TRANSIT SYSTEM

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

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF NET POSITION
NON MAJOR ENTERPRISE FUNDS
DECEMBER 31, 2022

Business Type Activities - Enterprise Funds

	Airport	Transit	Totals
Assets:			
Current assets:			
Equity in pooled cash, deposits and investments	\$ 717,527	\$ 544,615	\$ 1,262,142
Receivables (net of allowance for uncollectibles):			
Intergovernmental	-	1,200,502	1,200,502
Total current assets	717,527	1,745,117	2,462,644
Noncurrent assets:			
Net OPEB asset	-	44,558	44,558
Capital assets:			
Construction in progress	84,100	-	84,100
Land	1,524,356	-	1,524,356
Land improvements	720,617	7,082	727,699
Infrastructure assets	1,730,936	125,132	1,856,068
Buildings	2,072,312	1,370,702	3,443,014
Equipment	1,831,517	5,754,092	7,585,609
Less: Accumulated depreciation	(3,563,313)	(4,638,084)	(8,201,397)
Total capital assets (net of accumulated depreciation)	4,400,525	2,618,924	7,019,449
Total noncurrent assets	4,400,525	2,663,482	7,064,007
Total assets	5,118,052	4,408,599	9,526,651
Deferred outflows of resources:			
Pension related	-	57,701	57,701
OPEB related	-	1,841	1,841
Total deferred outflows of resources:	-	59,542	59,542
Liabilities:			
Current liabilities			
Accounts payable	72,847	274,370	347,217
Accrued wages and benefits	-	1,449	1,449
Other accrued liabilities	5,114	-	5,114
Due to other funds	242,934	29,434	272,368
Compensated absences (short-term)	-	4,628	4,628
Total current liabilities	320,895	309,881	630,776
Long-term liabilities:			
Compensated absences payable	-	14	14
Net pension liability	-	120,657	120,657
Total long-term liabilities	-	120,671	120,671
Total liabilities	320,895	430,552	751,447
Deferred inflows of resources:			
Pension related	-	148,399	148,399
OPEB related	-	46,805	46,805
Total deferred inflows of resources:	-	195,204	195,204
Net position:			
Investment in capital assets	4,400,525	2,618,924	7,019,449
Unrestricted	396,632	1,223,461	1,620,093
Total net position	\$ 4,797,157	\$ 3,842,385	\$ 8,639,542

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, 2022

Business Type Activities - Enterprise Funds

	Airport	Transit	Totals
Operating revenues:			
Charges for services	\$ 664,943	\$ 145	\$ 665,088
Other operating revenue	1,636	-	1,636
Total operating revenues	666,579	145	666,724
Operating expenses:			
Personal services	-	17,573	17,573
Contractual services	515,488	509,533	1,025,021
Commodities	194,461	2,039	196,500
Depreciation	291,407	437,946	729,353
Total operating expenses	1,001,356	967,091	1,968,447
Operating income (loss)	(334,777)	(966,946)	(1,301,723)
Non-operating revenues (expenses):			
Operating grants	-	2,505,888	2,505,888
Total non-operating revenues (expenses)	-	2,505,888	2,505,888
Income (loss) before capital contributions and transfers	(334,777)	1,538,942	1,204,165
Capital contributions	197,600	703,210	900,810
Transfers in	-	48,000	48,000
Change in net position	(137,177)	2,290,152	2,152,975
Total net position, beginning of year	4,934,334	1,552,233	6,486,567
Total net position, end of year	\$ 4,797,157	\$ 3,842,385	\$ 8,639,542

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF CASH FLOWS
NON MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

Business Type Activities - Enterprise Funds

	Airport	Transit	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 666,579	\$ -	\$ 666,579
Cash payments to suppliers for goods and services	(733,850)	(452,904)	(1,186,754)
Cash payments to employees for services	-	(90,797)	(90,797)
Miscellaneous revenues	-	144	144
Cash payments for interfund services used	(47,557)	(182,894)	(230,451)
Net cash provided (used) by operating activities	(114,828)	(726,451)	(841,279)
Cash flows from non-capital financing activities:			
Operating grants	-	1,996,935	1,996,935
Transfers in	-	48,000	48,000
Net cash provided (used) by non-capital financing activities	-	2,044,935	2,044,935
Cash flows from capital and related financing activities:			
Purchase of capital assets	(113,683)	(1,800,755)	(1,914,438)
Capital grants	197,600	703,210	900,810
Net cash provided (used) by capital and related financing activities	83,917	(1,097,545)	(1,013,628)
Net increase (decrease) in cash and cash equivalents	(30,911)	220,939	190,028
Cash and cash equivalents, beginning of year	748,438	323,676	1,072,114
Cash and cash equivalents, end of year	\$ 717,527	\$ 544,615	\$ 1,262,142

continued

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF CASH FLOWS
NON MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Airport	Transit	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (334,777)	\$ (966,946)	\$ (1,301,723)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	291,407	437,946	729,353
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
Decrease (increase) in net OPEB asset	-	(18,626)	(18,626)
Decrease (increase) in deferred outflows of resources - pension related	-	(13,236)	(13,236)
Decrease (increase) in deferred outflows of resources - OPEB related	-	15,660	15,660
Increase (decrease) in accounts payable	(71,985)	(133,751)	(205,736)
Increase (decrease) in accrued wages and benefits	(5,164)	248	(4,916)
Increase (decrease) in other accrued liabilities	5,114	-	5,114
Increase (decrease) in due to other funds	577	18,124	18,701
Increase (decrease) in compensated absences payable	-	(13)	(13)
Increase (decrease) in net pension liability	-	(90,127)	(90,127)
Increase (decrease) in deferred inflows of resources - pension related	-	57,423	57,423
Increase (decrease) in deferred inflows of resources - OPEB related	-	(33,153)	(33,153)
Total adjustments	219,949	240,495	460,444
Net cash provided (used) by operating activities	\$ (114,828)	\$ (726,451)	\$ (841,279)

**CITY OF MIDDLETOWN
FUND DESCRIPTIONS
DECEMBER 31, 2022**

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, 2022

	Municipal Garage	Employee Benefits Fund	Totals
Assets:			
Current assets:			
Equity in pooled cash, deposits and investments	\$ 6,361,570	\$ 2,156,327	\$ 8,517,897
Receivables (net of allowance for uncollectibles):			
Accounts	- 88,228	88,228	
Due from other funds	254,947 -	254,947	
Inventory of supplies	394,727 -	394,727	
Total current assets	7,011,244	2,244,555	9,255,799
Noncurrent assets:			
Net OPEB asset	37,055 -	37,055	
Capital assets:			
Construction in progress	381,797 -	381,797	
Land	195,750 -	195,750	
Buildings	732,017 -	732,017	
Equipment	16,119,424 -	16,119,424	
Less: Accumulated depreciation	(13,469,590) -	(13,469,590)	
Total capital assets (net of accumulated depreciation)	3,959,398 -	3,959,398	
Total noncurrent assets	3,996,453 -	3,996,453	
Total assets	11,007,697	2,244,555	13,252,252
Deferred outflows of resources:			
Pension related	47,985 -	47,985	
OPEB related	1,533 -	1,533	
Total deferred outflows of resources:	49,518 -	49,518	
Liabilities:			
Current liabilities:			
Accounts payable	137,202 648,540	785,742	
Accrued wages and benefits	6,657 -	6,657	
Compensated absences payable	30,162 -	30,162	
Total current liabilities	174,021 648,540	822,561	
Long-term liabilities:			
Compensated absences payable	33,133 -	33,133	
Net pension liabilities	100,342 -	100,342	
Total long-term liabilities	133,475 -	133,475	
Total liabilities	307,496 648,540	956,036	
Deferred inflows of resources:			
Pension related	123,413 -	123,413	
OPEB related	38,926 -	38,926	
Total deferred inflows of resources:	162,339 -	162,339	
Net position:			
Investment in capital assets	3,959,398 -	3,959,398	
Unrestricted	6,627,982 1,596,015	8,223,997	
Total net position	\$ 10,587,380 \$ 1,596,015	\$ 12,183,395	

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Municipal Garage	Employee Benefits Fund	Totals
Operating revenues:			
Charges for services	\$ 3,106,306	\$ 6,407,516	\$ 9,513,822
Other operating revenues	104,815	-	104,815
Total operating revenues	3,211,121	6,407,516	9,618,637
Operating expenses:			
Personal services	473,147	-	473,147
Contractual services	624,928	6,171,438	6,796,366
Commodities	479,342	-	479,342
Depreciation	1,157,538	-	1,157,538
Total operating expenses	2,734,955	6,171,438	8,906,393
Operating income (loss)	476,166	236,078	712,244
Non-operating revenues (expenses):			
Interest revenue	89,027	-	89,027
Total non-operating revenues (expenses)	89,027	-	89,027
Change in net position	565,193	236,078	801,271
Total net position, beginning of the year	10,022,187	1,359,937	11,382,124
Total net position, end of the year	\$ 10,587,380	\$ 1,596,015	\$ 12,183,395

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Municipal Garage	Employee Benefits Fund	Totals
Cash flows from operating activities:			
Cash payments to suppliers for goods and services	\$ (1,177,007)	\$ (6,127,938)	\$ (7,304,945)
Cash payments to employees for services	(449,794)	-	(449,794)
Cash received from interfund services provided	3,067,445	6,368,475	9,435,920
Cash payments for interfund services used	(96,373)	-	(96,373)
Net cash provided by operating activities	1,344,271	240,537	1,584,808
Cash flows from capital and related financing activities:			
Purchase of capital assets	(1,740,115)	-	(1,740,115)
Net cash used by capital and related financing activities	(1,740,115)	-	(1,740,115)
Cash flows from investing activities:			
Interest income	89,027	-	89,027
Net cash provided by investing activities	89,027	-	89,027
Net increase (decrease) in cash and cash equivalents	(306,817)	240,537	(66,280)
Cash and cash equivalents, beginning of year	6,668,387	1,915,790	8,584,177
Cash and cash equivalents, end of year	\$ 6,361,570	\$ 2,156,327	\$ 8,517,897

continued

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

<u>(continued)</u>	Municipal Garage	Employee Benefits Fund	Totals
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 476,166	\$ 236,078	\$ 712,244
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	1,157,538	-	1,157,538
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
Decrease (increase) in accounts receivable	627	(39,041)	(38,414)
Decrease (increase) in due from other funds	(144,304)	-	(144,304)
Decrease (increase) in supplies inventory	(85,399)	-	(85,399)
Decrease (increase) in net OPEB asset	(15,490)	-	(15,490)
Decrease (increase) in deferred outflows of resources - pension related	(11,008)	-	(11,008)
Decrease (increase) in deferred outflows of resources - OPEB related	13,023	-	13,023
Increase (decrease) in accounts payable	12,662	43,500	56,162
Increase (decrease) in accrued wages	954	-	954
Increase (decrease) in compensated absences	(5,733)	-	(5,733)
Increase (decrease) in net pension liability	(74,951)	-	(74,951)
Increase (decrease) in deferred inflows of resources - pension related	47,756	-	47,756
Increase (decrease) in deferred inflows of resources - OPEB related	(27,570)	-	(27,570)
Total adjustments	868,105	4,459	872,564
Net cash provided by operating activities	\$ 1,344,271	\$ 240,537	\$ 1,584,808

**CITY OF MIDDLETOWN
CUSTODIAL FUNDS
DECEMBER 31, 2022**

CUSTODIAL FUNDS:

The City is responsible in a custodial capacity for other assets that can only be used for designated beneficiaries. The City has two custodial 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.

MUNICIPAL COURT

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

JOINT ECONOMIC DEVELOPMENT DISTRICT I

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

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2022

	Custodial Funds		
	Municipal Court	Joint Economic Development District I	Totals
Assets			
Cash and equity in pooled cash, deposits and investments	\$ -	\$ 210,746	\$ 210,746
Cash and cash equivalents in segregated accounts	252,429	-	252,429
Total assets	252,429	210,746	463,175
Liabilities			
Due to individuals	108,757	-	108,757
Due to other governments	143,672	210,746	354,418
Total liabilities	252,429	210,746	463,175
Net Position			
Total net position	\$ -	\$ -	\$ -

CITY OF MIDDLETOWN, OHIO
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Custodial Funds		
	Municipal Court	Joint Economic Development District I	Totals
Additions			
Taxes collected for distribution	\$ -	\$ 3,137,345	\$ 3,137,345
Fines, licenses and permits for distribution	2,043,564	-	2,043,564
Total additions	<u>2,043,564</u>	<u>3,137,345</u>	<u>5,180,909</u>
Deductions			
Distributions to other governments	492,191	3,083,816	3,576,007
Distributions on behalf of others	1,551,373	53,529	1,604,902
Total deductions	<u>2,043,564</u>	<u>3,137,345</u>	<u>5,180,909</u>
Net change in Fiduciary net position	-	-	-
Net Position - beginning of the year	-	-	-
Net Position - end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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 annual comprehensive 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.	200
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.	207
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.	212
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.	217
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.	219

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

Table 1

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Restated										
Governmental Activities:										
Net Investment in Capital Assets	\$ 82,887	75,330	68,760	63,745	59,480	57,656	56,377	53,363	54,102	57,244
Restricted	18,607	15,785	15,035	14,352	11,995	13,426	12,164	12,843	12,896	22,026
Unrestricted	(21,351)	(27,337)	(40,086)	(39,336)	(53,909)	(52,457)	(22,837)	(19,834)	(19,142)	11,328
Total Governmental Activities Net Position	\$ 80,143	63,778	43,709	38,761	17,566	18,625	45,704	46,372	90,598	95,615
Business-Type Activities:										
Net Investment in Capital Assets	\$ 107,409	93,049	80,406	73,092	68,619	66,917	61,159	54,257	51,744	56,230
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	43,277	41,154	41,687	35,633	27,821	18,493	18,502	17,976	17,251	15,918
Total Business-Type Activities Net Position	\$ 150,686	134,203	122,094	108,725	96,440	85,410	79,661	72,233	72,148	71,118
Primary Government:										
Net Investment in Capital Assets	\$ 190,296	168,379	149,166	136,837	128,099	124,573	117,536	107,619	105,846	113,474
Restricted	18,607	15,785	15,035	14,352	11,995	13,426	12,164	12,843	12,896	22,026
Unrestricted	21,926	13,816	1,601	(3,703)	(26,088)	(33,964)	(4,335)	(1,858)	(1,891)	27,246
Total Primary Government Net Position	\$ 230,829	197,980	165,803	147,486	114,006	104,035	125,365	118,604	116,851	162,746

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

Table 2

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental activities:										
Community environment	\$ 4,491	5,172	4,048	2,367	5,753	3,930	4,320	5,970	11,557	16,561
General government	10,830	8,441	9,169	6,535	6,943	7,464	8,610	5,212	6,190	5,142
Leisure	206	1,128	1,213	746	1,223	1,191	1,072	1,032	1,698	1,069
Public health	771	835	861	373	644	538	530	421	405	367
Public safety	26,956	21,393	29,685	14,327	28,187	26,315	24,990	22,846	23,586	24,164
Highways and streets	4,216	6,616	5,489	7,080	6,704	7,393	7,272	8,417	8,171	7,662
Interest on long-term debt	1,601	1,336	572	746	839	1,085	1,074	1,262	1,078	1,229
Total governmental activities expenses	<u>49,071</u>	<u>44,920</u>	<u>51,037</u>	<u>32,175</u>	<u>50,294</u>	<u>47,916</u>	<u>47,868</u>	<u>45,160</u>	<u>52,685</u>	<u>56,194</u>
Business-type activities:										
Water	6,816	7,332	7,748	7,602	6,873	7,257	7,040	6,807	7,326	7,184
Sanitary Sewer	8,838	9,640	7,943	8,568	8,402	7,711	7,545	7,859	8,892	7,688
Golf	-	-	-	-	-	-	-	-	352	1,540
Solid Waste	3,916	3,763	3,681	3,498	3,511	3,075	3,281	3,092	2,933	2,827
Storm Water	1,532	1,753	1,353	1,560	1,450	1,299	1,236	1,168	-	-
Non major enterprise funds	1,968	4,693	3,647	3,085	2,930	2,422	2,410	1,815	3,232	3,234
Total business-type activities expenses	<u>23,070</u>	<u>27,180</u>	<u>24,371</u>	<u>24,313</u>	<u>23,166</u>	<u>21,764</u>	<u>21,512</u>	<u>20,741</u>	<u>22,735</u>	<u>22,473</u>
Total primary government expenses	<u>\$ 72,141</u>	<u>72,100</u>	<u>75,408</u>	<u>56,488</u>	<u>73,460</u>	<u>69,680</u>	<u>69,380</u>	<u>65,901</u>	<u>75,420</u>	<u>78,667</u>
Program Revenue										
Governmental activities:										
Charges for services:										
Community environment	\$ 225	266	176	314	888	307	682	543	688	880
General government	3,804	3,250	3,544	3,217	3,088	3,088	2,839	2,856	2,861	2,682
Highways and streets	606	128	181	151	119	279	532	312	219	337
Leisure	2	2	1	3	-	-	-	78	-	16
Public health	314	343	281	278	341	322	335	263	209	192
Public safety	5,486	4,753	4,428	4,653	4,903	4,768	4,439	4,245	4,850	5,179
Operating grants & contributions	3,768	2,556	5,476	1,591	1,738	2,366	1,202	553	922	9,843
Capital grants & contributions	6,216	5,712	2,870	5,605	4,032	5,181	3,410	3,079	3,079	1,752
Total governmental activities program revenue	<u>\$ 20,421</u>	<u>17,008</u>	<u>16,958</u>	<u>15,812</u>	<u>15,109</u>	<u>16,311</u>	<u>15,420</u>	<u>12,260</u>	<u>12,828</u>	<u>20,881</u>

continued on next page

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

Table 2

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Business-type activities:										
Charges for services:										
Water	\$ 10,293	9,909	10,152	10,096	10,141	9,008	8,703	7,869	7,780	7,384
Sanitary Sewer	16,098	16,680	15,702	14,656	14,017	11,545	10,015	8,961	9,157	8,228
Golf course *closed /sold in 2014										1,161
Solid Waste	3,879	3,836	3,541	3,411	3,424	3,183	3,142	2,996	2,989	2,938
Storm Water	2,433	2,449	2,003	2,065	2,052	1,958	1,997	1,821		
Other business-type activities	665	1,158	912	433	374	397	417	421	2,192	2,150
Operating grants & contributions	2,506	2,769	2,283	1,218	1,542	1,052	1,727	1,226	1,509	1,404
Capital grants & contributions	3,159	1,349	1,843	3,291	1,944	862	2,559	180	129	163
Total business-type activities program revenue	<u>39,033</u>	<u>38,150</u>	<u>36,437</u>	<u>35,170</u>	<u>33,494</u>	<u>28,005</u>	<u>28,560</u>	<u>23,474</u>	<u>23,783</u>	<u>23,428</u>
Total primary government program revenue	<u>\$ 59,454</u>	<u>55,158</u>	<u>53,395</u>	<u>50,982</u>	<u>48,603</u>	<u>44,316</u>	<u>43,980</u>	<u>35,734</u>	<u>36,611</u>	<u>44,309</u>
Net (Expense)/Revenue										
Governmental activities	\$ (28,650)	(27,911)	(34,079)	(16,363)	(35,185)	(31,605)	(32,448)	(32,900)	(39,857)	(35,313)
Business-type activities	15,963	10,970	12,066	10,857	10,328	6,241	7,048	2,733	1,048	955
Total primary government net expense	<u>\$ (12,687)</u>	<u>(16,942)</u>	<u>(22,013)</u>	<u>(5,506)</u>	<u>(24,857)</u>	<u>(25,364)</u>	<u>(25,400)</u>	<u>(30,167)</u>	<u>(38,809)</u>	<u>(34,358)</u>
General Revenues and Other Changes in Net										
Governmental activities:										
Income taxes	\$ 33,804	35,985	24,483	26,010	23,541	23,663	22,181	21,346	20,560	19,811
Property taxes	5,122	5,075	4,465	4,296	4,215	3,988	4,073	4,154	4,331	4,468
Other taxes	3,403	3,604	3,247	3,078	2,554	2,507	2,487	2,606	2,575	2,972
Grants/contributions not restricted	1,760	2,068	3,647	1,521	1,806	1,612	1,414	1,375	1,317	1,466
Investment earnings	(2,473)	(641)	881	867	269	11	(90)	115	96	41
Miscellaneous	3,363	2,769	2,544	2,296	1,826	1,753	1,645	1,751	1,161	1,125
Transfers	37	(880)	(240)	(511)	(84)	(1)	71	69	(1,942)	165
Total governmental activities general revenues	<u>\$ 45,016</u>	<u>47,980</u>	<u>39,027</u>	<u>37,557</u>	<u>34,127</u>	<u>33,533</u>	<u>31,781</u>	<u>31,416</u>	<u>28,098</u>	<u>30,048</u>
Business-type activities:										
Income taxes	\$ -	-	-	-	-	-	175	205	186	137
Investment earnings	527	220	465	636	344	226	153	133	28	18
Transfers	(37)	880	240	511	84	1	(72)	254	1,942	(165)
Miscellaneous	30	39	598	281	273	165	93	(69)	106	136
Total business type activities general revenues	<u>\$ 520</u>	<u>1,139</u>	<u>1,303</u>	<u>1,428</u>	<u>701</u>	<u>567</u>	<u>379</u>	<u>504</u>	<u>2,213</u>	<u>127</u>
Total primary government general revenues	<u>\$ 45,536</u>	<u>49,119</u>	<u>40,330</u>	<u>38,985</u>	<u>34,828</u>	<u>34,100</u>	<u>32,160</u>	<u>31,920</u>	<u>30,311</u>	<u>30,175</u>
Special item	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,345)</u>	<u>-</u>
Changes in Net Position										
Governmental activities	\$ 16,366	20,069	4,948	21,195	(1,058)	1,928	(667)	(1,484)	(11,759)	(5,265)
Business-type activities	16,483	12,109	13,369	12,285	11,039	6,808	7,427	3,237	(84)	1,082
Total primary government	<u>\$ 32,849</u>	<u>32,177</u>	<u>18,317</u>	<u>33,480</u>	<u>9,971</u>	<u>8,736</u>	<u>6,760</u>	<u>1,753</u>	<u>(11,843)</u>	<u>(4,183)</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
2022	\$ 33,804	\$ 5,122	\$ 3,403	\$ 42,329
2021	\$ 35,985	\$ 5,075	\$ 3,604	\$ 44,664
2020	\$ 24,483	\$ 4,465	\$ 3,247	\$ 32,195
2019	\$ 26,010	\$ 4,296	\$ 3,078	\$ 33,384
2018	\$ 23,541	\$ 4,215	\$ 2,554	\$ 30,310
2017	\$ 23,663	\$ 3,988	\$ 2,507	\$ 30,158
2016	\$ 22,385	\$ 4,073	\$ 2,487	\$ 28,945
2015	\$ 21,532	\$ 4,154	\$ 2,606	\$ 28,292
2014	\$ 20,560	\$ 4,331	\$ 2,575	\$ 27,466
2013	\$ 19,949	\$ 4,468	\$ 2,972	\$ 27,389

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund										
Nonspendable, restricted, committed and assigned	\$ 4,709	3,570	6,306	7,522	7,570	6,602	4,829	4,278	1,213	3,896
Unreserved, unassigned	15,869	17,633	10,430	6,884	7,189	6,730	5,625	5,181	7,751	5,909
Total General Fund	\$ 20,578	21,203	16,736	14,406	14,759	13,332	10,454	9,459	8,964	9,805
All Other Governmental Funds										
Nonspendable, restricted or committed	\$ 49,194	41,034	14,711	13,854	11,674	12,107	11,264	11,600	10,803	11,821
Unassigned reported in:	-	-	-	-	(360)	(91)	(514)	(342)	(82)	(646)
Capital project funds	-	-	-	-	-	-	-	-	-	-
Debt service funds	(1,408)	(1,655)	(1,881)	(965)	(581)	(571)	(283)	(149)	(72)	(275)
Special revenue funds										
Total All Other Governmental Funds	\$ 47,786	39,379	12,830	12,888	10,732	11,445	10,467	11,110	10,650	10,900
Total Governmental Funds	\$ 68,364	60,582	29,566	27,294	25,491	24,777	20,921	20,569	19,614	20,705

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

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues										
Property taxes	\$ 5,121	5,082	4,530	4,340	4,198	4,009	4,086	4,258	4,311	4,281
Municipal income taxes	33,606	35,693	24,073	26,410	23,441	24,593	22,180	21,768	20,576	19,617
Intergovernmental revenues	13,419	12,121	13,396	8,955	9,700	10,275	9,978	7,608	16,035	16,872
Charges for services	5,473	5,195	4,633	4,646	4,987	4,663	4,706	4,549	4,593	4,657
Fees, licenses, and permits	656	607	518	396	453	388	496	403	295	317
Fines and forfeits	1,822	1,463	1,379	1,555	1,623	1,660	1,542	1,718	1,883	1,907
Special assessments	834	814	667	622	532	541	650	819	746	552
Investment earnings	(2,473)	(641)	881	867	269	11	(90)	115	96	41
Miscellaneous	5,690	4,550	4,811	4,752	4,635	3,917	3,791	3,463	3,255	3,503
Total revenues	64,148	64,883	54,888	52,543	49,838	50,057	47,339	44,701	51,747	54,122
Expenditures										
Current:										
General Government	6,350	5,815	5,452	5,533	5,103	4,881	4,596	3,952	3,695	3,511
Public Safety	29,874	30,261	27,761	26,104	25,352	24,176	23,129	22,396	23,851	24,241
Public health and welfare	818	933	786	587	563	440	480	405	389	347
Leisure time activities	1,148	1,123	993	993	1,003	917	832	902	887	917
Community environment	4,698	4,872	3,704	4,031	5,338	3,473	3,902	5,590	11,633	16,583
Highways and streets	19,965	15,518	6,668	6,084	5,687	6,210	8,207	6,761	4,582	5,400
Miscellaneous	5,066	3,354	3,830	3,494	2,551	2,641	2,143	2,202	1,954	2,292
Debt Service										
Principal retirement	5,959	4,759	1,833	2,639	2,566	2,518	2,709	4,538	3,329	5,176
Interest and fiscal charges	1,632	1,357	665	764	878	1,056	1,061	1,229	1,065	1,302
Total expenditures	75,510	67,992	51,692	50,229	49,041	46,313	47,059	47,975	59,769	55,601
Excess (deficiency) of revenues over expenditures	\$ (11,362)	(3,109)	3,196	2,314	797	3,744	280	(3,274)	(8,022)	(1,479)
<i>continued on next page</i>										

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

Continued	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Other Financing Sources (uses)										
Transfers in	\$ 781	1,273	1,175	2,803	987	437	230	1,069	67	1,084
Transfers out	(743)	(2,154)	(2,099)	(3,315)	(1,071)	(439)	(158)	(1,000)	(2,009)	(919)
Issuance of bonds	18,100	33,705	-	-	-	5,830	-	4,160	446	5,845
Issuance of notes	1,006	1,300	-	-	-	584	-	-	-	2,057
Other uses	-	-	-	-	-	(6,300)	-	-	-	(3,300)
Other sources	-	-	-	-	-	-	-	-	-	1,199
Total other financing sources (uses)	19,144	34,125	(923)	(512)	(84)	112	72	4,229	5,966	64
Net change in Fund Balances	7,782	31,016	2,273	1,802	713	3,856	352	955	(2,056)	(1,415)
Asset Additions	\$ 23,970	16,878	9,233	8,103	6,074	6,121	7,626	5,875	2,832	6,419
Non capital expenditures	\$ 51,540	51,113	42,459	42,126	42,967	40,192	39,433	42,100	56,937	53,350
Debt service as a % of noncapital expenditures	14.73%	11.97%	5.88%	8.08%	8.02%	8.89%	9.56%	13.70%	12.14%	7.77%

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

	2021	2020	2019	2018	2017	2016	2015	2013	2012	
Property taxes	\$ 5,121	5,082	4,530	4,340	4,198	4,009	4,086	4,258	4,281	3,694
Municipal income taxes	\$ 33,606	35,693	24,073	26,410	23,441	24,593	22,180	21,768	19,617	19,728

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	
2012/2013	\$669,980	\$1,888,309	\$0	\$0	\$44,759	\$140,000	\$714,739	\$2,028,309	6.90
2013/2014	\$660,908	\$1,888,310	\$0	\$0	\$48,111	\$140,000	\$709,019	\$2,025,800	6.90
2014/2015	\$610,621	\$1,742,453	\$0	\$0	\$49,583	\$143,844	\$660,204	\$1,886,297	6.90
2015/2016	\$609,859	\$1,742,454	\$0	\$0	\$50,345	\$143,843	\$660,204	\$1,886,297	6.90
2016/2017	\$610,557	\$1,744,449	\$0	\$0	\$51,575	\$147,357	\$662,132	\$1,891,806	6.90
2017/2018	\$649,001	\$1,854,289	\$0	\$0	\$53,964	\$154,183	\$702,965	\$2,008,471	6.90
2018/2019	\$649,437	\$1,855,534	\$0	\$0	\$57,280	\$163,657	\$706,717	\$2,019,191	6.90
2019/2020	\$651,825	\$1,862,357	\$0	\$0	\$95,222	\$272,063	\$747,047	\$2,134,420	6.90
2020/2021	\$769,547	\$2,198,705	\$0	\$0	\$78,569	\$224,482	\$848,116	\$2,423,187	6.90
2021/2022	\$779,848	\$2,228,137	\$0	\$0	\$86,858	\$248,166	\$866,706	\$2,476,303	6.90

Ohio law requires county auditors to reappraise property values every six years. The last reappraisal was in 2020 which is collected in year 2021.

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

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

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

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

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

Collection Year	Operating	City of Middletown			City of Middletown Total	Butler County	Middletown City School District	Parks	Library	JVSD	Total
		Police and Fire Pension	Senior Citizen Levy	Fire Station Levy							
2013	5.30	0.60	1.00	0.00	6.90	9.72	48.95	0.5	0.75	1.93	68.75
2014	5.30	0.60	1.00	0.00	6.90	9.72	49.08	0.5	0.75	1.93	68.88
2015	5.30	0.60	1.00	0.00	6.90	9.72	54.51	0.5	0.75	1.93	74.31
2016	5.30	0.60	1.00	0.00	6.90	9.72	55.39	0.7	0.75	1.93	75.39
2017	5.30	0.60	1.00	0.00	6.90	9.72	54.15	0.7	0.75	1.93	74.15
2018	5.30	0.60	1.00	0.00	6.90	9.72	54.08	0.7	0.75	1.93	74.08
2019	5.30	0.60	1.00	0.00	6.90	9.72	52.48	0.7	0.75	1.93	72.48
2020	5.30	0.60	1.00	0.00	6.90	9.22	50.14	0.7	0.75	1.93	69.64
2021	5.30	0.60	1.00	0.00	6.90	7.30	49.41	0.7	0.75	1.93	66.99
2022	5.30	0.60	0.00	1.00	6.90	9.72	49.41	0.7	0.75	1.93	69.41

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

Source: Butler County Auditor's Office

CITY OF MIDDLETON, OHIO
Principal Property Taxpayers
December 31, 2022 and Nine Years Ago
(in thousands)

Table 9

Top Ten Property Taxpayers (*real property*)

Top Ten Property Taxpayers (real property)		
2013 Calendar year/ 2012 Tax Year		
<u>Assessed</u>	<u>Valuation</u>	<u>% of Total</u>
Duke Energy Ohio Inc	\$ 35,422	4.96%
AK Steel	\$ 10,331	1.45%
Rockies Express Pipeline LLC	\$ 4,804	0.67%
Sam Boymel	\$ 3,500	0.49%
Precision Strip Inc	\$ 3,364	0.47%
Middletown Coke	\$ 2,815	0.39%
Liberty Retirement Properties	\$ 2,279	0.32%
Chaka-Chak LLC	\$ 2,060	0.29%
Texas Eastern Transmission	\$ 1,950	0.27%
Bavarian Woods	\$ 1,925	0.27%
TOTAL TOP TEN	\$ 68,450	9.58%

2022 Calendar year/ 2021 Tax Year		
<u>Assessed</u>	<u>Valuation</u>	<u>% of Total</u>
Duke Energy Ohio Inc	\$ 57,661	6.65%
NTF Ohio LLC	\$ 16,156	1.86%
AK Steel Corp	\$ 10,316	1.19%
Dynegy Dicks Creek LLC	\$ 5,083	0.59%
6898 Hamilton Middletown Road	\$ 4,602	0.53%
Texas Eastern Transmission	\$ 4,347	0.50%
Rockies Express Pipeline LLC	\$ 3,611	0.42%
AJB Realty LLC	\$ 3,500	0.40%
Precision Strip Inc	\$ 3,341	0.39%
Bavarian Woods	\$ 3,142	0.36%
TOTAL TOP TEN	\$ 111,759	12.89%

**TOTAL ASSESSED VALUATION
FOR CITY OF MIDDLETOWN**

**TOTAL ASSESSED VALUATION
FOR CITY OF MIDDLETOWN**

\$866,706

Source: Butler County Auditor's Office

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

Table 10

<u>Collected within the Fiscal Year of the Levy</u>						
Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year (Millage)	Amount Levied	Amount Collected	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collected
2022	6.90	\$5,102	\$4,382	85.89%	\$229	\$4,611
2021	6.90	\$5,029	\$4,141	82.35%	\$203	\$4,344
2020	6.90	\$4,251	\$3,617	85.09%	\$191	\$3,808
2019	6.90	\$4,256	\$3,397	79.82%	\$251	\$3,648
2018	6.90	\$4,490	\$3,326	74.08%	\$200	\$3,526
2017	6.90	\$4,463	\$3,153	70.65%	\$189	\$3,342
2016	6.90	\$4,290	\$3,233	75.36%	\$194	\$3,427
2015	6.90	\$4,193	\$3,401	81.11%	\$203	\$3,604
2014	6.90	\$4,198	\$3,474	82.75%	\$217	\$3,691
2013	6.90	\$4,007	\$3,390	84.60%	\$270	\$3,660

The County does not identify delinquent tax collections by year.

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

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

Fiscal Year	Tax Rate	Residential Income Tax	Business Income Tax	Withholding Income Tax	Grand Total
2022	2.00%	\$3,288,143	\$4,629,218	\$25,807,945	\$33,725,306
2021	2.00%	\$2,804,066	\$8,908,889	\$23,422,045	\$35,135,000
2020	1.75%	\$2,480,944	\$2,297,193	\$18,948,745	\$23,726,882
2019	1.75%	\$2,383,172	\$4,141,313	\$19,785,053	\$26,309,538
2018	1.75%	\$2,308,448	\$3,087,883	\$19,545,037	\$24,941,368
2017	1.75%	\$2,456,099	\$2,962,224	\$19,027,426	\$24,445,749
2016	1.75%	\$2,569,820	\$2,062,782	\$17,652,905	\$22,285,507
2015	1.75%	\$2,953,789	\$1,916,486	\$16,701,469	\$21,571,744
2014	1.75%	\$2,934,167	\$2,005,694	\$15,620,320	\$20,560,181
2013	1.75%	\$2,914,673	\$2,023,403	\$15,011,198	\$19,949,274

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	Revenue Obligation Bonds	Special Assessment Bonds	Governmental Notes Payable	General Obligation Bonds	Capital Leases	Business-Type Notes Payable	Business-Type Capital Leases	Total			
2022	\$ 28,141	\$ 25,877	\$ 2,697	\$ -	\$ 6,900	\$ -	\$ -	\$ -	\$ 63,615	3.94%	\$ 1,242	
2021	\$ 10,950	\$ 28,684	\$ 2,787	\$ 1,300	\$ 5,763	\$ -	\$ 2,000	\$ 51,485	\$ 4.13%	\$ 1,010		
2020	\$ 12,858	\$ -	\$ 755	\$ -	\$ 7,300	\$ -	\$ -	\$ 20,913	\$ 4.39%	\$ 428		
2019	\$ 14,707	\$ -	\$ 888	\$ -	\$ 8,135	\$ -	\$ -	\$ 23,730	\$ 4.64%	\$ 486		
2018	\$ 17,285	\$ -	\$ 1,085	\$ -	\$ 9,127	\$ -	\$ -	\$ 27,497	\$ 4.81%	\$ 563		
2017	\$ 19,808	\$ -	\$ 1,277	\$ -	\$ 10,100	\$ -	\$ -	\$ 31,185	\$ 4.93%	\$ 640		
2016	\$ 21,689	\$ -	\$ 1,519	\$ -	\$ 10,847	\$ 80	\$ -	\$ 34,135	\$ 4.95%	\$ 700		
2015	\$ 23,910	\$ -	\$ 1,858	\$ -	\$ 11,346	\$ 1,095	\$ -	\$ 38,209	\$ 4.96%	\$ 784		
2014	\$ 22,157	\$ -	\$ 2,149	\$ 2,057	\$ 12,574	\$ 1,997	\$ -	\$ 40,934	\$ 4.95%	\$ 841		
2013	\$ 24,295	\$ -	\$ 1,962	\$ 2,057	\$ 9,312	\$ 3,317	\$ -	\$ 40,943	\$ 5.03%	\$ 841		

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	Service Funds	Total	Less:		
				Amounts Available in Debt	Estimated Actual Taxable Value (1) of Property	Per Capita (2)
2022	\$35,041	\$255	\$34,786		4.04%	\$684
2021	\$16,713	\$0	\$16,713		1.97%	\$328
2020	\$20,158	\$191	\$19,967		2.70%	\$413
2019	\$22,842	\$463	\$22,379		3.23%	\$467
2018	\$26,412	\$182	\$26,230		3.74%	\$541
2017	\$29,908	\$27	\$29,881		4.25%	\$613
2016	\$32,536	\$150	\$32,386		3.85%	\$667
2015	\$35,256	\$176	\$35,432		5.34%	\$723
2014	\$34,731	\$370	\$34,361		4.11%	\$714
2013	\$33,607	\$55	\$33,552		4.70%	\$691

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, 2022
(amounts expressed in thousands)

Table 14

Political Subdivision	General Bonded Debt	Percent Applicable to City	City's Share
Butler County	20,700	7.66%	\$1,586
Warren County	10,105	1.24%	\$125
Subtotal, overlapping debt			\$1,711
General Obligation Bond			27,957
Special Assessment debt			2,697
Subtotal, direct debt			30,654
Total direct and overlapping debt			\$32,365

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

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

Debt Service					
Collection Year	Tax Year	Special Assessment Collections	Principal	Interest & Fiscal Charges	Coverage
2022	2021	\$131,035	\$90,000	\$28,482	1.11
2021	2020	\$178,022	\$128,000	\$34,797	1.09
2020	2019	\$144,034	\$133,000	\$42,191	0.82
2019	2018	\$233,413	\$197,000	\$52,886	0.93
2018	2017	\$254,709	\$192,000	\$61,675	1.00
2017	2016	\$245,266	\$217,000	\$80,333	0.82
2016	2015	\$376,143	\$235,700	\$86,159	1.17
2015	2014	\$626,138	\$324,647	\$103,921	1.46
2014	2013	\$355,628	\$258,643	\$100,035	0.99
2013	2012	\$348,190	\$259,700	\$107,854	0.95

CITY OF MIDDLETON, 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)	Enrollment (1)	Unemployment Rate (2)
2013	48,659	\$982,281	\$20,199	38.5	12 yrs - 78.6%	10,776	7.8
2014	48,766	\$983,754	\$20,229	37.3	16 yrs - 13%		
2015	48,760	\$985,476	\$20,345	37.3	16 yrs - 16.0%	11,051	5.4
2016	48,760	\$988,365	\$20,270	37.6	12 yrs - 83.1%		
2017	48,813	\$1,014,627	\$20,786	37.8	16 yrs - 16.0%	11,528	4.3
2018	48,861	\$1,053,473	\$21,622	37.3	12 yrs - 83.1%		
2019	48,807	\$1,078,147	\$22,090	37.7	16 yrs - 15.7%	11,414	4.0
2020	48,807	\$1,112,458	\$22,793	37.6	12 yrs - 82.5%		
2021	50,987	\$1,233,070	\$24,184	38.4	16 yrs - 17.1%	11,446	3.7
2022	51,229	\$1,299,885	\$25,374	38.7	12 yrs - 84.6%	11,274	4.0
					16 yrs - 83.9%	11,014	4.6
					12 yrs - 16.4%	11,274	4.5
					12 yrs - 84.6%	11,146	3.1
					16 yrs - 15.8%	11,168	3.4

Data Sources:

- (1) US Census Bureau
- (2) US Department of Labor

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

Employer	Employees	Rank	Percentage of Total City Employment
Cleveland Cliffs Steel Co (formerly AK Steel)	2,974	1	14.2%
Atrium Medical Center	1,517	2	7.3%
Middletown City Schools	995	3	4.8%
Intelycare Inc	832	4	4.0%
CM Temporary Services Inc	718	5	3.4%
Kroger	684	6	3.3%
PAC Worldwide Corp	681	7	3.3%
Staffmark Investment LLC	579	8	2.8%
Onesource Employee Management	528	9	2.5%
City of Middletown	443	10	2.1%
TOTAL ESTIMATED CITY EMPLOYMENT	20,900		
<hr/>			
Employer	Employees	Rank	Percentage of Total City Employment
AK Steel	2,333	1	11.7%
Atrium Medical Center	2,013	2	10.1%
Crown Services 36 LLC	1,375	3	6.9%
CBS Personnel Services LLC	1,064	4	5.3%
Onesource Employee Management	911	5	4.6%
Middletown City Schools	868	6	4.3%
CM Temporary Services Inc	704	7	3.5%
Miami University	599	8	3.0%
Belcan Services Group II	567	9	2.8%
City of Middletown	535	10	2.7%
TOTAL ESTIMATED CITY EMPLOYMENT	19,960		

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

CITY OF MIDDLETON, OHIO
Full-time City Government Employees by Function
Last Ten Years
Table 19

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government	32	30.5	34.5	36.5	36.5	37.5	36.5	37.5	36.5	37.5
Public safety										
Police										
Officers	72	72	68	69	71	72	69	70	72	72
Civilians	32	31	31	35	33	33	41.5	41.5	41.5	36.5
Fire										
Firefighters & officers	72	66	64	67	67	67	79	81	81	84
Civilians	1	1	1	1	1	1	1	1	1	1
Other	26	28	30	32	32	31	32	32	31	34
Highways and streets										
Maintenance	15	14	14	14.5	14.5	14.5	14.5	14.5	14	14
Leisure Time Activities										
Community Environment	4	3	2	4.5	4.5	4.5	5	5	6	6
Public Health & welfare	3	3	3	5	5	5	5	7	7	7
Water										
Water	31	31	31	31	31	31	31	32	32	33
Sewer	32	35	35	36	36	35	36	37	38	39
Storm Water										
Golf Course	5	5	0	0	0	0	0	0	0	0
Solid Waste	0	1	1	0	0.5	0.5	0.5	0.5	0.5	0.5
Transit										
Transit	4	4	4	4	4	4	2	1	1	1
Internal Services										
Internal Services	7	7	7	7	7	7	7	7	7	7
Total	350	345	339	358	358	358	375	383	384	392

Source: City of Middletown Finance Administration

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

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fire										
Number of fire responses	6,048	4,809	2,159	2,116	1,997	2,734	2,901	2,042	2,771	2,712
Average response time (minutes)	5.2	5.5	6.0	5.6	6.1	5.3	5.3	5.5	5.4	6.0
Emergency medical calls	8,185	8,484	8,633	9,268	9,834	9,520	9,540	8,904	10,131	10,397
Police										
Calls for service	45,287	52,925	44,353	40,337	40,602	40,597	36,730	33,114	34,862	48,288
Number of arrests	7,919	6,481	5,861	6,239	6,150	4,773	4,022	3,308	3,909	4,653
Response time for priority calls (minutes)	5.8	5.7	5.8	6.1	6.1	4.4	6.3	6.1	5.6	5.6
Traffic accidents	1,400	1,196	1,212	1,387	1,094	1,032	1,058	841	1,016	939
Average daily jail population	56	58	57	103	62	54	41	28	33	40
Transit										
Unlinked passenger trips	153,824	168,753	167,837	147,614	136,787	146,186	145,176	120,388	111,712	175,612
Water										
Average daily water pumpage (million gallons per day)	7.93	8.80	8.30	8.93	9.00	10.36	10.78	10.24	10.41	11.26
Number of water accounts	19,200	19,097	19,006	19,094	19,017	19,144	19,029	19,307	20,311	24,937
Sewer										
Average daily flow (million gallons per day)	16.4	16.4	17.0	18.4	15.6	20.2	20.2	17.2	17.6	16.9
Sewer mains cleaned (linear feet)	66,224	59,892	15,040	46,748	11,869	16,655	31,102	10,414	10,850	18,443

Source: City of Middletown Departmental Data

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

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public safety:										
Fire stations	5	4	4	4	4	4	4	4	4	4
Police stations	1	1	1	1	1	1	1	1	1	1
Highways and streets:										
Streets (miles)	242	242	242	242	242	242	242	242	242	242
Traffic Lights	111	111	111	109	109	109	109	109	109	109
Water:										
Water mains (miles)	343	343	343	343	290	290	290	290	290	290
Sewer:										
Sanitary & storm (miles)	320	320	320	320	394	394	394	394	394	394
Leisure & recreation:										
Parks	36	35	35	35	34	34	34	34	34	34
Community Centers	1	1	1	1	1	1	1	1	1	1
Golf Courses (public)	1	0	0	0	0	0	0	0	0	0

Source: City of Middletown