



**CLARK SCHAEFER HACKETT**  
BUSINESS ADVISORS

**MIDDLETOWN CITY SCHOOL DISTRICT**  
**BUTLER COUNTY**

SINGLE AUDIT  
YEAR ENDED JUNE 30, 2023



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPARReport@ohioauditor.gov  
(800) 282-0370

Board of Education  
Middletown City School District  
1 Donham Plaza, 4th Floor  
Middletown, Ohio 45042

We have reviewed the *Independent Auditors' Report* of the Middletown City School District, Butler County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Middletown City School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

February 20, 2024

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**MIDDLETOWN CITY SCHOOL DISTRICT**  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023

<u>Federal Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture:</u>		
<i>(Passed through Ohio Department of Education)</i>		
Child Nutrition Cluster:		
<i>Non-Cash Assistance (Food Distribution)</i>		
National School Lunch Program	10.555	\$ 346,999
<i>Cash Assistance</i>		
School Breakfast Program	10.553	1,248,068
National School Lunch Program	10.555	2,438,155
COVID-19 National School Lunch Program	10.555	139,398
<i>Cash Assistance Subtotal</i>		<u>3,825,621</u>
Child Nutrition Cluster Total		<u>4,172,620</u>
Total U.S. Department of Agriculture		<u>4,172,620</u>
 <u>U.S. Department of the Treasury:</u>		
<i>(Passed through Ohio Facilities Construction Commission)</i>		
K-12 School Safety Grant	21.027	<u>53,740</u>
Total U.S. Department of the Treasury		<u>53,740</u>
 <u>U.S. Department of Education:</u>		
<i>(Passed through Ohio Department of Education)</i>		
Title I Grants to Local Educational Agencies	84.010	<u>3,998,131</u>
Special Education Cluster:		
Special Education - Grants to States	84.027	1,831,761
COVID-19 ARP - Special Education - Grants to States	84.027X	300,926
Special Education - Preschool Grants	84.173	33,488
Special Education Cluster Total		<u>2,166,175</u>
English Language Acquisition Grants	84.365	<u>95,306</u>
Innovative Approaches to Literacy	84.215	<u>18,277</u>
COVID-19 Elementary and Secondary School and Emergency Relief	84.425D	6,396,171
COVID-19 ARP - Elementary and Secondary School and Emergency Relief	84.425U	3,637,618
		<u>10,033,789</u>
Supporting Effective Instruction State Grants	84.367	<u>430,071</u>
Student Support and Academic Enrichment Program	84.424	<u>294,581</u>
Total U.S. Department of Education		<u>17,036,330</u>
Total Federal Awards		\$ <u><u>21,262,690</u></u>

**MIDDLETOWN CITY SCHOOL DISTRICT**

Schedule of Expenditures of Federal Awards - continued

Year Ended June 30, 2023

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:**

**NOTE A - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Middletown City School District (the "School District") under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE C - FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the entitlement value of the commodities received and disbursed.

**NOTE D - CHILD NUTRITION CLUSTER**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS****INDEPENDENT AUDITORS' REPORT**

To the Board of Education  
Middletown City School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Middletown City School District (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 22, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we considered to be a significant deficiency.

## **Report on Compliance and Other Matters**

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

## **District's Response to the Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
December 22, 2023

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

**INDEPENDENT AUDITORS' REPORT**

To the Board of Education  
Middletown City School District:

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Middletown City School District's ("District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*) and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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), *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 22, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
December 22, 2023

**MIDDLETOWN CITY SCHOOL DISTRICT**  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2023

**Section I – Summary of Auditors’ Results**

**Financial Statements**

Type of auditors’ report issued:	unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	no
• Significant deficiency(ies) identified not considered to be material weaknesses?	yes
Noncompliance material to the financial statements noted?	no

**Federal Awards**

Internal control over major programs:	
• Material weakness(es) identified?	no
• Significant deficiency(ies) identified not considered to be material weaknesses?	none reported

Type of auditors’ report issued on compliance for major programs:	unmodified
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Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	no
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Identification of major programs:

*ALN 84.010 – Title I Grants to Local Educational Agencies*  
*ALN 84.425 – COVID-19 Elementary and Secondary School Emergency Relief Fund*

Dollar threshold to distinguish between Type A and Type B Programs:	\$750,000
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Auditee qualified as low-risk auditee?	no
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**MIDDLETOWN CITY SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2023  
(continued)

**Section II – Financial Statement Findings**

**Finding 2023-001 – Correction of an Error**

*Condition:* We identified an error in the financial statements for the year under audit that was not initially identified by the District's internal control over financial reporting. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct errors on a timely basis. A deficiency in operation exists when a properly designed control does not operate as designed. In this case, the internal controls over the preparation and review of the District's financial statements did not operate as designed and we consider this a significant deficiency.

We identified an error in the District's unearned revenue which resulted in the balance being understated and revenue being overstated at the end of the period. An audit adjustment was necessary to correct the financial statements.

*Recommendation:* We recommend the District enhance its internal controls over financial reporting to ensure the preparation of complete and accurate financial statements in conformity with generally accepted accounting principles.

*Management's Response:* Management concurs with the adjustment which has been posted to the financial statements.

**Section III – Federal Award Findings and Questioned Costs**

*None*

**Middletown City School District  
Schedule of Prior Audit Findings  
Year Ended June 30, 2023**

**2022-001      Financial Reporting**

A misstatement in the financial statements was identified that was not initially identified by the School District's internal control over financial reporting.

**Status:** Repeated as Finding 2023-001.



**CORRECTIVE ACTION PLAN**  
2 CFR § 200.511(c)  
June 30, 2023

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2023-001	We have improved our internal controls over financial reporting with steps including monthly additional management analysis of the financial reports and statements.	6/30/24	Randall Bertram, Treasurer/CFO



**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**



**ANNUAL  
COMPREHENSIVE FINANCIAL REPORT**

**FOR THE  
FISCAL YEAR ENDED JUNE 30, 2023**



ANNUAL  
COMPREHENSIVE FINANCIAL REPORT

OF THE

MIDDLETOWN CITY  
SCHOOL DISTRICT

BUTLER COUNTY, OHIO

FOR THE

FISCAL YEAR ENDED JUNE 30, 2023

PREPARED BY  
TREASURER'S OFFICE  
MR. RANDALL BERTRAM, TREASURER

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**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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## INTRODUCTORY SECTION



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*Middletown City Schools*  
[www.middletowncityschools.com](http://www.middletowncityschools.com)

*Office of the Treasurer*

ONE DONHAM PLAZA  
4<sup>th</sup> FLOOR  
MIDDLETOWN, OHIO 45042

December 31, 2023

To the Citizens and Board of Education of the Middletown City School District:

The Annual Comprehensive Financial Report [ACFR] of the Middletown City School District (the “District”) for the fiscal year ended June 30, 2023, is hereby submitted. This report, prepared by the Treasurer's office, includes an opinion from our auditor, Clark, Schaefer, Hackett & Co., and conforms to generally accepted accounting principles [GAAP] as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. This report will provide the residents of the Middletown City School District with comprehensive financial data in a format that will enable them to gain an understanding of the District's financial affairs. Copies will be available upon request to taxpayers, financial rating services, banking institutions and other interested parties.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (the “MD&A”). This transmittal letter is designed to complement the MD&A and should be read in conjunction with it. The Middletown City School District’s MD&A can be found immediately following the Independent Auditors’ Report.

The District provides a full range of traditional and non-traditional educational programs and services. These include elementary and secondary curriculum offerings at the general, college preparatory and vocational levels; a broad range of co-curricular and extracurricular activities; adult and community education offerings; special education programs and facilities; and community use facilities.

The District receives pass through grants from the State and distributes these grants to parochial/private schools located within the District. This activity is included in the entity as the Auxiliary Services Special Revenue Fund because of the District's administrative involvement in the program. The parochial/private schools served are John XXIII Elementary School and Middletown Christian Schools. While these organizations share operational and service similarity with the District, each is a legally separate and distinct entity. Because of their independent nature, none of these organizations are included in this report.

## **ECONOMIC CONDITION AND OUTLOOK**

The District is located in southwestern Ohio, midway between the cities of Cincinnati and Dayton, in the northeast corner of Butler County. The eastern boundary of the District is along Interstate 75, which runs from Canada to Florida, making it a desirable location for many businesses that require easy access to the nation's interstate system. Approximately 67.7 percent of the District’s tax base is agricultural and residential properties; the remainder is composed of a wide range of manufacturing, commercial and public utility properties. The overall economic outlook for the area remains stable with unemployment rates at 3.3 percent for Butler County.

The District is continually challenged by the responsibility bestowed upon it by the community at large. We are always striving to provide the very best opportunities to every student, while carefully guarding the District's resources.

## DESCRIPTION OF THE DISTRICT

The District serves an area of 25 square miles, encompassing the City of Middletown and a portion of Lemon Township in the northeastern corner of Butler County, midway between Cincinnati and Dayton. It also encompasses a small portion of Franklin Township in Warren County. According to information from the U.S. Census Bureau, the population of the City of Middletown is approximately 48,737 residents. The tax base of the District is comprised of a unique blend of residential, commercial, and industrial property, with 42% of the tax revenue of the District paid by business and industry.

During the 2022-23 school year, the District had 6061 students enrolled in 7 elementary schools, one sixth grade center, one middle school serving grades 7-8, one comprehensive high school for grades 9-12 including an alternative program and with a virtual learning option. The District also operates a variety of other facilities, including a central administration building, bus garage, and several sports fields. The District has eleven active buildings with the average built year of 2010 but six buildings were new in 2006 or after with two additional buildings remodeled in 2008. Rosa Parks Elementary was expanded 29,703 square feet in 2022 to increase enrollment capacity to 944 students. The high school has completed a total renovation, and the new Middle School was completed in August 2018. The projected funded enrollment for fiscal year 2024 is 5961.

The District provides a full range of programs and services for its students. These include elementary and secondary course offerings at the general and college preparatory levels; a broad range of co-curricular and extra-curricular activities to complement the students 11 curricular program. The adult and GED programs are offered and operated by Butler Tech.

## ORGANIZATION OF THE SCHOOL DISTRICT

The Board of Education of the Middletown City School District (Board) is composed of five members elected at large by the citizens of the District. The Board serves as the taxing authority, contracting body and policy initiator for the operation of the District. The Board is also responsible for the adoption of the tax budget, the annual operating budget and approves all expenditures of the District. The Board is a body politic and corporate, as defined by Section 3313.02 of the Ohio Revised Code, and has only those powers and authority conferred upon it by the Code.

The Board members represent a cross section of professions in the community. The Board members on June 30, 2023, were as follows:

<b>Board Member</b>	<b>Began Service</b>	<b>Term Expires</b>	<b>Profession</b>
Mrs. Cathie Mulligan	January, 2018	December, 2025	Retired Administrator/Educator
Dr. Chris Urso	January, 2016	December, 2023	College Professor
Ms. Michelle Novak	January, 2016	December, 2023	Nonprofit Development Consultant
Mrs. Anita Scheibert	January, 2016	December, 2023	Educator
Mr. Todd Moore	January, 2016	December, 2025	Senior Director

The Superintendent is the Chief Executive Officer of the District, responsible directly to the Board for all educational and support operations. Ms. Deborah Houser was appointed Superintendent in March 2020. Prior to her appointment, Ms. Houser served as the District's Assistant Superintendent, Human Resources Senior Director and the Administrative Testing & Assessment Specialist since 2008. Ms. Houser holds a Master's Degree in Educational Administration from Ashland University and has 37 years of experience in education to which 25 years is in administration.

The Treasurer is the Chief Financial Officer of the District and is directly responsible to the Board for all financial operations, investments, and serves as Secretary to the Board. Mr. Randall Bertram became Treasurer August 1, 2014. Mr. Bertram holds a Bachelor's of Science in Business Administration and an Associates in Applied Science in Financial Management. Mr. Bertram has 22 years of educational financial administration experience.

All other District employees, with the exception of the Treasurer's staff, are responsible to the Superintendent and are employed by the Board upon the recommendation of the Superintendent.

## **EMPLOYEE RELATIONS**

The District employed 758 full and part-time staff members during the 2022-23 school year. This included classified employees who are responsible for the operation of the District's support services and the teaching and administrative staff of the District. Two organizations represent the teaching and classified employees. The District's administrative employees are not currently represented.

The Middletown Teachers Association (MTA), an affiliate of the Ohio Education Association (OEA), represents all certificated employees of the District. The MTA and District have negotiated a collective bargaining agreement on language, salary and fringe benefits that began July 1, 2023 and expires June 30, 2026. This contract includes modest increases in wages and maintains benefits on the part of the union members, which the Board applied unilaterally to all District employees.

The Middletown Classified Employees Association (MCEA), also an affiliate of the Ohio Education Association (OEA), represents a majority of the support staff of the District. Classified employees are responsible for providing the necessary support services of the District, including transportation services, clerical support, building maintenance and custodial needs. The current MCEA collective bargaining is effective July 1, 2023 through June 30, 2026, that includes modest increases in wages and maintains benefits on the part of the union members, which the Board applied unilaterally to all District employees.

## **SERVICES PROVIDED**

The District provides a wide variety of educational and support services as mandated by the Ohio Revised Code or Board directives.

Services provided by the District include transportation, school lunch support services, guidance, psychological and limited health services free of charge. The guidance services are designed to help students match their natural skills with vocational and/or academic programs to help them achieve their full potential in life. Psychological services include the testing and identification of students for special education programs.

## **MAJOR CURRENT AND FUTURE INITIATIVES**

Middletown City School District has developed a five-year strategic plan beginning in the 2018-2019 school year that has four main pillars: Instructional Excellence, Valuing Diversity, Student and Family Wellness, Communication and Community Engagement. Major action work is unfolding under each of these pillars in year one of the strategic plan.

Under the first pillar Instructional Excellence, the Curriculum and Innovation department is focused on Universal Design for learning to meet the variable needs of all students. We have set aggressive growth measures for every student in order to close the achievement gap. The department also has a Literacy and Math initiative to build the capacity of our teaching staff around best practice in these two content areas. Response to learning is another focus area so the district teachers respond in real time to support student learning using formative instructional practices.

The second pillar, Valuing Diversity is being led through the Human Resources Department with innovative practices around preparing teachers as Urban Educators. This is a unique district and preparing educators that are supported and equipped to meet the needs of a diverse high poverty student population is essential. During a whole district in-service, the entire staff participated in a poverty simulation to advance awareness of the challenges our students meet each day.

Student and Family Wellness is our third pillar and focuses on the health of the whole child and their family. Action steps for this pillar is the establishment of a Family wellness center in partnership with Premier Health. This center is being established at our high school and will open this school year. We are also focusing on family wellness due to the level of poverty in our district. We are working to support families with healthy foods and lifestyle.

Finally, our fourth pillar is expanding our communication with the school and business community and reaching out to engage our community in two-way partnerships.

The strategic plan is both simple and complex, and expands and layers on additional initiatives each of the five years to reach our goal of "Exceptional Learning Experiences for All Students Every day!"

The Middletown City School District is currently engaged and near completion in a school construction program within Classroom Facilities Assistance Program of the Ohio Facilities Construction Commission. The master plan is for the construction or renovation of all its school buildings at a cost that was estimated in 2002 to be \$150.8 million. This total project was divided into two phases. A \$75.8 million bond issue for construction of the six new and two renovated elementary schools passed in November 2003 and construction began in 2004. The construction has been completed and the district is working with the State to close out the project with the OFCC.

Construction of three of the elementary schools, and the renovation of a fourth, was completed in the summer of 2006. Construction of the fifth elementary school began in the spring of 2005 and was completed in the summer of 2007. Construction of the sixth and seventh elementary buildings began in the spring of 2006 and was completed in early 2008. Finally, the renovation and addition of several classrooms to an existing elementary school began in the summer of 2007 with completion in the summer of 2008.

The second phase of the project consists of the construction of a new middle school and renovation of the current high school. The November 2013 ballot issue was defeated. In May 2014, the District successfully passed the \$55,000,000 bond issue for completing the District -wide construction program, to which only \$45,000,000 was used to complete the phase II projects. The District worked with Ohio Facilities Construction Commission, its architects, bond counsel, and bond underwriting and municipal advisors and completed this project during fiscal year 2019. This final phase included the construction of a new middle school and arena next to the high school, renovating the high school and razing of other vacant school buildings. The ground breaking for these projects was in April 2016 and the ribbon cutting to open the new middle school, the renovated high school and the arena was September 1, 2018. The construction has been completed and the district is working with the State to close out the project with the OFCC.

In May of 2010, the District combined and placed two existing emergency operating levies on the ballot as a substitute levy for \$18.3 million. These emergency levies were due to expire December 31, 2010. The substitute levy successfully passed.

The remaining \$10,000,000 bond passage of 2014 was used to add classroom space to Rosa Parks Elementary School to relieve space issues from the other 6 elementary buildings. This new facility is used to educate up to 350 students in 29,703 square feet with creative and innovative instruction design. The construction has been completed and the District is working with the State to close out the project with the OFCC.

While the District continually strives to control rising costs, and improve financial efficiencies, the District does not foresee the need to ask the voters for increased operating revenue in the 5-year forecasted future.

## **RELEVANT FINANCIAL POLICIES**

In June of 2006, the State legislature passed House Bill 66. House Bill 66 phases out the tax on tangible personal property of general business, telephone and telecommunications companies, and railroads. The tax on general business and railroad property began being phased out in 2007 and was eliminated in 2009. The tax on telephone and telecommunication property began being phased out in 2009 and was eliminated in 2011. The tax is being phased out by reducing the assessment rate on the property each year. The District was reimbursed fully for the lost revenue through May 2013; in the following six years, the reimbursements will be phased out according to current state law. Under the new leadership of Ohio Governor DeWine HB166 was passed for the current biennium budget. This budget froze school funding at fiscal year 2019 levels while adopting a student wellness and success funding model. This funding is on a per pupil bases and will generate an additional \$1,400,000 and \$2,100,000 for each year of this budget. No guarantees are in the budget to continue this funding beyond these two years. In August 2015, the Middletown City School District's Board of Education worked with the district's treasurer to pass a General Fund Cash Reserve Policy benchmarking a minimum 10% cash reserve, and the District met this policy by June 30, 2017. The forecast continues to see increased carryover while initiating needed textbook adoptions, technology and set-asides for building maintenance and repairs.

## **FINANCIAL INFORMATION**

The District's accounting system is organized on a "fund" basis. Each fund is a distinct, self-balancing entity. Records for general governmental operations are maintained on a budgetary basis system of accounting as prescribed by State statute. Cash basis accounting differs from generally accepted accounting principles [GAAP] as promulgated by the Governmental Accounting Standards Board [GASB].



## **INTERNAL ACCOUNTING AND BUDGETARY CONTROL**

In developing the District's accounting system, much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

The District utilizes a fully automated accounting system as well as an automated system of control for capital assets and payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensure that the financial information generated is both accurate and reliable.

At the beginning of each fiscal year, the Board adopts either a temporary appropriation measure or a permanent appropriation measure for that fiscal year. If a temporary appropriation is first adopted, the permanent appropriation measure must be adopted within three months.

Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The County Auditor must certify that the Board's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates. All funds, except custodial funds, are required to be budgeted each year.

All disbursements and transfers of cash between funds require appropriation authority from the Board. Budgets are controlled at the object account level within a function and fund. All purchase order requests must be approved by the individual program managers and certified by the Treasurer; necessary funds are then encumbered and purchase orders are released to vendors.

The accounting system used by the District provides interim financial reports, which detail year-to-date expenditures and encumbrances versus the original appropriation, and any additional appropriations made to date. In addition to interim financial statements, each program manager is furnished monthly reports showing the status of the budget accounts for which he or she is responsible. Each program manager may request additional financial reports during the month when necessary. As an additional safeguard, a blanket bond covers all employees involved with receiving and depositing funds and a separate, higher bond covers certain individuals in policy-making roles. The basis of accounting and the various funds utilized by the District are fully described in the notes to the basic financial statements. Additional information on the District's budgetary accounts can also be found in the notes to the basic financial statements.

## **INDEPENDENT AUDIT**

The State of Ohio requires an annual audit either by the Ohio Auditor of State or by an independent public accounting firm. Clark, Schaefer, Hackett & Co. performed the audit for the fiscal year ended June 30, 2023. The auditor's unmodified opinion rendered on the District's basic financial statements, and their report on the combining and individual fund statements and schedules, is included in the financial section of this report. Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all units of local education agencies in Ohio. The District adopted and has been in conformance with that system effective with its annual financial report since the 1979 calendar year.

## **AWARDS**

### GFOA Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Xenia Community School District for its Annual Comprehensive Financial Report for the fiscal year ending June 30, 2022. The Certificate of Achievement is the highest form of recognition for excellence in the state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The School District believes the current report continues to conform to the high standards required by the Certificate of Achievement program.

#### ASBO Certificate of Excellence in Financial Reporting

The Association of School Business Officials International (ASBO) awards a Certificate of Excellence in Financial Reporting to school districts that publish Annual Comprehensive Financial Reports which substantially conform to the principles and standards of financial reporting as recommended and adopted by the Association of the School Business Officials. The award is granted only after an intensive review of the financial report by an all-expert panel of certified public accountants and practicing school business officials.

The District received the Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2022. The District believes that the Annual Comprehensive Financial Report for fiscal year June 30, 2023, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

#### **ACKNOWLEDGEMENTS**

The preparation of the 2023 Annual Comprehensive Financial Report of the Middletown City School District was made possible by the combined efforts of the District's Finance Department and Julian & Grube, Inc. The publication of this Annual Comprehensive Financial Report for the District is a major step in the reinforcing of the accountability of the District to the taxpayers of the community. Finally, sincere appreciation is extended to the Board of Education for its interest and support of this project.

Respectfully submitted,

A handwritten signature in cursive script that reads "Randall R. Bertram".

Randall R. Bertram, Treasurer/CFO

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

**LIST OF PRINCIPAL OFFICIALS  
JUNE 30, 2023**

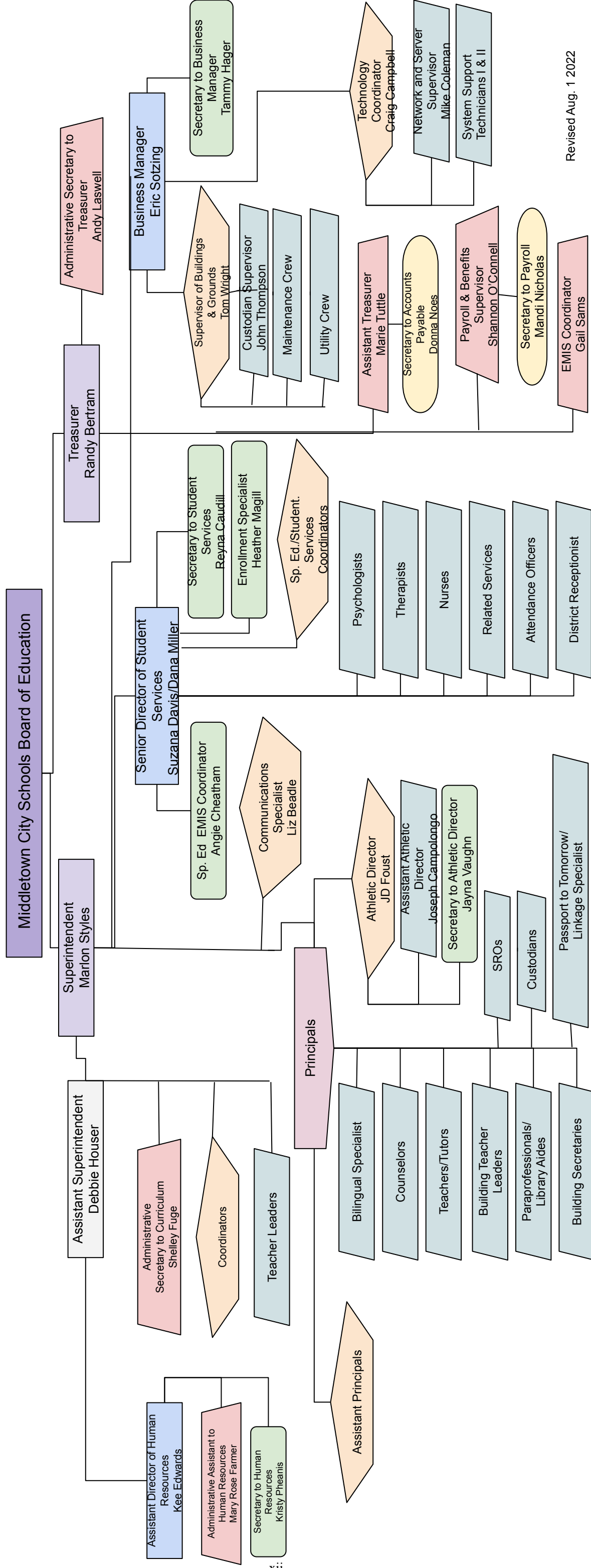
**BOARD OF EDUCATION**

President	Dr. Chris Urso
Vice President	Mrs. Cathie Mulligan
Board Member	Mrs. Anita Scheibert
Board Member	Mrs. Verlena Stewart
Board Member	Mr. Todd Moore

**ADMINISTRATIVE OFFICIALS**

Superintendent	Mrs. Deborah Houser
Treasurer	Mr. Randall Bertram
Director of Human Resources	Mr. Kee Edwards
Director of Curriculum	Mrs. Keri Hensley
Director of Special Education	Mrs. Suzanna Davis
Curriculum Coordinator - Special Ed.	Ms. Kim Perkins
Curriculum Coordinator - Special Ed.	Ms. Jennifer Taylor
Curriculum Coordinator K-5	Mrs. Tracy Neeley
Curriculum Coordinator 6-12	Ms. Melissa Prohaska
Curriculum Coordinator K-12 Programs	Mrs. Jennifer Hayes
Director of Athletics	Mr. Justin Foust
Legal Counsel	Jack Hemenway, Esq. - Frost, Brown & Todd, Attorneys at Law

# Middletown City Schools - Organizational Chart 2022-2023





ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

The Certificate of Excellence in Financial Reporting  
is presented to

## Middletown City School District

for its Annual Comprehensive Financial Report  
for the Fiscal Year Ended June 30, 2022.

The district report meets the criteria established for  
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'John W. Hutchison'. The signature is written in a cursive style.

**John W. Hutchison**  
President

A handwritten signature in black ink, reading 'Siobhán McMahon'. The signature is written in a cursive style.

**Siobhán McMahon, CAE**  
Chief Operations Officer/  
Interim Executive Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Middletown City School District  
Ohio**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

## FINANCIAL SECTION



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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Education  
Middletown City School District:

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Middletown City School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District'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, each major fund, and the aggregate remaining fund information of the Middletown City School District as of June 30, 2023, and the respective changes in financial position 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 District, 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 these 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 District'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 the District'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 the District'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, 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 District's basic financial statements. The accompanying 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 thereon.

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 December 22, 2023, on our consideration of the District'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 District'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 District's internal control over financial reporting and compliance.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
December 22, 2023

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**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)

The management discussion and analysis of the Middletown City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2023 are as follows:

- In total, net position of governmental activities increased \$2,617,152 which represents a 10.50% increase from June 30, 2022's restated net position.
- General revenues accounted for \$76,171,730 in revenue or 68.65% all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$34,782,358 or 31.35%.
- The District had \$108,336,936 in expenses related to governmental activities; \$34,782,358 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$76,171,730 were adequate to provide for these programs.
- The District has three major funds which include the general fund, Elementary and Secondary School Emergency Relief (ESSER) fund and the bond retirement fund. The general fund had \$77,362,762 in revenues and other financing sources and \$75,388,447 in expenditures and other financing uses. The general fund's fund balance increased \$1,974,315 from \$19,228,298 to \$21,202,613.
- The ESSER fund had \$11,565,237 in revenues and \$11,253,066 in expenditures. The fund deficit decreased \$312,171 from (\$749,621) to (\$437,450).
- The bond retirement fund had \$7,796,074 in revenues and \$7,219,450 in expenditures. The bond retirement fund's fund balance increased \$576,624 from \$8,679,793 to \$9,256,417.

**Using this Annual Comprehensive Financial Report (ACFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *statement of net position* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The District has three major funds: the general fund, the ESSER fund and the bond retirement fund.

**Reporting the District as a Whole**

***Statement of Net Position and the Statement of Activities***

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2023?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)

These two statements report the District's *net position* and changes in that net position. This change in net position is important because it tells the reader that, for the District as a whole, whether the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the Governmental Activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net position and statement of activities can be found on pages 17-18 of this report.

**Reporting the District's Most Significant Funds**

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 13. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, the ESSER fund and the bond retirement fund.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. 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. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 19-22 of this report.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 23-65 of this report.

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's general fund budgetary information, net pension liability, net OPEB liability/asset and contributions. The required supplementary information can be found on pages 68-93 of this report.

**The District as a Whole**

The statement of net position provides the perspective of the District as a whole.

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)

The table below provides a summary of the District's net position at June 30, 2023 and June 30, 2022. The net position at June 30, 2022 has been restated as described in Note 3.A.

	<b>Net Position</b>		
	Governmental	Restated	
	Activities	Governmental	
	<u>2023</u>	Activities	<u>Percent</u>
		<u>2022</u>	<u>Change</u>
<b><u>Assets</u></b>			
Current and other assets	\$ 93,345,136	\$ 87,232,021	7.01 %
Net OPEB asset	7,075,857	5,672,579	24.74 %
Capital assets, net	<u>148,463,344</u>	<u>150,904,205</u>	(1.62) %
Total assets	<u>248,884,337</u>	<u>243,808,805</u>	2.08 %
<b><u>Deferred Outflows of Resources</u></b>			
Unamortized deferred loss on debt refunding	2,018,586	2,099,044	(3.83) %
Pension	21,070,738	19,775,428	6.55 %
OPEB	<u>2,955,621</u>	<u>2,429,767</u>	21.64 %
Total deferred outflows of resources	<u>26,044,945</u>	<u>24,304,239</u>	7.16 %
<b><u>Liabilities</u></b>			
Current liabilities	12,445,182	9,225,142	34.91 %
Long-term liabilities:			
Due within one year	4,621,582	4,273,831	8.14 %
Due in more than one year:			
Net pension liability	76,753,407	43,706,485	75.61 %
Net OPEB liability	4,201,379	4,892,737	(14.13) %
Other amounts	<u>97,504,830</u>	<u>102,744,001</u>	(5.10) %
Total liabilities	<u>195,526,380</u>	<u>164,842,196</u>	18.61 %
<b><u>Deferred Inflows of Resources</u></b>			
Property taxes and PILOTs levied for next year	34,071,022	32,734,705	4.08 %
Unamortized deferred gain on debt refunding	188,884	244,168	(22.64) %
Pension	6,656,751	35,595,929	(81.30) %
OPEB	<u>10,948,177</u>	<u>9,775,330</u>	12.00 %
Total deferred inflows of resources	<u>51,864,834</u>	<u>78,350,132</u>	(33.80) %
<b><u>Net Position</u></b>			
Net investment in capital assets	57,730,035	55,681,295	3.68 %
Restricted	16,378,640	13,271,343	23.41 %
Unrestricted (deficit)	<u>(46,570,607)</u>	<u>(44,031,722)</u>	5.77 %
Total net position	<u>\$ 27,538,068</u>	<u>\$ 24,920,916</u>	10.50 %

The net pension liability (NPL) is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net OPEB liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and net OPEB asset.

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)

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 not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability/asset*. 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 and the net OPEB liability/asset to equal the District'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 District 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. Due to the unique nature of how the net pension liability and the net OPEB liability/asset are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the District'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 and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2023, the District's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$27,538,068. Net position increased \$2,617,152 from June 30, 2022's restated net position.



**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)**

Assets of the District increased \$5,075,532 or 2.08%. Current assets increased \$6,113,115 or 7.01%. The most significant increase was in the area of restricted cash and cash equivalents. At year-end, capital assets represented 59.65% of total assets. Capital assets include land, buildings and improvements, equipment, and intangible right to use assets. Net investment in capital assets at June 30, 2023 and June 30, 2022, were \$57,730,035 and \$55,681,295, respectively. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

The capital assets decreased due to current year additions of \$2,787,633 and current year depreciation of \$5,228,494.

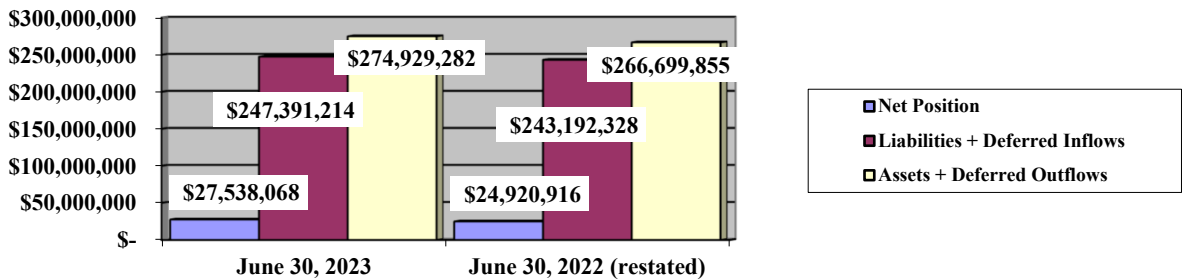
Liabilities of the District increased \$30,684,184 or 18.61%. Current liabilities increased \$3,220,040 or 34.91% due to an increase in accounts payable. Long-term liabilities increased \$27,464,144.

The net pension liability increased approximately \$33.0 million and deferred inflows of resources related to pension decreased approximately \$28.9 million. These changes were the result of changes at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS). Primarily, net investment income on investments at both pension systems were negative for the fiscal year 2022 measurement date that are used for the fiscal year 2023 reporting. This caused a large decrease in their respective fiduciary net positions which was a drastic change from the previous fiscal year's large positive investment returns.

A portion of the District's net position, \$16,378,640, represents resources that are subject to external restriction on how they may be used. Of the restricted net position, \$4,714,532 is restricted for capital projects. This amount is related to the District's State share of its Ohio Facilities Construction Commission (OFCC) project that has been unspent thus far. The remaining balance of unrestricted net position is (\$46,570,607).

The graph below shows the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2023 and June 30, 2022. The net position at June 30, 2022 has been restated as described in Note 3.A.

**Governmental Activities**



**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)

The table below shows the change in net position for fiscal years 2023 and 2022. The net position at June 30, 2022 has been restated as described in Note 3.A.

	<b>Change in Net Position</b>		
	Governmental Activities <u>2023</u>	Restated Governmental Activities <u>2022</u>	Percentage <u>Change</u>
<b><u>Revenues</u></b>			
Program revenues:			
Charges for services and sales	\$ 1,971,867	\$ 1,804,023	9.30 %
Operating grants and contributions	32,756,751	25,931,167	26.32 %
Capital grants and contributions	53,740	-	100.00 %
General revenues:			
Taxes	35,681,955	38,769,838	(7.96) %
Payment in lieu of taxes	1,017,551	876,672	16.07 %
Grants and entitlements not restricted	38,298,682	33,935,915	12.86 %
Investment earnings	869,583	(520,783)	(266.98) %
Other	<u>303,959</u>	<u>347,784</u>	(12.60) %
Total revenues	<u>110,954,088</u>	<u>101,144,616</u>	9.70 %
<b><u>Expenses</u></b>			
Program expenses:			
Instruction:			
Regular	34,700,664	30,896,488	12.31 %
Special	16,126,575	13,354,257	20.76 %
Vocational	167,738	119,197	40.72 %
Other	8,845,169	9,314,540	(5.04) %
Support services:			
Pupil	8,425,363	7,312,797	15.21 %
Instructional staff	3,325,522	3,001,447	10.80 %
Board of education	43,807	56,276	(22.16) %
Administration	6,396,403	4,780,148	33.81 %
Fiscal	1,403,692	1,412,801	(0.64) %
Business	276,982	253,541	9.25 %
Operations and maintenance	8,784,067	5,878,305	49.43 %
Pupil transportation	7,236,566	5,819,123	24.36 %
Central	2,534,972	1,454,725	74.26 %
Operations of non-instructional services	5,508,901	4,687,532	17.52 %
Extracurricular activities	1,292,307	1,047,019	23.43 %
Interest and fiscal charges	<u>3,268,208</u>	<u>3,299,049</u>	(0.93) %
Total expenses	<u>108,336,936</u>	<u>92,687,245</u>	16.88 %
Change in net position	2,617,152	8,457,371	(69.05) %
Net position, beginning of year (restated)	<u>24,920,916</u>	<u>16,463,545</u>	(51.37) %
Net position, end of year	<u>\$ 27,538,068</u>	<u>\$ 24,920,916</u>	10.50 %

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)

**Governmental Activities**

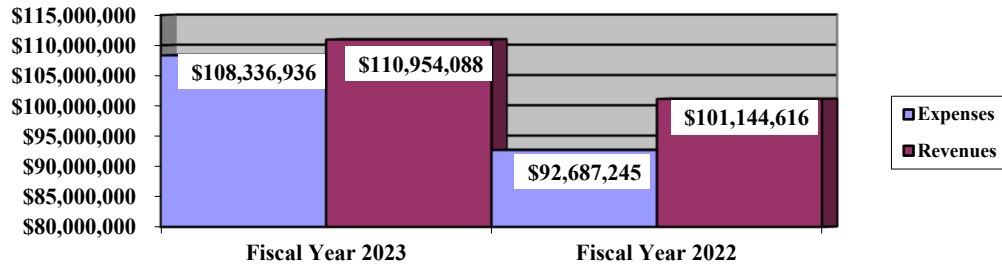
Net position of the District’s governmental activities increased \$2,617,152 in fiscal year 2023 and increased \$8,457,371 in fiscal year 2022. Total governmental expenses of \$108,336,936 were offset by program revenues of \$34,782,358 and general revenues of \$76,171,730 during fiscal year 2023. Program revenues supported 32.11% of the total governmental expenses during fiscal year 2023.

Revenues of the District increased \$9,809,472 or 9.70%. Operating grants and contributions increased due to more money received for the Elementary and Secondary School Emergency Relief (ESSER) funding. Property taxes decreased \$3,087,883 due to a decrease in property tax collections compared to the previous fiscal year. Grants and entitlements increased \$4,362,767 due to a change in the State foundation funding formula. Earnings on investments went positive due to an increase in fair value of the District’s portfolio due to rising interest rates in the market.

Overall, expenses of the governmental activities increased \$15,649,691 or 16.88%. This increase is primarily the result of an increase in pension expense. Pension expense increased approximately \$9.1 million. This increase was the result of an increase in expenses incurred at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS) due to a decrease in net investment income on investments compared to previous years.

The graph below presents the District’s governmental activities revenues and expenses for fiscal years 2023 and 2022.

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements.

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)

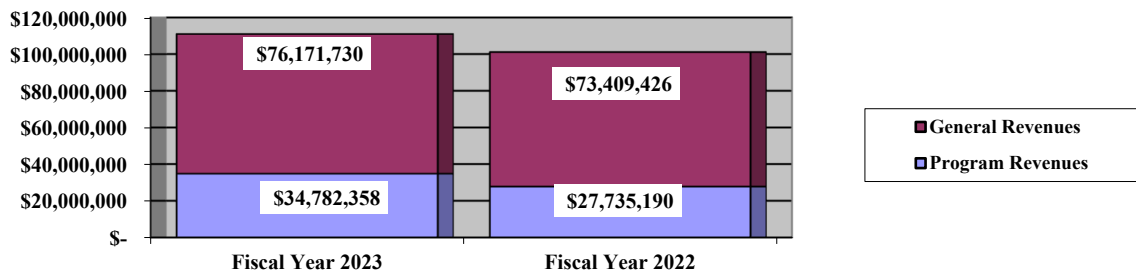
**Governmental Activities**

	Total Cost of Services <u>2023</u>	Net Cost of Services <u>2023</u>	Total Cost of Services <u>2022</u>	Net Cost of Services <u>2022</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 34,700,664	\$ 28,895,451	\$ 30,896,488	\$ 25,577,683
Special	16,126,575	5,864,125	13,354,257	4,302,565
Vocational	167,738	163,831	119,197	119,197
Other	8,845,169	8,511,339	9,314,540	9,103,357
Support services:				
Pupil	8,425,363	4,601,591	7,312,797	4,257,736
Instructional staff	3,325,522	230,698	3,001,447	1,211,596
Board of education	43,807	43,807	56,276	56,276
Administration	6,396,403	5,962,397	4,780,148	4,310,198
Fiscal	1,403,692	1,261,696	1,412,801	1,328,608
Business	276,982	276,982	253,541	253,541
Operations and maintenance	8,784,067	7,375,399	5,878,305	5,697,394
Pupil transportation	7,236,566	4,163,474	5,819,123	4,172,478
Central	2,534,972	2,473,661	1,454,725	1,366,442
Operations of non-instructional services	5,508,901	(526,885)	4,687,532	(879,625)
Extracurricular activities	1,292,307	988,804	1,047,019	775,560
Interest and fiscal charges	<u>3,268,208</u>	<u>3,268,208</u>	<u>3,299,049</u>	<u>3,299,049</u>
<b>Total</b>	<b><u>\$ 108,336,936</u></b>	<b><u>\$ 73,554,578</u></b>	<b><u>\$ 92,687,245</u></b>	<b><u>\$ 64,952,055</u></b>

The dependence upon tax and other general revenues for governmental activities is apparent, 72.58% of instruction activities were supported through taxes and other general revenues during fiscal year 2023. For all governmental activities, general revenue support was 67.89% in fiscal year 2023. The District's taxpayers and unrestricted grants and entitlements are by far the primary support for District students.

The graph below presents the District's governmental activities revenues for fiscal years 2023 and 2022.

**Governmental Activities - General and Program Revenues**



**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)

**The District's Funds**

The District's governmental funds reported a combined fund balance of \$42,971,395, which is more than last year's total of \$39,089,772. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2023 and 2022.

	Fund Balance (Deficit) <u>June 30, 2023</u>	Fund Balance (Deficit) <u>June 30, 2022</u>	<u>Change</u>	Percentage <u>Change</u>
General	\$ 21,202,613	\$ 19,228,298	\$ 1,974,315	10.27 %
ESSER	(437,450)	(749,621)	312,171	41.64 %
Bond retirement	9,256,417	8,679,793	576,624	6.64 %
Other Governmental	<u>12,949,815</u>	<u>11,931,302</u>	<u>1,018,513</u>	8.54 %
Total	<u>\$ 42,971,395</u>	<u>\$ 39,089,772</u>	<u>\$ 3,881,623</u>	9.93 %

**General Fund**

The general fund increased \$1,974,315 during fiscal year 2023.

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2023 <u>Amount</u>	2022 <u>Amount</u>	<u>Change</u>	Percentage <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 29,408,516	\$ 29,320,726	\$ 87,790	0.30 %
Payment in lieu of taxes	958,643	879,789	78,854	8.96 %
Tuition and fees	1,259,954	1,200,092	59,862	4.99 %
Earnings on investments	658,066	(535,274)	1,193,340	222.94 %
Intergovernmental	44,495,775	39,007,335	5,488,440	14.07 %
Other revenues	<u>557,693</u>	<u>540,055</u>	<u>17,638</u>	3.27 %
Total	<u>\$ 77,338,647</u>	<u>\$ 70,412,723</u>	<u>\$ 6,925,924</u>	9.84 %
<b><u>Expenditures</u></b>				
Instruction	\$ 49,194,856	\$ 46,901,602	\$ 2,293,254	4.89 %
Support services	24,680,752	22,274,247	2,406,505	10.80 %
Operation of				
non-instructional services	34,729	6,249	28,480	455.75 %
Extracurricular activities	89,561	71,356	18,205	25.51 %
Facilities acquisition and const.	16,054	752,708	(736,654)	(97.87) %
Debt service	<u>543,608</u>	<u>262,414</u>	<u>281,194</u>	107.16 %
Total	<u>\$ 74,559,560</u>	<u>\$ 70,268,576</u>	<u>\$ 4,290,984</u>	6.11 %

Revenues of the general fund increased \$6,925,924 or 9.84%. Intergovernmental revenue increased \$5,488,440 due to a change in the State foundation funding formula which increased revenues received for students not in District schools. Earnings on investments increased due to an increase in interest rates on investments.

Expenditures of the general fund increased \$4,290,984 or 6.11%. The most significant increase was in the area of instruction and support services. This increase was the result of increases in wages and benefits paid to employees.

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)

***General Fund Budgeting Highlights***

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

For the general fund, original budgeted revenues and other financing sources of \$75,362,905 were increased to \$80,086,359 in the final budget. The primary increase was in the area of intergovernmental-state due to the increase in State foundation funding. Actual revenues and other financing sources were \$77,162,681.

General fund original appropriations (appropriated expenditures plus other financing uses) were \$76,797,485 and were increased to \$78,054,678 in the final budget. Actual expenditures and other uses were \$76,141,106.

***ESSER Fund***

The ESSER fund had \$11,565,237 in revenues and \$11,253,066 in expenditures. The fund deficit decreased from (\$749,621) to (\$437,450). This money is received from the federal government to assist in the emergency brought on by the COVID-19 pandemic.

***Bond Retirement Fund***

The bond retirement fund had \$7,796,074 in revenues and \$7,219,450 in expenditures. The bond retirement fund's fund balance increased \$576,624 from \$8,679,793 to \$9,256,417. The increase in fund balance was due to property tax collections exceeding scheduled principal and interest payments during fiscal year 2023.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2023, the District had \$148,463,344 invested in land, buildings and improvements, equipment, and intangible right to use assets. This entire amount is reported in governmental activities.

The following table shows June 30, 2023 balances compared to June 30, 2022. The capital assets at June 30, 2022 have been restated as described in Note 3.A.

**Capital Assets at June 30  
(Net of Depreciation/Amortization)**

	Governmental Activities	
	<u>2023</u>	Restated <u>2022</u>
Land	\$ 1,422,946	\$ 1,422,946
Buildings and improvements	141,407,054	145,161,867
Equipment	1,627,883	1,466,951
Intangible right to use assets	4,005,461	2,852,441
Total	\$ 148,463,344	\$ 150,904,205

The capital assets decreased \$2,440,861. The capital assets decreased due to current year additions of \$2,787,633 and current year depreciation of \$5,228,494.

See Note 8 to the basic financial statements for detail on the District's capital assets.

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)

***Debt Administration***

At June 30, 2023, the District had \$100,551,949 in general obligation bonds, the House Bill (HB) 264 debt, a notes payable – finance purchase, and leases & SBITAs payable outstanding. Of this total, \$4,525,406 is due within one year and \$96,026,543 is due in greater than one year.

The following table summarizes the bonds, notes and leases/SBITAs payable outstanding.

<b>Outstanding Debt, at Year End</b>		
	Governmental Activities <u>2023</u>	Restated Governmental Activities <u>2022</u>
General obligation bonds and HB 264 debt	\$ 89,701,274	\$ 93,207,580
Premiums	6,926,118	7,467,620
Notes payable - finance purchase	2,440,000	2,695,000
Leases & SBITAs payable	<u>1,484,557</u>	<u>1,895,455</u>
Total	<u>\$ 100,551,949</u>	<u>\$ 105,265,655</u>

See Note 9 to the basic financial statements for detail on the District's debt administration.

**For the Future**

At Middletown City Schools, our strategic vision allows students to map out their educational journey uniquely tailored to their dreams. Central to our approach is Passport to Tomorrow, which fosters career awareness from an early age, providing students with hands-on learning experiences that expose them to various professions and industries. We aim to create an environment where students can discover their passions and develop a personalized roadmap for their educational trajectory. We strive to equip our students with the skills and knowledge necessary to thrive in their chosen paths. Our commitment to personalized education ensures that every student not only excels academically but also gains a profound understanding of themselves and the world around them, allowing them to dream today and rise tomorrow.

The District is taking measures to help control rising costs and improve financial efficiencies. The Board also recognized the need for stabilized local operating revenues. After several failed operating levies and one successful levy, the District combined and substituted two tax levies in May 2010. The levies collected \$29.4 million (cash basis) in fiscal year 2022 with an expected growth of 1.5% annually. All operating levies are continuous. The Board also implemented a cash carryover policy in 2015 to require a minimum of 10% cash carryover of operating expenditures to which the District obtained June 30, 2016 with a cash balance of \$8,064,274. The District more than doubled their cash carryover to \$17,244,650 June 30, 2017, \$20,492,140 June 30, 2018 and again increased it to \$21,121,657 June 30, 2019 to end with 27.76% above fiscal year 2018 expenditures. The ending cash balance for fiscal year 2023 is \$21,664,567.

The District's efforts at cost savings and increased revenues have started to show as the ending cash balance as reported on the District's five year forecast in fiscal year 2024, 2025, 2026 and 2027 is forecasted as \$29,719,127, \$39,150,511, \$40,388,366 and \$35,860,090 respectfully. All forecasted balances still maintain carryover in excess of board policy requirements. The District's revenue is forecasted to increase steadily due to increased state aide for the next five fiscal years and through increased tax collections.

The District's will need to maintain sound fiscal management to meet the challenges of the future. With careful planning and monitoring of the District's finances, the District's administration team is confident that the District can continue to provide a quality education, while modernizing its programs for our students and provide a secure financial future.

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)**

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Randall Bertram, Treasurer/CFO, Middletown City School District, 1 Donham Plaza, Middletown, Ohio, 45042.



**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2023

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 45,326,489
Cash in segregated accounts	374,131
Receivables:	
Property taxes	38,744,011
Payment in lieu of taxes	793,962
Accounts	31,964
Accrued interest	108,457
Intergovernmental	7,671,604
Prepayments	281,509
Inventory held for resale	13,009
Net OPEB asset	7,075,857
Capital assets:	
Nondepreciable capital assets	1,422,946
Depreciable capital assets, net	147,040,398
Capital assets, net	148,463,344
Total assets	248,884,337
 <b>Deferred outflows of resources:</b>	
Unamortized deferred charges on debt refunding	2,018,586
Pension	21,070,738
OPEB	2,955,621
Total deferred outflows of resources	26,044,945
 <b>Liabilities:</b>	
Accounts payable	820,362
Contracts payable	635,475
Retainage payable	374,131
Accrued wages and benefits payable	7,736,048
Intergovernmental payable	365,988
Pension and postemployment benefits payable	1,448,752
Accrued interest payable	282,749
Unearned revenue	781,677
Long-term liabilities:	
Due within one year	4,621,582
Due in more than one year:	
Net pension liability	76,753,407
Net OPEB liability	4,201,379
Other amounts due in more than one year	97,504,830
Total liabilities	195,526,380
 <b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year	33,277,060
Payment in lieu of taxes levied for the next fiscal year	793,962
Unamortized deferred gain on debt refunding	188,884
Pension	6,656,751
OPEB	10,948,177
Total deferred inflows of resources	51,864,834
 <b>Net position:</b>	
Net investment in capital assets	57,730,035
Restricted for:	
Capital projects	4,714,532
OPEB	1,730,484
Classroom facilities maintenance	1,208,827
Debt service	2,611,079
State funded programs	33
Federally funded programs	91,425
Food service operations	5,359,418
Extracurricular programs	139,737
Other purposes	523,105
Unrestricted (deficit)	(46,570,607)
Total net position	\$ 27,538,068

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

		<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>
<b>Expenses</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	
<b>Governmental activities:</b>					
Instruction:					
Regular	\$ 34,700,664	\$ 1,182,263	\$ 4,610,986	\$ 11,964	\$ (28,895,451)
Special	16,126,575	191,762	10,070,688	-	(5,864,125)
Vocational	167,738	-	3,907	-	(163,831)
Other	8,845,169	-	333,830	-	(8,511,339)
Support services:					
Pupil	8,425,363	35,264	3,788,508	-	(4,601,591)
Instructional staff	3,325,522	666	3,087,558	6,600	(230,698)
Board of education	43,807	-	-	-	(43,807)
Administration	6,396,403	-	434,006	-	(5,962,397)
Fiscal	1,403,692	4,919	137,077	-	(1,261,696)
Business	276,982	-	-	-	(276,982)
Operations and maintenance	8,784,067	107,052	1,266,440	35,176	(7,375,399)
Pupil transportation	7,236,566	-	3,073,092	-	(4,163,474)
Central	2,534,972	154	61,157	-	(2,473,661)
Operation of non-instructional services:					
Food service operations	4,247,052	171,731	4,785,378	-	710,057
Other non-instructional services	1,261,849	-	1,078,677	-	(183,172)
Extracurricular activities	1,292,307	278,056	25,447	-	(988,804)
Interest and fiscal charges	3,268,208	-	-	-	(3,268,208)
<b>Totals</b>	<b>\$ 108,336,936</b>	<b>\$ 1,971,867</b>	<b>\$ 32,756,751</b>	<b>\$ 53,740</b>	<b>(73,554,578)</b>
<b>General revenues:</b>					
Property taxes levied for:					
General purposes					27,933,597
Debt service					5,994,256
Capital outlay					1,470,207
Classroom facilities maintenance					283,895
Payments in lieu of taxes					1,017,551
Grants and entitlements not restricted to specific programs					38,298,682
Investment earnings					869,583
Miscellaneous					303,959
Total general revenues					76,171,730
Change in net position					2,617,152
<b>Net position at beginning of year (restated)</b>					24,920,916
<b>Net position at end of year</b>					<b>\$ 27,538,068</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023

	<u>General</u>	<u>Elementary and Secondary School Emergency Relief</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents	\$ 23,075,798	\$ -	\$ 8,387,704	\$ 13,862,987	\$ 45,326,489
Cash in segregated accounts	-	-	-	374,131	374,131
Receivables:					
Property taxes	29,978,018	-	6,546,786	2,219,207	38,744,011
Payment in lieu of taxes	793,962	-	-	-	793,962
Accounts	19,011	-	-	12,953	31,964
Accrued interest	108,457	-	-	-	108,457
Interfund loans	1,021,568	-	-	-	1,021,568
Intergovernmental	177,409	3,230,991	58,908	4,204,296	7,671,604
Prepayments	54,457	10,862	-	216,190	281,509
Inventory held for resale	-	-	-	13,009	13,009
Due from other funds	1,424,533	-	-	-	1,424,533
Total assets	<u>\$ 56,653,213</u>	<u>\$ 3,241,853</u>	<u>\$ 14,993,398</u>	<u>\$ 20,902,773</u>	<u>\$ 95,791,237</u>
<b>Liabilities:</b>					
Accounts payable	\$ 101,833	\$ 138,119	\$ -	\$ 580,410	\$ 820,362
Contracts payable	-	635,475	-	-	635,475
Retainage payable	-	-	-	374,131	374,131
Accrued wages and benefits payable	6,385,392	643,903	-	706,753	7,736,048
Compensated absences payable	36,496	-	-	-	36,496
Intergovernmental payable	184,048	172,455	-	9,485	365,988
Pension and postemployment benefits payable	1,208,669	101,520	-	138,563	1,448,752
Interfund loans payable	-	154,891	-	866,677	1,021,568
Due to other funds	-	1,384,628	-	39,905	1,424,533
Unearned revenue	35,417	-	-	746,260	781,677
Total liabilities	<u>7,951,855</u>	<u>3,230,991</u>	<u>-</u>	<u>3,462,184</u>	<u>14,645,030</u>
<b>Deferred inflows of resources:</b>					
Property taxes levied for the next fiscal year	25,781,811	-	5,548,258	1,946,991	33,277,060
Payment in lieu of taxes levied for the next fiscal year	793,962	-	-	-	793,962
Delinquent property tax revenue not available	865,057	-	188,723	63,706	1,117,486
Intergovernmental revenue not available	-	448,312	-	2,480,077	2,928,389
Accrued interest not available	57,915	-	-	-	57,915
Total deferred inflows of resources	<u>27,498,745</u>	<u>448,312</u>	<u>5,736,981</u>	<u>4,490,774</u>	<u>38,174,812</u>
<b>Fund balances:</b>					
Nonspendable:					
Prepays	54,457	10,862	-	216,190	281,509
Restricted:					
Debt service	-	-	9,256,417	-	9,256,417
Capital projects	-	-	-	3,748,783	3,748,783
Classroom facilities maintenance	-	-	-	1,199,144	1,199,144
Food service operations	-	-	-	5,359,418	5,359,418
Non-public schools	-	-	-	29,196	29,196
Extracurricular	-	-	-	152,513	152,513
Other purposes	-	-	-	523,105	523,105
Committed:					
Capital projects	-	-	-	1,830,367	1,830,367
Assigned:					
Student instruction	169,149	-	-	-	169,149
Student and staff support	425,277	-	-	-	425,277
Other purposes	1,100	-	-	-	1,100
Unassigned (deficit)	20,552,630	(448,312)	-	(108,901)	19,995,417
Total fund balances	<u>21,202,613</u>	<u>(437,450)</u>	<u>9,256,417</u>	<u>12,949,815</u>	<u>42,971,395</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 56,653,213</u>	<u>\$ 3,241,853</u>	<u>\$ 14,993,398</u>	<u>\$ 20,902,773</u>	<u>\$ 95,791,237</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2023

<b>Total governmental fund balances</b>		\$ 42,971,395
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		148,463,344
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 1,117,486	
Accrued interest receivable	57,915	
Intergovernmental receivable	2,928,389	
Total		4,103,790
Unamortized premiums on bonds issued are not recognized in the funds.		(6,926,118)
Unamortized amounts on refundings are not recognized in the funds.		
Unamortized deferred loss on refunding	2,018,586	
Unamortized deferred gain on refunding	(188,884)	
Total		1,829,702
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(282,749)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows - pension	21,070,738	
Deferred inflows - pension	(6,656,751)	
Net pension liability	(76,753,407)	
Deferred outflows - OPEB	2,955,621	
Deferred inflows - OPEB	(10,948,177)	
Net OPEB asset	7,075,857	
Net OPEB liability	(4,201,379)	
Total		(67,457,498)
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	(89,306,274)	
HB 264	(395,000)	
Notes payable - finance purchase	(2,440,000)	
Lease payable	(1,247,070)	
SBITAs payable	(237,487)	
Compensated absences	(1,537,967)	
Total		(95,163,798)
<b>Net position of governmental activities</b>		<b>\$ 27,538,068</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>General</u>	<u>Elementary and Secondary School Emergency Relief</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Property taxes	\$ 29,408,516	\$ -	\$ 6,294,683	\$ 1,825,754	\$ 37,528,953
Intergovernmental	44,495,775	11,565,237	1,442,483	13,637,261	71,140,756
Investment earnings	658,066	-	-	224,145	882,211
Tuition and fees	1,259,954	-	-	-	1,259,954
Extracurricular	36,326	-	-	273,300	309,626
Rental income	103,395	-	-	5,450	108,845
Charges for services	109,637	-	-	179,429	289,066
Contributions and donations	35,439	-	-	426,660	462,099
Payment in lieu of taxes	958,643	-	58,908	-	1,017,551
Miscellaneous	272,896	-	-	20,459	293,355
Total revenues	<u>77,338,647</u>	<u>11,565,237</u>	<u>7,796,074</u>	<u>16,592,458</u>	<u>113,292,416</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular	29,589,140	3,733,855	-	835,468	34,158,463
Special	11,270,622	1,572,542	-	2,419,448	15,262,612
Vocational	158,024	-	-	-	158,024
Other	8,177,070	-	-	326,430	8,503,500
Support services:					
Pupil	5,245,213	2,591,346	-	258,039	8,094,598
Instructional staff	222,721	474,933	-	2,455,962	3,153,616
Board of education	41,483	-	-	-	41,483
Administration	5,547,217	6,137	-	420,134	5,973,488
Fiscal	1,111,786	-	72,956	137,459	1,322,201
Business	259,997	-	-	-	259,997
Operations and maintenance	6,201,308	1,123,945	-	1,148,726	8,473,979
Pupil transportation	4,763,124	1,736,104	-	456,529	6,955,757
Central	1,287,903	134	-	1,142,310	2,430,347
Operation of non-instructional services:					
Food service operations	-	-	-	4,067,266	4,067,266
Other non-instructional services	34,729	14,070	-	1,144,019	1,192,818
Extracurricular activities	89,561	-	-	1,128,578	1,218,139
Facilities acquisition and construction	-	-	-	172,272	172,272
Capital outlay	16,054	-	-	-	16,054
Debt service:					
Principal retirement	481,952	-	3,675,000	255,000	4,411,952
Interest and fiscal charges	61,656	-	3,471,494	35,175	3,568,325
Total expenditures	<u>74,559,560</u>	<u>11,253,066</u>	<u>7,219,450</u>	<u>16,402,815</u>	<u>109,434,891</u>
Excess of revenues over expenditures	<u>2,779,087</u>	<u>312,171</u>	<u>576,624</u>	<u>189,643</u>	<u>3,857,525</u>
<b>Other financing sources (uses):</b>					
Sale of capital assets	8,044	-	-	-	8,044
Transfers in	17	-	-	828,887	828,904
Transfers (out)	(828,887)	-	-	(17)	(828,904)
Lease transaction	16,054	-	-	-	16,054
Total other financing sources (uses)	<u>(804,772)</u>	<u>-</u>	<u>-</u>	<u>828,870</u>	<u>24,098</u>
Net change in fund balances	1,974,315	312,171	576,624	1,018,513	3,881,623
<b>Fund balances (deficit) at beginning of year</b>	<u>19,228,298</u>	<u>(749,621)</u>	<u>8,679,793</u>	<u>11,931,302</u>	<u>39,089,772</u>
<b>Fund balances (deficit) at end of year</b>	<u>\$ 21,202,613</u>	<u>\$ (437,450)</u>	<u>\$ 9,256,417</u>	<u>\$ 12,949,815</u>	<u>\$ 42,971,395</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<b>Net change in fund balances - total governmental funds</b>	\$	3,881,623
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 2,787,633	
Current year depreciation	<u>(5,228,494)</u>	
Total		(2,440,861)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(1,846,998)	
Earnings on investments	42,165	
Intergovernmental	<u>(533,495)</u>	
Total		(2,338,328)
Repayment of bond, note, lease and SBITA principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		4,411,952
Issuance of bonds and leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
		(16,054)
In the statement of activities, interest is accrued on outstanding bonds whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Change in accrued interest payable	7,483	
Accreted interest on capital appreciation bonds	(223,694)	
Amortization of bond premiums	541,502	
Amortization of deferred charges	(80,458)	
Amortization of deferred gains	<u>55,284</u>	
Total		300,117
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension		6,833,630
OPEB		166,777
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension		(9,646,064)
OPEB		1,280,666
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.		
		<u>183,694</u>
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>2,617,152</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 1 - DESCRIPTION OF THE DISTRICT**

The Middletown City School District (the “District”), Butler County, was originally chartered in 1837 by the Ohio State Legislature. In 1853, State laws were enacted to create local Boards of Education. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter or further mandated by State and/or Federal agencies. The Board controls the District's instructional and support facilities staffed by 238 classified personnel and 520 certified teaching and administrative personnel to provide services to students and other community members.

The District currently operates 7 elementary schools, one sixth grade center, one middle school serving grades 7 - 8, one comprehensive high school (grades 9 - 12) including an alternative program. The District encompasses a total of 25 square miles that includes the City of Middletown and portions of Lemon Township.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting entity for establishing governmental accounting and financial reporting principles.

The District’s significant accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization.

Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The following organizations are described due to their relationship to the District:

Parochial Schools - The following parochial schools are located within the District: John XXIII Elementary School and Middletown Christian Schools. Parochial schools are operated independently of the District. Current State legislation provides partial funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the District, as required by Ohio law. The accounting for these receipts and disbursements is reflected in a Special Revenue Fund for financial reporting purposes, because of the District's administrative responsibility.

The Southwestern Ohio Computer Association (SWOCA)

The Southwestern Ohio Computer Association (SWOCA) is a jointly governed organization among a four county consortium of school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports SWOCA based upon a per pupil charge dependent upon the software package utilized. The Governing Board of SWOCA consists of six members elected by majority vote of all charter member schools plus one representative from the fiscal agent. The District paid SWOCA \$311,975 for services provided during the year. Financial information can be obtained from Mr. Michael Crumley, who serves as Director, at 3607 Hamilton-Middletown Rd., Hamilton, Ohio 45011.

The Butler Technology and Career Development Center

The Butler Technology and Career Development Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards. It possesses its own budgeting and taxing authority.

Butler Technology and Career Development Center was formed to provide vocational education opportunities to the students of Butler County, including students of the District. Financial information can be obtained from Mr. Paul Carpenter, who serves as Treasurer, at 3603 Hamilton-Middletown Rd., Hamilton, Ohio 45011.

Butler Health Plan (BHP)

The District has elected to provide employee health and dental benefits through Butler Health Plan (BHP), a public entity risk pool currently operating as a common risk management and insurance program. Butler Health Plan has provided competitive health and dental benefits to school districts in southwest Ohio for over 29 years. Building on that success, Butler Health Plan looked to the future and helped create a multi-state consortium, Optimal Health Initiatives that now includes over 80 public employers and represents more than 40,000 employees and their families. Allied Benefits and Anthem provide claims review and processing services for BHP. The District pays a monthly premium to the pool for its general insurance coverage. The employees share the cost of the monthly premium for the coverage with the Board. The risk of loss transfers entirely to BHP. To obtain financial information write to Butler Health Plan, 400 North Erie Blvd. Suite B., Hamilton, Ohio 45011.



**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**B. Measurement Focus**

Government-Wide Financial Statements - The government-wide statements are prepared using the economic resources measurement focus. All assets, deferred outflows, liabilities and deferred inflows associated with the operation of the District are included on the Statement of Net Position.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements; however, interfund services provided and used are not eliminated for reporting on the government-wide financial statements.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities and deferred inflows generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**C. Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

*GOVERNMENTAL FUNDS*

Governmental funds are those through which most governmental functions are financed.

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets, liabilities and deferred inflows is reported as fund balance. The following are the District's major governmental funds:

General Fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Elementary and Secondary School Emergency Relief (ESSER) Fund - The ESSER fund is used to account for grants received from the federal government to provide emergency relief to school districts related to the COVID-19 pandemic.

Bond Retirement Fund - The bond retirement fund is used to account for the accumulation of resources for and the payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the District is obligated in some manner for the payment.

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Nonmajor governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, payment in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 11 and 12 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. 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.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow of resources 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. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

See Notes 11 and 12 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position. In addition, deferred outflows of resources include a deferred gain on debt refunding. A deferred gain 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 debt or refunding debt.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the fund financial statements as an expenditure with a like amount reported as intergovernmental revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**E. Cash and Investments**

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

The District invested in commercial paper, Federal Farm Credit bank (FFCB) securities, Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, U.S. Treasury notes, negotiable certificates of deposit, U.S. government money market mutual funds and the State Treasury Asset Reserve of Ohio (STAR Ohio).

The District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District 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.

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours notice in advance of all deposits and withdrawals exceeding \$100 million is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million, 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.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2023 amounted to \$658,066, which includes \$254,220 assigned from other funds. The food service, classroom facilities maintenance and auxiliary services special revenue funds and permanent improvement fund also received interest of \$71,746, \$17,992, \$4,841 and \$29,693, respectively. The building fund and construction fund received interest of \$17,436 and \$82,437, respectively, which is assigned specifically to those funds due to the District's Ohio Facilities Construction Commission project.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**MIDDLETOWN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**F. Inventory**

On government-wide and fund financial statements, purchased inventories are reported at cost and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

Inventory consists of expendable supplies held for consumption, donated food, purchased food and nonfood supplies.

**G. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepayments in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is nonspendable on the fund financial statements by an amount equal to the carrying value of the asset.

**H. Capital Assets**

Capital assets are those assets specifically related to governmental activities. These assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District's capitalization threshold is \$2,500 for capital assets. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except land and construction in progress are depreciated/amortized. Improvements are depreciated/amortized over the remaining useful lives of the related capital assets.

Depreciation/amortization is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Buildings and improvements	20 - 45 Years
Equipment	5 - 20 Years
Intangible right to use asset - leases	5 - 15 years
Intangible right to use asset - SBITAs	5 years

The District is reporting intangible right to use assets related to leased equipment, buildings, and Subscription Based Information Technology Arrangements (SBITAs). The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease/subscription term or the useful life of the underlying asset.

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivables/payables" and "due from/due to other funds". These amounts are eliminated in the governmental activities column on the statement of net position.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**J. Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

The District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vested payment method.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2023 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

**K. 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, compensated absences will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and notes are recognized on the fund financial statements when due. 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.

**L. Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**M. Bond Issuance Costs/Unamortized Bond Premium/Deferred Charges on Debt Refunding**

On government-wide and fund financial statements, bond issuance costs are expensed in the year they occur.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as a deferred inflow or outflow of resources on the statement of net position.

On the governmental fund financial statements, bond issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 9.A.

**N. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds.

The classifications are as follows:

*Nonspendable* - fund balance includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

*Restricted* - fund balances relate to money received from local, state or federal grants or maintained in segregated accounts for construction.

*Committed* - fund balances include amounts that can be used only for the specific purpose imposed by formal action (the highest level action via resolution) of the District’s Board of Education.

*Assigned* - fund balances are balances the District administration have specified the future use. The District uses the policy of encumbering certain obligations within the general fund that are reported as an assigned fund balance. This is completed by the Treasurer’s office as required by the Ohio Revised Code. The District also reports the cash balance of the principal support fund and neediest kids of all fund as assigned balances within the general fund. These funds are segregated by the accounting function within the Treasurer’s office as required by the Ohio Revised Code.

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

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, 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 classifications could be used.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**O. Net Position**

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

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. None of the District's restricted net position was restricted by enabling legislation.

**P. Estimates**

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

**Q. Interfund Activity**

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

**R. Fair Value**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**S. Minimum Fund Balance Policy**

The District Board requires in the general fund a minimum of 10% cash carryover of operating expenditures to which the District obtained as of June 30, 2023. This amount is included as part of the unassigned balance in the District's general fund.

**T. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. There were no extraordinary or special items at June 30, 2023.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles/Restatement of Net Position**

For fiscal year 2023, the District has implemented GASB Statement No. 91, “*Conduit Debt Obligations*”, GASB Statement No. 94, “*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*”, GASB Statement No. 96, “*Subscription Based Information Technology Arrangements*”, certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, “*Omnibus 2022*”.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the District.

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the District.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

These changes were incorporated in the District’s fiscal year 2023 financial statements. The District recognized \$440,824 in governmental activities in subscriptions payable at July 1, 2022; however, this entire amount was offset by the intangible asset, right to use subscription assets.

A net position restatement is required in order implement GASB Statement No. 96. The governmental activities have been restated as follows:

	<u>Governmental Activities</u>
Net position as previously reported	\$ 23,948,551
SBITAs	<u>972,365</u>
Restated net position at July 1, 2022	<u><u>\$ 24,920,916</u></u>



**MIDDLETOWN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the District.

GASB Statement No. 99 to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2023 included the following individual fund deficits:

<u>Major fund</u>	<u>Deficit</u>
Elementary and Secondary School Emergency Relief (ESSER)	\$ 437,450
 <u>Nonmajor funds</u>	
School Improvement Stimulus A	4,000
Title III	22,029
Miscellaneous federal grants	25,683

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality;

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and 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, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions 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.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District 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 Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash on Hand**

At fiscal year end, the District had \$1,450 in undeposited cash on hand, which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

**B. Deposits with Financial Institutions**

At June 30, 2023, the carrying amount of all District deposits was \$7,003,616 and the bank balance of all District deposits was \$6,386,626. Of the bank balance, \$500,000 was covered by the FDIC and \$5,886,626 was covered by the Ohio Pooled Collateral System.

**MIDDLETOWN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 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 fair value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State.

**C. Investments**

As of June 30, 2023, the District had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement <u>Value</u>	Investment Maturities				
		6 months or <u>less</u>	7 to 12 <u>months</u>	13 to 18 <u>months</u>	19 to 24 <u>months</u>	Greater than <u>24 months</u>
<i>Fair Value:</i>						
Commercial paper	\$ 2,457,123	\$ 1,429,590	\$ 1,027,533	\$ -	\$ -	\$ -
FFCB	1,517,991	1,045,790	212,753	-	-	259,448
FHLB	4,761,251	1,950,267	517,771	293,726	948,490	1,050,997
FHLMC	1,091,861	195,680	247,840	-	209,088	439,253
FNMA	1,364,877	1,178,125	-	186,752	-	-
Negotiable CDs	3,799,336	2,583,905	729,484	-	485,947	-
U.S. Treasury notes	896,971	261,563	241,758	153,200	-	240,450
U.S. Government money market	377,869	377,869	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	<u>22,428,275</u>	<u>22,428,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 38,695,554</u>	<u>\$ 31,451,064</u>	<u>\$ 2,977,139</u>	<u>\$ 633,678</u>	<u>\$ 1,643,525</u>	<u>\$ 1,990,148</u>

The weighted average of maturity of investments is 0.34 years.

The District's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in commercial paper, federal agency securities (FFCB, FHLB, FHLMC, FNMA), negotiable CD's, and U.S. Treasury notes are valued using pricing sources provided by the investment manager (Level 2 inputs).

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The District's investments in commercial paper were rated either A-1 or A-1+ by Standard & Poor's. The District's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio Law requires that STAR Ohio and the U.S. Government money market maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2023:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Fair Value:</i>		
Commercial paper	\$ 2,457,123	6.35
FFCB	1,517,991	3.92
FHLB	4,761,251	12.30
FHLMC	1,091,861	2.82
FNMA	1,364,877	3.53
Negotiable CDs	3,799,336	9.82
U.S. Treasury Notes	896,971	2.32
U.S. Government money market	377,869	0.98
<i>Amortized Cost:</i>		
STAR Ohio	<u>22,428,275</u>	<u>57.96</u>
Total	<u>\$ 38,695,554</u>	<u>100.00</u>

**D. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2023:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 7,003,616
Investments	38,695,554
Cash on hand	<u>1,450</u>
Total	<u>\$ 45,700,620</u>
 <u>Cash and investments per statement of net position</u>	
Equity in pooled cash and cash equivalents	\$ 45,700,620
Total	<u>\$ 45,700,620</u>

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 5 - INTERFUND TRANSACTIONS**

A. Interfund transfers for the year ended June 30, 2023, consisted of the following, as reported on the fund statements:

	<u>Amount</u>
<u>Transfers from general fund to:</u>	
Nonmajor governmental funds	\$ 828,887
<u>Transfers from nonmajor governmental fund to:</u>	
General fund	17
Total	<u>\$ 828,904</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

B. Interfund loans receivable/payable consisted of the following at June 30, 2023, as reported on the fund statement:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	ESSER fund	\$ 154,891
General fund	Nonmajor governmental funds	866,677
Total		<u>\$ 1,021,568</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide statement of net position.

C. Due from/due to other funds consisted of the following at June 30, 2023, as reported on the fund statement:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	ESSER fund	\$ 1,384,628
General fund	Nonmajor governmental funds	39,905
Total		<u>\$ 1,424,533</u>

The primary purpose of the interfund balances is to cover negative cash balances where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide statement of net position.

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

**MIDDLETOWN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 6 - PROPERTY TAXES - (Continued)**

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State law at 35% of appraised fair value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien December 31, 2021, were levied after April 1, 2022 and are collected in 2023 with real property taxes. Public utility real property is assessed at 35% of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Butler and Warren Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2023, are available to finance fiscal year 2023 operations. The amount available for advance at June 30, 2023, \$3,331,150 in the general fund, \$809,805 in the bond retirement fund, \$167,402 in the permanent improvement fund (a nonmajor governmental fund) and \$41,108 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount available for advance at June 30, 2022, \$2,636,974 in the general fund, \$806,664 in the bond retirement fund, \$139,688 in the permanent improvement fund (a nonmajor governmental fund) and \$36,250 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2023 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow of resources.

The assessed values upon which the fiscal year 2023 taxes were collected are:

	2022 Second Half Collections		2023 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 762,895,030	88.63	\$ 753,200,280	88.00
Public utility personal	<u>97,826,720</u>	<u>11.37</u>	<u>102,707,450</u>	<u>12.00</u>
Total	<u>\$ 860,721,750</u>	<u>100.00</u>	<u>\$ 855,907,730</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
General	\$39.01		\$39.01	
Debt service	8.00		8.00	
Permanent improvement	1.90		1.90	
Classroom facilities maint.	0.50		0.50	

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2023 consisted of property taxes, payment in lieu of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year. The intergovernmental receivable at June 30 consisted of federal grants and other receivables.

<b><u>Governmental activities:</u></b>	
Property taxes	\$ 38,744,011
Payment in lieu of taxes	793,962
Accounts	31,964
Accrued interest	108,457
Intergovernmental:	
Miscellaneous intergovernmental amounts	236,317
Ohio Facilities Construction Commission (OFCC)	2,396,859
Miscellaneous state grants	5,339
ESSER	3,230,991
IDEA Part B	509,781
School Improvement Stimulus A	193,326
Title III	34,674
Title I	745,812
Title IV-A	136,950
IDEA Preschool	33,488
Title II-A	<u>148,067</u>
Total	<u>\$ 47,349,998</u>

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**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 8 - CAPITAL ASSETS**

Due to the implementation of GASB Statement No. 96 (see Note 3.A for detail), the District has reported capital assets for the right to use SBITAs. The District also restated capital assets as described in Note 3.A. Capital asset activity for the fiscal year ended June 30, 2023 was as follows.

	Restated Balance <u>06/30/22</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/23</u>
<b><u>Governmental activities:</u></b>				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 1,422,946	\$ -	\$ -	\$ 1,422,946
<i>Total capital assets, not being depreciated/amortized</i>	<u>1,422,946</u>	<u>-</u>	<u>-</u>	<u>1,422,946</u>
<i>Capital assets, being depreciated/amortized:</i>				
Buildings and improvements	186,547,197	214,662	-	186,761,859
Equipment	10,727,788	527,805	(4,264)	11,251,329
Intangible right to use:				
Leased equipment	752,708	-	-	752,708
Leased building	869,226	-	-	869,226
SBITAs	<u>1,413,189</u>	<u>2,045,166</u>	<u>-</u>	<u>3,458,355</u>
<i>Total capital assets, being depreciated/amortized</i>	<u>200,310,108</u>	<u>2,787,633</u>	<u>(4,264)</u>	<u>203,093,477</u>
<i>Less: accumulated depreciation/amortization:</i>				
Buildings and improvements	(41,385,330)	(3,969,475)	-	(45,354,805)
Equipment	(9,260,837)	(366,873)	4,264	(9,623,446)
Intangible right to use:				
Leased equipment	(110,247)	(72,436)	-	(182,683)
Leased building	(72,435)	(150,542)	-	(222,977)
SBITAs	<u>-</u>	<u>(669,168)</u>	<u>-</u>	<u>(669,168)</u>
<i>Total accumulated depreciation/amortization</i>	<u>(50,828,849)</u>	<u>(5,228,494)</u>	<u>4,264</u>	<u>(56,053,079)</u>
Total capital assets, net	<u>\$ 150,904,205</u>	<u>\$ (2,440,861)</u>	<u>\$ -</u>	<u>\$ 148,463,344</u>

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**MIDDLETOWN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 8 - CAPITAL ASSETS – (Continued)**

Depreciation/amortization expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 2,058,075
Special	606,222
Vocational	6,187
Other	335,085
 <u>Support services:</u>	
Pupil	323,048
Instructional staff	122,232
Board of education	1,821
Administration	305,907
Fiscal	59,871
Business	11,353
Operations and maintenance	444,109
Pupil transportation	280,180
Central	382,741
 <u>Operation of non-instructional services:</u>	
Other non-instructional services	53,635
Food service operations	179,786
Extracurricular activities	58,242
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Total depreciation/amortization expense	\$ 5,228,494

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**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 9 - LONG-TERM OBLIGATIONS**

- A. Due to the implementation of GASB Statement No. 96 (see Note 3.A for detail), the District has reported obligations for SBITAs payable which are reflected in the schedule below. During fiscal year 2023, the following changes in governmental activities long-term obligations.

	Restated Balance 6/30/22	Additions	Deductions	Balance 6/30/23	Amount Due Within One Year
<b><u>Governmental Activities:</u></b>					
General obligation bonds:					
2007 refunding bonds:					
2007 current interest and term bonds	\$ 25,530,000	\$ -	\$ -	\$ 25,530,000	\$ -
Premium on 2007 refunding bonds	1,021,043	-	(107,472)	913,571	-
2015 general obligation bonds	220,000	-	(95,000)	125,000	85,000
Premium on 2015 general obligation bonds	1,249,281	-	(132,667)	1,116,614	-
2016 refunding bonds:					
Current interest and term	16,205,000	-	(2,855,000)	13,350,000	2,950,000
Premium on 2016 refunding bonds	533,864	-	(120,874)	412,990	-
2018 general obligation bonds	9,305,000	-	(180,000)	9,125,000	170,000
Premium on 2018 general obligation bonds	107,838	-	(8,038)	99,800	-
2019 refunding bonds:					
Current interest and term	40,215,000	-	(545,000)	39,670,000	565,000
Capital appreciation bonds	865,000	-	-	865,000	-
Accreted interest	417,580	223,694	-	641,274	-
Premium on 2019 refunding bonds	4,555,594	-	(172,451)	4,383,143	-
Total general obligation bonds	<u>100,225,200</u>	<u>223,694</u>	<u>(4,216,502)</u>	<u>96,232,392</u>	<u>3,770,000</u>
House Bill (HB) 264 notes					
2014 HB 264 energy conservation note	450,000	-	(55,000)	395,000	60,000
Total HB 264 notes	<u>450,000</u>	<u>-</u>	<u>(55,000)</u>	<u>395,000</u>	<u>60,000</u>
Other long-term obligations:					
Notes payable - finance purchase	2,695,000	-	(255,000)	2,440,000	255,000
Leases payable	1,454,631	-	(207,561)	1,247,070	212,535
SBITAs payable	440,824	16,054	(219,391)	237,487	227,871
Net pension liability	43,706,485	33,046,922	-	76,753,407	-
Net OPEB liability	4,892,737	-	(691,358)	4,201,379	-
Compensated absences	1,752,177	254,066	(431,780)	1,574,463	96,176
Total other long-term obligations	<u>54,941,854</u>	<u>33,317,042</u>	<u>(1,805,090)</u>	<u>86,453,806</u>	<u>791,582</u>
Total Long-Term Obligations	<u>\$ 155,617,054</u>	<u>\$ 33,540,736</u>	<u>\$ (6,076,592)</u>	<u>\$ 183,081,198</u>	<u>\$ 4,621,582</u>

General obligation bonds will be paid from the bond retirement fund and the HB264 energy conservation notes will be paid from the general fund. The net pension liability and net OPEB liability are paid primarily from the general fund and various nonmajor special revenue funds. Compensated absences will be paid from the fund from which the person is paid, typically the general fund and special revenue funds.

**MIDDLETOWN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

***General Obligation Bonds***

On February 27, 2007, the District issued \$60,621,250 in general obligation bonds with an average interest rate of 5.02% of which \$55,465,000 was used to partially advance refund \$56,975,000 of outstanding construction bonds issued in March 2004. The net proceeds of \$59,855,611 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide all future debt service payment on the construction bonds.

As a result, \$56,975,000 of the construction bonds are considered to be defeased and the related liability for those bonds has been removed from the statement of net position. At June 30, 2021, \$56,975,000 of bonds outstanding are considered to be defeased. The bonds issued had a premium of \$5,156,250 and have a final maturity date of December 1, 2031.

The reacquisition price exceeded the net carrying amount of the old debt by \$74,841. This amount is being amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

In fiscal year 2015, the District issued \$45,000,000 in general obligations bonds as the local share of the school facilities project. The bonds were issued as serial bonds maturing in December 2034 of \$6,695,000 and three term bonds maturing in December 2031 for \$40,000, maturing in December 2040 for \$11,625,000 and maturing in December 2048 for \$26,640,000. During fiscal year 2020, \$42,190,000 of bonds outstanding are considered defeased as they were refunded by the Series 2019 Refunding Bonds. The combined series has an interest rate of 5.23%. At June 30, 2023, there were \$1,329,889 in unspent bond proceeds.

During fiscal year 2016, the District issued \$25,485,000 in general obligation bonds to advance refund \$25,485,000 of the 2007 refunding bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds outstanding at June 30, 2023 was \$13,815,000.

The issue is comprised of current interest bonds, par value \$24,530,000 and capital appreciation bonds par value \$955,000. The interest rates on the current interest bonds range from 0.98% - 3.036%. The capital appreciation bonds matured on December 1, 2018 (stated interest rate 39.54207%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds was \$2,335,000.

The net carrying amount of the old debt exceeded the reacquisition price by \$580,479. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which has a final maturity date of December 1, 2026. This advance refunding was undertaken to reduce the combined total debt service payments by \$2,558,189 and resulted in an economic gain of \$2,194,605.

During fiscal year 2019, the District issued \$9,860,000 in general obligation bonds for the purpose of new construction improvements, renovations, and additions to school facilities and providing equipment, furnishing and site improvement therefore and paying certain costs related to the issuance of bonds.

The issue is comprised of current interest bonds, par value \$9,860,000. The interest rates on the current interest bonds range from 2.00% - 4.00%. Principal and interest payments are made December 1 and June 1 of each and the issuance has a final maturity date of December 1, 2035. At June 30, 2023, there were \$101,221 in unspent bond proceeds.

During fiscal year 2020, the District issued \$41,325,000 in general obligation bonds to advance refund \$42,190,000 of the 2015 refunding bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds outstanding at June 30, 2023 was \$42,190,000.

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

The issue is comprised of current interest bonds, par value \$41,325,000 and capital appreciation bonds par value \$865,000. The interest rates on the current interest bonds range from 2.831% - 3.552%. The capital appreciation bonds matured between December 1, 2032 and December 31, 2036 (stated interest rate 16.584111% - 16.97400391%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds ranges from \$1,750,000 to \$2,010,000. Total accreted interest of \$641,274 has been included on the statement of net position.

The net carrying amount of the old debt exceeded the reacquisition price by \$2,288,045. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which has a final maturity date of December 1, 2048. This advance refunding was undertaken to reduce the combined total debt service payments by \$6,863,419.

***House Bill (HB) 264 notes***

In fiscal year 2014, the District issued \$845,000 in notes that was used for energy conservation within the District. The interest rate ranges from 3.00% to 4.75% with the notes maturing in fiscal year 2029. The first payment on the notes was made in fiscal year 2015.

Principal and interest requirements to retire debt outstanding at fiscal year-end are as follows:

Fiscal Year Ending June 30	General Obligation Bonds		Capital Appreciation Bonds		HB 264 Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 3,770,000	\$ 3,375,208	\$ -	\$ -	\$ 60,000	\$ 15,913
2025	4,045,000	3,263,043	-	-	60,000	13,063
2026	4,155,000	3,143,225	-	-	65,000	9,975
2027	5,110,000	3,003,506	-	-	65,000	6,888
2028	5,900,000	2,782,283	-	-	70,000	3,563
2029 - 2033	28,280,000	9,345,311	220,000	1,530,000	75,000	-
2034 - 2038	4,680,000	6,049,199	645,000	7,020,000	-	-
2039 - 2043	12,105,000	4,625,653	-	-	-	-
2044 - 2048	15,960,000	2,153,044	-	-	-	-
2049	3,795,000	67,399	-	-	-	-
Total	<u>\$ 87,800,000</u>	<u>\$ 37,807,871</u>	<u>\$ 865,000</u>	<u>\$ 8,550,000</u>	<u>\$ 395,000</u>	<u>\$ 49,402</u>

***Notes Payable – Finance Purchase***

The District entered in a notes payable - finance purchase agreement with Sterling Bank for various building upgrades. The notes carry an interest rate of 1.37% and have a final maturity date of December 1, 2031. During fiscal year 2023, the District made \$255,000 in principal payments and \$35,175 in interest payments. Payments will be made from the permanent improvement fund (a nonmajor governmental fund).

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a schedule of future payments under the notes payable-finance purchase agreement:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 255,000	\$ 31,681	\$ 286,681
2025	260,000	28,153	288,153
2026	265,000	24,557	289,557
2027	270,000	20,893	290,893
2028	270,000	17,194	287,194
2029 - 2032	<u>1,120,000</u>	<u>30,892</u>	<u>1,150,892</u>
Total	<u>\$ 2,440,000</u>	<u>\$ 153,370</u>	<u>\$ 2,593,370</u>

***Leases Payable***

The District has entered into lease agreements for the use of right to use equipment and buildings. Due to the implementation of GASB Statement No. 87, the District will report an intangible capital asset and corresponding liability for the present value of future payments. The lease payments will be paid from the general fund.

The District has entered into lease agreements for copier equipment, postage machine and office space at varying years and terms as follows:

<u>Lease</u>	<u>Lease Commencement Date</u>	<u>Years</u>	<u>Lease End Date</u>	<u>Payment Method</u>
Postage machine	2022	5	2027	Quarterly
Copier machine	2021	5	2026	Monthly
Office space	2021	12	2033	Monthly

The following is a schedule of the present value of future payments under the lease agreements:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 212,535	\$ 19,099	\$ 231,634
2025	217,736	15,364	233,100
2026	223,194	11,402	234,596
2027	113,679	7,695	121,374
2028	73,240	6,116	79,356
2029 - 2033	<u>406,686</u>	<u>14,548</u>	<u>421,234</u>
Total	<u>\$ 1,247,070</u>	<u>\$ 74,224</u>	<u>\$ 1,321,294</u>

***SBITA Payable***

The District has entered into agreements for the right to use subscription software. Due to the implementation of GASB Statement No. 96, the District will report an intangible capital asset and corresponding liability for the future scheduled payments under the subscriptions. The subscription payments will be paid from the general fund.

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

The District has entered into agreements for subscriptions at varying years and terms as follows:

<u>SBITA</u>	<u>Commencement Date</u>	<u>Years</u>	<u>End Date</u>	<u>Payment Method</u>
APEX Software	2022	3	2025	Monthly
OSC BoneFish Software	2023	5	2028	Monthly

The following is a schedule of future payments under the agreements:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 227,871	\$ 12,150	\$ 240,021
2025	3,047	492	3,539
2026	3,203	336	3,539
2027	<u>3,366</u>	<u>173</u>	<u>3,539</u>
Total	<u>\$ 237,487</u>	<u>\$ 13,151</u>	<u>\$ 250,638</u>

**B. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2023, are a voted debt margin of \$47,408,113 and an unvoted debt margin of \$855,908. During fiscal year 2015, 2018 and 2020 the District issued \$54,860,000 of voted general obligation and refunding bonds. Since the bonds are a voted bond issue, the \$49,785,000 balance at June 30, 2023 has been excluded from the legal debt margin calculation.

**NOTE 10 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

During the fiscal year, the District contracted with Liberty Mutual for general liability insurance coverage with a \$1,000,000 single occurrence limit and a \$2,000,000 aggregate limit covering all employees and volunteers of the District. The policy holds a \$5,000 occurrence deductible, with no deductible on general liability.

The buildings and property of the District are protected under a blanket coverage basis with the Liberty Mutual. Property coverage is on a cost replacement basis with a deductible of \$5,000. The Liberty Mutual provides coverage for the District's boilers and machinery under a separate policy with similar limits.

Vehicle insurance coverage for the District's non-bus vehicles is provided by Indiana Insurance under a combined liability limit of \$1,000,000 per occurrence for bodily injury and property damage. The buses are provided by Petermann and not considered the District's asset.

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**NOTE 10 - RISK MANAGEMENT - Continued)**

The Liberty Mutual Company maintains a \$100,000 public official bond for the Treasurer and a \$20,000 performance bond for the Board President and Superintendent. A blanket school employee honesty bond in the amount of \$5,000 per position is secured for all employees maintaining a position of trust. This includes food service cashiers, school building cashiers, and other employees who handle cash as a part of their job requirements.

Medical and dental insurance benefits are offered to employees through the Butler Health Plan (BHP). The employees share the cost of the monthly premium for the coverage with the District. The District also provides life insurance through American United Life to all employees and access to accidental death and dismemberment insurance through Lincoln Financial.

There were no reductions in insurance coverage from the prior year. Also, there were no settlements that exceeded insurance coverage for the past three fiscal years.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

***Net Pension Liability/Net OPEB Liability/Asset***

The net pension liability and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/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 pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represent the District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/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.

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients.

The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension/OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually required pension contribution outstanding at the end of the year is included in pension and postemployment benefits payable on both the accrual and modified accrual bases of accounting.

***Plan Description - School Employees Retirement System (SERS)***

Plan Description - The District’s non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017 will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2022, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2023.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.



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**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The District's contractually required contribution to SERS was \$1,888,909 for fiscal year 2023. Of this amount, \$431,531 is reported as pension and postemployment benefits payable.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description - Licensed teachers participate in STRS, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all of their member contributions and 9.53% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS Ohio. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 and after termination of employment.

New members who choose the DC Plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service, who is determined to be disabled, may qualify for a disability benefit. New members, on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2023 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2023, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$4,944,721 for fiscal year 2023. Of this amount, \$809,376 is reported as pension and postemployment benefits payable.

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

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.252235300%	0.269044316%	
Proportion of the net pension liability current measurement date	<u>0.295912400%</u>	<u>0.273269540%</u>	
Change in proportionate share	<u>0.043677100%</u>	<u>0.004225224%</u>	
Proportionate share of the net pension liability	\$ 16,005,244	\$ 60,748,163	\$ 76,753,407
Pension expense	\$ 1,301,341	\$ 8,344,723	\$ 9,646,064

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 648,226	\$ 777,652	\$ 1,425,878
Net difference between projected and actual earnings on pension plan investments	-	2,113,903	2,113,903
Changes of assumptions	157,927	7,269,730	7,427,657
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	1,555,442	1,714,228	3,269,670
Contributions subsequent to the measurement date	<u>1,888,909</u>	<u>4,944,721</u>	<u>6,833,630</u>
Total deferred outflows of resources	<u>\$ 4,250,504</u>	<u>\$ 16,820,234</u>	<u>\$ 21,070,738</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

	SERS	STRS	Total
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 105,070	\$ 232,381	\$ 337,451
Net difference between projected and actual earnings on pension plan investments	558,510	-	558,510
Changes of assumptions	-	5,472,017	5,472,017
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	223,074	65,699	288,773
Total deferred inflows of resources	\$ 886,654	\$ 5,770,097	\$ 6,656,751

\$6,833,630 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	\$ 632,670	\$ 753,235	\$ 1,385,905
2025	711,957	309,349	1,021,306
2026	(797,841)	(1,118,020)	(1,915,861)
2027	928,155	6,160,852	7,089,007
Total	\$ 1,474,941	\$ 6,105,416	\$ 7,580,357

***Actuarial Assumptions - SERS***

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022, are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
COLA or ad hoc COLA:	
Current measurement date	2.00%
Prior measurement date	2.00%
Investment rate of return:	
Current measurement date	7.00% net of system expenses
Prior measurement date	7.00% net of system expenses
Discount rate:	
Current measurement date	7.00%
Prior measurement date	7.00%
Actuarial cost method	Entry age normal (level percent of payroll)

In 2022, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

In the prior measurement date, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five-year period ended June 30, 2020.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	<u>100.00 %</u>	

**Discount Rate** - The total pension liability was calculated using the discount rate of 7.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the District'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 7.00%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

	Current		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability	\$ 23,558,956	\$ 16,005,244	\$ 9,641,345

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2022 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, post-retirement mortality rates are based on the RP-2014 Annuitant Mortality Tables with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Tables with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

STRS Ohio's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00 %</u>	

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

\* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

\*\*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS Ohio’s investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table represents the net pension liability as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 91,768,359	\$ 60,748,163	\$ 34,514,681

**Changes Between Measurement Date and Reporting Date** - STRS approved a one-time 1.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2023. It is unknown what effect this change will have on the net pension liability.

**NOTE 12 - DEFINED BENEFIT OPEB PLANS**

**Net OPEB Liability/Asset**

See Note 11 for a description of the net OPEB liability (asset).

**Plan Description - School Employees Retirement System (SERS)**

**Health Care Plan Description** - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS’ Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS’ health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS’ health care coverage. Most retirees and dependents choosing SERS’ health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS’ website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2023, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the District's surcharge obligation was \$166,777.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$166,777 for fiscal year 2023. Of this amount, \$166,777 is reported as pension and postemployment benefits payable.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability/asset was measured as of June 30, 2022, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.



**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.258521800%	0.269044316%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.299241300%</u>	<u>0.273269540%</u>	
Change in proportionate share	<u>0.040719500%</u>	<u>0.004225224%</u>	
Proportionate share of the net OPEB liability	\$ 4,201,379	\$ -	\$ 4,201,379
Proportionate share of the net OPEB asset	\$ -	\$ (7,075,857)	\$ (7,075,857)
OPEB expense	\$ (96,127)	\$ (1,184,539)	\$ (1,280,666)

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 35,318	\$ 102,580	\$ 137,898
Net difference between projected and actual earnings on OPEB plan investments	21,835	123,171	145,006
Changes of assumptions	668,283	301,405	969,688
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	1,307,039	229,213	1,536,252
Contributions subsequent to the measurement date	<u>166,777</u>	<u>-</u>	<u>166,777</u>
Total deferred outflows of resources	<u>\$ 2,199,252</u>	<u>\$ 756,369</u>	<u>\$ 2,955,621</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 2,687,510	\$ 1,062,662	\$ 3,750,172
Changes of assumptions	1,724,700	5,017,474	6,742,174
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>434,225</u>	<u>21,606</u>	<u>455,831</u>
Total deferred inflows of resources	<u>\$ 4,846,435</u>	<u>\$ 6,101,742</u>	<u>\$ 10,948,177</u>

\$166,777 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2024.

**MIDDLETOWN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	\$ (654,120)	\$ (1,532,340)	\$ (2,186,460)
2025	(659,105)	(1,489,373)	(2,148,478)
2026	(621,136)	(756,312)	(1,377,448)
2027	(424,221)	(315,647)	(739,868)
2028	(237,044)	(413,212)	(650,256)
Thereafter	(218,334)	(838,489)	(1,056,823)
Total	\$ (2,813,960)	\$ (5,345,373)	\$ (8,159,333)

***Actuarial Assumptions - SERS***

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, 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.

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2022 are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	3.69%
Prior measurement date	1.92%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	4.08%
Prior measurement date	2.27%
Medical trend assumption:	
Current measurement date	7.00 to 4.40%
Prior measurement date	
Medicare	5.125 to 4.400%
Pre-Medicare	6.750 to 4.400%

In 2022, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

In the prior measurement date, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five-year period ended June 30, 2020.

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

The long-term expected rate of return on plan assets is reviewed as part of the actuarial 5-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	<u>100.00 %</u>	

**Discount Rate** - The discount rate used to measure the total OPEB liability at June 30, 2022, was 4.08%. The discount rate used to measure total OPEB liability prior to June 30, 2022, was 2.27%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69% at June 30, 2022 and 1.92% at June 30, 2021.

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates*** - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 5,218,176	\$ 4,201,379	\$ 3,380,548
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 3,240,017	\$ 4,201,379	\$ 5,457,073

***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022 actuarial valuation, compared with June 30, 2021 actuarial valuation, are presented below:

	June 30, 2022		June 30, 2021	
Inflation	2.50%		2.50%	
Projected salary increases	Varies by service from 2.50% to 8.50%		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.00%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.00%		7.00%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	3.94%	5.00%	4.00%
Medicare	-68.78%	3.94%	-16.18%	4.00%
Prescription Drug				
Pre-Medicare	9.00%	3.94%	6.50%	4.00%
Medicare	-5.47%	3.94%	29.98%	4.00%

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

**MIDDLETOWN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

For the June 30, 2022 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, for healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Tables with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Tables with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

**Assumption Changes Since the Prior Measurement Date** - The discount rate remained unchanged at 7.00% for the June 30, 2022 valuation.

**Benefit Term Changes Since the Prior Measurement Date** - Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long-Term Expected Real Rate of Return **</u>
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00 %</u>	

\* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

\*\*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

*Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate* - The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 6,552,375	\$ 7,075,857	\$ 7,533,629
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 7,339,386	\$ 7,075,857	\$ 6,743,218

**NOTE 13 - CONTINGENCIES**

**A. Grants**

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2023, if applicable, cannot be determined at this time.

**B. Litigation**

The District is not party to any claims or lawsuits that would, in the District's opinion, have a material effect of the basic financial statements.

**C. Foundation Funding**

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2023 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 14 - SET-ASIDES**

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

The following cash basis information describes the change in the year end set-aside amounts for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside reserve balance June 30, 2022	\$ -
Current year set-aside requirement	1,324,751
Current year offsets	<u>(1,984,184)</u>
Total	<u>\$ (659,433)</u>
Balance carried forward to fiscal year 2024	<u>\$ -</u>
Set-aside reserve balance June 30, 2023	<u><u>\$ -</u></u>

Although the District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount to below zero for the capital improvements set-aside, this amount may not be used to reduce the set-aside requirement for future fiscal years. The negative balance is therefore not presented as being carried forward to future fiscal years. The District has \$116,992,304 remaining from debt proceeds that will be available in future fiscal years as a capital improvements offset.

**NOTE 15 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Encumbrances</u>
General	\$ 509,142
Nonmajor governmental	<u>2,093,643</u>
Total	<u><u>\$ 2,602,785</u></u>

**NOTE 16 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS**

The City of Middletown provides tax abatements through two programs - Enterprise Zone Agreements and Community Reinvestment Area (CRA) Agreements. Under the agreements, various businesses receive the abatement of property taxes to bring jobs and economic development to the City. The agreement affects the property tax receipts collected and distributed to the District. Under the agreements, the District property taxes were reduced by approximately \$550,000 during fiscal year 2023. During fiscal year 2023, the District received \$793,962 in payment in lieu of taxes.



**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 17 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During fiscal year 2023, the District received COVID-19 funding. The District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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REQUIRED SUPPLEMENTARY INFORMATION

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property taxes	\$ 30,855,484	\$ 29,843,533	\$ 28,714,340	\$ (1,129,193)
Intergovernmental	41,327,199	46,261,793	44,272,982	(1,988,811)
Investment earnings	156,562	150,732	80,941	(69,791)
Tuition and fees	778,140	944,777	1,260,640	315,863
Extracurricular	2,609	2,512	502	(2,010)
Rental income	24,925	23,997	18,395	(5,602)
Charges for services	85,587	83,566	114,974	31,408
Contributions and donations	52,187	50,244	50,000	(244)
Payment in lieu of taxes	694,092	876,905	793,962	(82,943)
Miscellaneous	212,820	207,372	222,784	15,412
Total revenues	<u>74,189,605</u>	<u>78,445,431</u>	<u>75,529,520</u>	<u>(2,915,911)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	29,852,564	27,731,401	29,575,765	(1,844,364)
Special	10,856,372	11,585,187	11,100,528	484,659
Vocational	163,679	179,933	156,755	23,178
Other	9,374,984	6,441,623	8,196,373	(1,754,750)
Support services:				
Pupil	5,498,797	6,773,775	5,260,671	1,513,104
Instructional staff	221,895	349,356	224,791	124,565
Board of education	74,372	77,993	49,139	28,854
Administration	4,691,147	5,425,151	5,433,200	(8,049)
Fiscal	1,220,592	1,325,853	1,142,769	183,084
Business	284,142	279,294	254,907	24,387
Operations and maintenance	5,775,869	6,707,011	6,403,031	303,980
Pupil transportation	5,141,979	5,620,193	4,812,044	808,149
Central	1,490,244	2,270,618	1,484,116	786,502
Operation of non-instructional services:				
Other non-instructional services	6,431	35,084	33,318	1,766
Extracurricular activities	70,510	74,354	88,175	(13,821)
Facilities acquisition and construction	960	1,011	-	1,011
Debt service:				
Principal	52,791	55,609	55,000	609
Interest and fiscal charges	20,157	21,232	20,069	1,163
Total expenditures	<u>74,797,485</u>	<u>74,954,678</u>	<u>74,290,651</u>	<u>664,027</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(607,880)</u>	<u>3,490,753</u>	<u>1,238,869</u>	<u>(2,251,884)</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures	10,000	51,444	52,169	725
Transfers (out)	(800,000)	(900,000)	(828,887)	71,113
Advances in	1,150,000	1,570,095	1,570,095	-
Advances (out)	(1,200,000)	(2,200,000)	(1,021,568)	1,178,432
Sale of capital assets	13,300	19,389	10,897	(8,492)
Total other financing sources (uses)	<u>(826,700)</u>	<u>(1,459,072)</u>	<u>(217,277)</u>	<u>1,241,795</u>
Net change in fund balance	(1,434,580)	2,031,681	1,021,592	(1,010,089)
<b>Fund balance at beginning of year</b>	19,490,425	19,490,425	19,490,425	-
<b>Prior year encumbrances appropriated</b>	554,679	554,679	554,679	-
<b>Fund balance at end of year</b>	<u>\$ 18,610,524</u>	<u>\$ 22,076,785</u>	<u>\$ 21,066,696</u>	<u>\$ (1,010,089)</u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 15,000,000	\$ 30,177,991	\$ 9,515,820	\$ (20,662,171)
Total revenue	<u>15,000,000</u>	<u>30,177,991</u>	<u>9,515,820</u>	<u>(20,662,171)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	9,371,117	10,587,205	4,047,734	6,539,471
Special	1,410,278	3,491,017	1,334,697	2,156,320
Support services:				
Pupil	8,579,297	6,754,941	2,582,571	4,172,370
Instructional staff	494,739	1,333,633	509,879	823,754
Administration	5,430	-	-	-
Operations and maintenance	6,650,000	3,272,754	1,251,250	2,021,504
Pupil transportation	2,797,077	4,700,769	1,797,213	2,903,556
Central	70,318	698	267	431
Operation of non-instructional services:				
Other non-instructional services	19,229	36,974	14,136	22,838
Total expenditures	<u>29,397,485</u>	<u>30,177,991</u>	<u>11,537,747</u>	<u>18,640,244</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,397,485)</u>	<u>-</u>	<u>(2,021,927)</u>	<u>(2,021,927)</u>
<b>Other financing sources (uses):</b>				
Advances in	-	-	154,891	154,891
Advances (out)	-	-	(1,021,550)	(1,021,550)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(866,659)</u>	<u>(866,659)</u>
Net change in fund balance	(14,397,485)	-	(2,888,586)	(2,888,586)
<b>Fund balance (deficit) at beginning of year</b>	(652,021)	(652,021)	(652,021)	-
<b>Prior year encumbrances appropriated</b>	652,021	652,021	652,021	-
<b>Fund balance (deficit) at end of year</b>	<u>\$ (14,397,485)</u>	<u>\$ -</u>	<u>\$ (2,888,586)</u>	<u>\$ (2,888,586)</u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net pension liability	0.29591240%	0.25223530%	0.26966950%	0.26545890%
District's proportionate share of the net pension liability	\$ 16,005,244	\$ 9,306,751	\$ 17,836,509	\$ 15,882,871
District's covered payroll	\$ 10,338,429	\$ 9,420,564	\$ 9,864,914	\$ 9,599,770
District's proportionate share of the net pension liability as a percentage of its covered payroll	154.81%	98.79%	180.81%	165.45%
Plan fiduciary net position as a percentage of the total pension liability	75.82%	82.86%	68.55%	70.85%

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.24589060%	0.23860680%	0.25307420%	0.25062120%	0.25872000%	0.25872000%
\$ 14,082,610	\$ 14,256,229	\$ 18,522,696	\$ 14,300,689	\$ 13,093,672	\$ 15,385,248
\$ 8,257,481	\$ 7,748,207	\$ 8,169,900	\$ 6,936,912	\$ 6,725,440	\$ 6,851,857
170.54%	183.99%	226.72%	206.15%	194.69%	224.54%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	2023	2022	2021	2020
District's proportion of the net pension liability	0.273269540%	0.269044316%	0.25965252%	0.25967354%
District's proportionate share of the net pension liability	\$ 60,748,163	\$ 34,399,734	\$ 62,826,671	\$ 57,425,243
District's covered payroll	\$ 36,004,629	\$ 34,019,936	\$ 31,244,600	\$ 31,067,407
District's proportionate share of the net pension liability as a percentage of its covered payroll	168.72%	101.12%	201.08%	184.84%
Plan fiduciary net position as a percentage of the total pension liability	78.88%	87.78%	75.48%	77.40%

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.25705525%	0.23872508%	0.24111659%	0.25476835%	0.28770674%	0.28770674%
\$ 56,520,678	\$ 56,709,654	\$ 80,708,991	\$ 70,410,520	\$ 69,980,236	\$ 83,359,998
\$ 29,742,829	\$ 28,499,043	\$ 25,306,564	\$ 26,896,300	\$ 30,217,564	\$ 30,267,971
190.03%	198.99%	318.93%	261.79%	231.59%	275.41%
77.31%	75.30%	66.80%	72.10%	74.70%	69.30%

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 1,888,909	\$ 1,447,380	\$ 1,318,879	\$ 1,381,088
Contributions in relation to the contractually required contribution	<u>(1,888,909)</u>	<u>(1,447,380)</u>	<u>(1,318,879)</u>	<u>(1,381,088)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 13,492,207	\$ 10,338,429	\$ 9,420,564	\$ 9,864,914
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,295,969	\$ 1,114,760	\$ 1,084,749	\$ 1,143,786	\$ 914,285	\$ 932,146
<u>(1,295,969)</u>	<u>(1,114,760)</u>	<u>(1,084,749)</u>	<u>(1,143,786)</u>	<u>(914,285)</u>	<u>(932,146)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 9,599,770	\$ 8,257,481	\$ 7,748,207	\$ 8,169,900	\$ 6,936,912	\$ 6,725,440
13.50%	13.50%	14.00%	14.00%	13.18%	13.86%

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 4,944,721	\$ 5,040,648	\$ 4,762,791	\$ 4,374,244
Contributions in relation to the contractually required contribution	<u>(4,944,721)</u>	<u>(5,040,648)</u>	<u>(4,762,791)</u>	<u>(4,374,244)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 35,319,436	\$ 36,004,629	\$ 34,019,936	\$ 31,244,600
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 4,349,437	\$ 4,163,996	\$ 3,989,866	\$ 3,542,919	\$ 3,765,482	\$ 4,230,459
<u>(4,349,437)</u>	<u>(4,163,996)</u>	<u>(3,989,866)</u>	<u>(3,542,919)</u>	<u>(3,765,482)</u>	<u>(4,230,459)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 31,067,407	\$ 29,742,829	\$ 28,499,043	\$ 25,306,564	\$ 26,896,300	\$ 32,541,992
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST SEVEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net OPEB liability	0.29924130%	0.25852180%	0.27893900%	0.27150750%
District's proportionate share of the net OPEB liability	\$ 4,201,379	\$ 4,892,737	\$ 6,062,257	\$ 6,827,843
District's covered payroll	\$ 10,338,429	\$ 9,420,564	\$ 9,864,914	\$ 9,599,770
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	40.64%	51.94%	61.45%	71.13%
Plan fiduciary net position as a percentage of the total OPEB liability	30.34%	24.08%	18.17%	15.57%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>
0.24877400%	0.24174950%	0.25565619%
\$ 6,901,663	\$ 6,487,921	\$ 7,287,147
\$ 8,257,481	\$ 7,748,207	\$ 8,169,900
83.58%	83.73%	89.20%
13.57%	12.46%	11.49%

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY/ASSET  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST SEVEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net OPEB liability/asset	0.273269540%	0.269044316%	0.25965252%	0.25967354%
District's proportionate share of the net OPEB liability/(asset)	\$ (7,075,857)	\$ (5,672,579)	\$ (4,563,391)	\$ (4,300,816)
District's covered payroll	\$ 36,004,629	\$ 34,019,936	\$ 31,244,600	\$ 31,067,407
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	19.65%	16.67%	14.61%	13.84%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	230.73%	174.73%	182.10%	174.70%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<u>2019</u>	<u>2018</u>	<u>2017</u>
0.25705525%	0.23872508%	0.24111659%
\$ (4,130,615)	\$ 9,314,172	\$ 12,894,978
\$ 29,742,829	\$ 28,499,043	\$ 25,306,564
13.89%	32.68%	50.96%
176.00%	47.10%	37.30%

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 166,777	\$ 178,380	\$ 158,849	\$ 174,956
Contributions in relation to the contractually required contribution	<u>(166,777)</u>	<u>(178,380)</u>	<u>(158,849)</u>	<u>(174,956)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 13,492,207	\$ 10,338,429	\$ 9,420,564	\$ 9,864,914
Contributions as a percentage of covered payroll	1.24%	1.73%	1.69%	1.77%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 211,208	\$ 172,656	\$ 129,996	\$ 125,902	\$ 176,824	\$ 131,084
<u>(211,208)</u>	<u>(172,656)</u>	<u>(129,996)</u>	<u>(125,902)</u>	<u>(176,824)</u>	<u>(131,084)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 9,599,770	\$ 8,257,481	\$ 7,748,207	\$ 8,169,900	\$ 6,936,912	\$ 6,725,440
2.20%	2.09%	1.68%	1.54%	2.55%	1.95%

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 35,319,436	\$ 36,004,629	\$ 34,019,936	\$ 31,244,600
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 290,027
-	-	-	-	-	(290,027)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 31,067,407	\$ 29,742,829	\$ 28,499,043	\$ 25,306,564	\$ 26,896,300	\$ 32,541,992
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 1 - BUDGETARY PROCESS**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level for all funds. The Treasurer has been given the authority to further allocate the Board's appropriations. Any budgetary modifications at the legal level may only be made by resolution of the Board of Education.

**Tax Budget:**

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates. By no later than January 20, the Board-adopted budget is filed with the County Budget Commission for rate determination.

**Estimated Resources:**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the amended certificate in effect at the time the final appropriations were passed by the Board of Education.

**Appropriations:**

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund and function level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. Budgetary controls require that the appropriation resolution, by fund, be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at the legal level of control. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, these amendments were not significant.

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 1 - BUDGETARY PROCESS - (Continued)**

The budgetary figures which appear in the “Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual – General Fund” are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

*Encumbrances:*

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year-end are reported as assigned fund balance in the general fund and within the other funds respective fund balance classifications.

*Lapsing of Appropriations:*

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

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

The schedule of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and any major special revenue fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (a) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 1 - BUDGETARY PROCESS - (Continued)**

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

**Net Change in Fund Balance**

	General fund	ESSER
Budget basis	\$ 1,021,592	\$ (2,888,586)
Net adjustment for revenue accruals	1,386,571	2,049,417
Net adjustment for expenditure accruals	(751,790)	(1,219,277)
Net adjustment for other sources/uses	(587,495)	866,659
Funds budgeted elsewhere	307,566	-
Adjustment for encumbrances	<u>597,871</u>	<u>1,503,958</u>
GAAP basis	<u>\$ 1,974,315</u>	<u>\$ 312,171</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the spotlight and neediest kids fund, the Medicaid reimbursement reserve fund, the special trust fund, the rotary fund, the adult education fund, and the public school support fund.



**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PENSION

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for fiscal year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.

*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.

(Continued)

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PENSION (CONTINUED)

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*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for fiscal year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.

*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.

(Continued)

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO (CONTINUED)*

*Changes in assumptions :*

- For fiscal year 2017, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.
- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.

(Continued)

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.

*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.

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**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO (CONTINUED)*

*Changes in assumptions (continued):*

- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.

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COMBINING STATEMENTS AND  
INDIVIDUAL FUND SCHEDULES

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

**MAJOR FUNDS**

**General Fund**

The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio. A budgetary schedule for the general fund is presented as part of the required supplementary information. The level of detail presented in that schedule is greater than the legal level of budgetary control; therefore, a separate additional schedule is not presented.

Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis):

**Spotlight & Neediest Kids & Medicaid Reserve**

To account for all revenues and expenditures related to the Spotlight and Neediest Kids program and the Medicaid School Program (MSP) reserve fund.

**Special Rotary**

To account for all revenues and expenditures related to goods and /or services provided by the District, primarily those services provided by vocational classes to the general public. Activities in this fund are usually curricular in nature.

**Public School Support**

To account for specific local revenue sources (other than taxes) generated by individual school buildings (e.g. sale of pictures, profits from vending machines, etc.) Expenditures include field trips, materials, equipment and other items to supplement co-curricular and extra-curricular programs.

**OTHER MAJOR FUNDS**

**Elementary and Secondary School Emergency Relief (ESSER) Fund**

Elementary and Secondary School Emergency Relief (ESSER) Fund - This fund accounts for grants received from the federal government to provide emergency relief to school districts related to the COVID-19 pandemic.

**Bond Retirement**

The bond retirement fund is used to account for the accumulation of resources for and the payment of general obligation bond principal and interest and certain other long-term obligations for governmental resources when the District is obligated in some manner for the payment.



**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budgeted</u> <u>Amounts</u>		<u>Variance with</u> <u>Final Budget-</u> <u>Over</u> <u>(Under)</u>
	<u>Final</u>	<u>Actual</u>	
<b>Spotlight &amp; Neediest Kids &amp; Medicaid Reserve Fund</b>			
Total Revenues and Other Sources	\$ 338,884	\$ 338,884	\$ -
Total Expenditures and Other Uses	<u>51,219</u>	<u>5,601</u>	<u>45,618</u>
Net Change in Fund Balances	287,665	333,283	45,618
Fund Balance at Beginning of Year	2,373,781	2,373,781	-
Prior Year Encumbrances Appropriated	<u>1,219</u>	<u>1,219</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 2,662,665</u>	<u>\$ 2,708,283</u>	<u>\$ 45,618</u>
<b>Special Rotary Fund</b>			
Total Expenditures and Other Uses	<u>\$ 2,500</u>	<u>\$ 4,595</u>	<u>\$ (2,095)</u>
Net Change in Fund Balances	(2,500)	(4,595)	(2,095)
Fund Balance at Beginning of Year	<u>5,695</u>	<u>5,695</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 3,195</u>	<u>\$ 1,100</u>	<u>\$ (2,095)</u>
<b>Public School Support Fund</b>			
Total Revenues and Other Sources	\$ 146,191	\$ 89,967	\$ (56,224)
Total Expenditures and Other Uses	<u>134,925</u>	<u>116,456</u>	<u>18,469</u>
Net Change in Fund Balances	11,266	(26,489)	(37,755)
Fund Balance at Beginning of Year	100,711	100,711	-
Prior Year Encumbrances Appropriated	<u>14,925</u>	<u>14,925</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 126,902</u>	<u>\$ 89,147</u>	<u>\$ (37,755)</u>

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>		<u>Actual</u>
<b>Bond Retirement Fund</b>			
Total Revenues and Other Sources	\$ 8,348,106	\$ 7,734,025	\$ (614,081)
Total Expenditures and Other Uses	<u>7,250,000</u>	<u>7,219,450</u>	<u>30,550</u>
Net Change in Fund Balances	1,098,106	514,575	(583,531)
Fund Balance at Beginning of Year	<u>7,873,129</u>	<u>7,873,129</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 8,971,235</u>	<u>\$ 8,387,704</u>	<u>\$ (583,531)</u>

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER, COUNTY, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2023

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents	\$ 8,300,371	\$ 5,562,616	\$ 13,862,987
Cash in segregated accounts	-	374,131	374,131
Receivables:			
Property taxes	336,400	1,882,807	2,219,207
Accounts	12,953	-	12,953
Intergovernmental	1,807,437	2,396,859	4,204,296
Prepayments	216,190	-	216,190
Inventory held for resale	13,009	-	13,009
Total assets	<u>\$ 10,686,360</u>	<u>\$ 10,216,413</u>	<u>\$ 20,902,773</u>
<b>Liabilities:</b>			
Accounts payable	\$ 429,542	\$ 150,868	\$ 580,410
Retainage payable	-	374,131	374,131
Accrued wages and benefits payable	706,753	-	706,753
Intergovernmental payable	9,485	-	9,485
Pension and postemployment benefits payable	138,563	-	138,563
Interfund loans payable	866,677	-	866,677
Due to other funds	39,905	-	39,905
Unearned revenue	746,260	-	746,260
Total liabilities	<u>2,937,185</u>	<u>524,999</u>	<u>3,462,184</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next year	285,609	1,661,382	1,946,991
Delinquent property tax revenue not available	9,683	54,023	63,706
Intergovernmental revenue not available	83,218	2,396,859	2,480,077
Total deferred inflows of resources	<u>378,510</u>	<u>4,112,264</u>	<u>4,490,774</u>
<b>Fund balances:</b>			
Nonspendable:			
Prepays	216,190	-	216,190
Restricted:			
Capital projects	-	3,748,783	3,748,783
Classroom facilities maintenance	1,199,144	-	1,199,144
Food service operations	5,359,418	-	5,359,418
Non-public schools	29,196	-	29,196
Federally funded programs	-	-	-
Extracurricular programs	152,513	-	152,513
Other puposes	523,105	-	523,105
Committed:			
Capital projects	-	1,830,367	1,830,367
Unassigned (deficit)	<u>(108,901)</u>	<u>-</u>	<u>(108,901)</u>
Total fund balances	<u>7,370,665</u>	<u>5,579,150</u>	<u>12,949,815</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 10,686,360</u>	<u>\$ 10,216,413</u>	<u>\$ 20,902,773</u>

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER, COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>			
Property taxes	\$ 378,479	\$ 1,447,275	\$ 1,825,754
Intergovernmental	13,486,045	151,216	13,637,261
Investment earnings	94,579	129,566	224,145
Extracurricular	273,300	-	273,300
Rental income	5,450	-	5,450
Charges for services	179,429	-	179,429
Contributions and donations	426,660	-	426,660
Miscellaneous	20,459	-	20,459
Total revenues	<u>14,864,401</u>	<u>1,728,057</u>	<u>16,592,458</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	835,468	-	835,468
Special	2,419,448	-	2,419,448
Other	326,430	-	326,430
Support services:			
Pupil	258,039	-	258,039
Instructional staff	2,455,962	-	2,455,962
Administration	420,134	-	420,134
Fiscal	120,973	16,486	137,459
Operations and maintenance	899,612	249,114	1,148,726
Pupil transportation	456,529	-	456,529
Central	26,124	1,116,186	1,142,310
Operation of non-instructional services:			
Food service operations	4,067,266	-	4,067,266
Other non-instructional services	1,144,019	-	1,144,019
Extracurricular activities	1,128,578	-	1,128,578
Facilities acquisition and construction	-	172,272	172,272
Debt service:			
Principal retirement	-	255,000	255,000
Interest and fiscal charges	-	35,175	35,175
Total expenditures	<u>14,558,582</u>	<u>1,844,233</u>	<u>16,402,815</u>
Excess (deficiency) of revenues over (under) expenditures	<u>305,819</u>	<u>(116,176)</u>	<u>189,643</u>
<b>Other financing sources (uses):</b>			
Transfers in	828,887	-	828,887
Transfers out	(17)	-	(17)
Total other financing sources (uses)	<u>828,870</u>	<u>-</u>	<u>828,870</u>
Net change in fund balances	1,134,689	(116,176)	1,018,513
<b>Fund balances</b>			
<b>at beginning of year</b>	<u>6,235,976</u>	<u>5,695,326</u>	<u>11,931,302</u>
<b>Fund balances at end of year</b>	<u>\$ 7,370,665</u>	<u>\$ 5,579,150</u>	<u>\$ 12,949,815</u>

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

**Nonmajor Special Revenue Funds**

The special revenue funds are established to account for proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The term proceeds of specific sources establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. A description of the District's special revenue funds follows:

**Food Service**

It accounts for all food service charges for services, state and federal grants specific to the fund service activity, as well as related food service expenditures.

**High School Awards**

This fund accounts for revenues that are restricted for scholarships.

**Other Grants**

This fund accounts for the proceeds of specific revenue sources, except for state and federal grants that are legally restricted to expenditures for specified purposes.

**Classroom Facilities Maintenance**

This fund is used to account for the proceeds of a levy for the maintenance of facilities.

**Student Managed Activities**

This fund accounts for those student activity programs that have student participation in the activity and have student management of the programs.

**District Managed Activities**

This fund accounts for those student activity programs that have student participation in the activity, but do not have student management of the programs.

**Auxiliary Services**

This fund accounts for monies which provide services and materials to pupils attending non-public schools within the School District.

**Public School Preschool Grant**

This fund accounts for the costs of preschool programs for three to four year olds.

**Data Communications Grant**

This fund provides to account for money appropriated for Ohio Educational Computer Network Connections.

**Miscellaneous State Grants**

This fund accounts for various monies received from State agencies that are not classified elsewhere. A separate special cost center must be used for each grant and be approved by the Auditor of State.

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

**Nonmajor Special Revenue Funds (Continued)**

**Title VI-B Grant**

This fund accounts for federal funds for the provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels and to assist in the training of teachers, supervisors and other specialists in providing educational services to the handicapped.

**School Improvement Stimulus A Grant**

To account for restricted federal grant monies used for school improvements.

**Title III Grant**

This fund accounts for the School to develop and carry out elementary and secondary school programs, including activities at the pre-school level, to meet the educational needs of children of limited English proficiency.

**Title I Grant**

This fund accounts for federal funds expended for services provided to meet special educational needs of educationally deprived children.

**Title IV-A Grant**

This fund is to account for Federal money restricted for providing students with a well-rounded education, supporting safe and healthy students and supporting the effective use of technology.

**EHA Preschool Grant**

The Preschool Grant Program, Section 619 of Public Law 99-457, addresses the improvement and expansion of services for handicapped children ages three (3) through five (5) years.

**Title II-A Grant**

This fund accounts for federal funds to be used to support the teachers in grades 1 through 3, so that the number of students per teacher will be reduced.

**Miscellaneous Federal Grants**

This fund accounts for other minor federal funds classified by the Ohio Department of Education to be recorded in this fund.

**Nonmajor Capital Projects Funds**

The Capital Projects Funds are used to account for the financing and acquisition or construction of major capital facilities, such as new school buildings or additions to existing buildings, and for major renovation projects including equipment purchases. The following is a description of the District's nonmajor capital project fund:

**Permanent Improvement**

This fund accounts for all transactions related to the acquiring, constructing, or improving of such permanent improvements as defined by Ohio Revised Code.

**Building**

The building capital projects fund is used to account for the District's share of the school construction project. A portion of the general obligation bonds were recorded in this fund and will be used to pay for the project as it progresses.

**Construction**

The school facilities capital projects fund accounts for monies received and expended in connection with contracts entered into by the District and the Ohio Department of Education for the building and equipping of classroom facilities.

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**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER, COUNTY, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2023

	<u>Food Service</u>	<u>High School Awards</u>	<u>Other Grants</u>	<u>Classroom Facilities Maintenance</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents	\$ 5,424,786	\$ 32,086	\$ 486,225	\$ 1,162,683
Receivables:				
Property taxes	-	-	-	336,400
Accounts	2	6,400	-	-
Intergovernmental	-	-	-	-
Prepayments	-	-	-	-
Inventory held for resale	13,009	-	-	-
Total assets	<u>\$ 5,437,797</u>	<u>\$ 38,486</u>	<u>\$ 486,225</u>	<u>\$ 1,499,083</u>
<b>Liabilities:</b>				
Accounts payable	\$ 78,379	\$ -	\$ 1,606	\$ 4,647
Accrued wages and benefits payable	-	-	-	-
Intergovernmental payable	-	-	-	-
Pension and postemployment benefits payable	-	-	-	-
Interfund loans payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>78,379</u>	<u>-</u>	<u>1,606</u>	<u>4,647</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year	-	-	-	285,609
Delinquent property tax revenue not available	-	-	-	9,683
Intergovernmental revenue not available	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>295,292</u>
<b>Fund balances:</b>				
Nonspendable:				
Prepays	-	-	-	-
Restricted:				
Classroom facilities maintenance	-	-	-	1,199,144
Food service operations	5,359,418	-	-	-
Non-public schools	-	-	-	-
Federally funded programs	-	-	-	-
Extracurricular activities	-	-	-	-
Other puposes	-	38,486	484,619	-
Unassigned (deficit)	-	-	-	-
Total fund balances (deficit)	<u>5,359,418</u>	<u>38,486</u>	<u>484,619</u>	<u>1,199,144</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 5,437,797</u>	<u>\$ 38,486</u>	<u>\$ 486,225</u>	<u>\$ 1,499,083</u>



<u>Student Managed Activities</u>	<u>District Managed Activities</u>	<u>Auxiliary Services</u>	<u>Miscellaneous State Grants</u>	<u>Title VI-B Grant</u>
\$ 78,629	\$ 120,997	\$ 247,809	\$ 392	\$ -
-	-	-	-	-
-	6,551	-	-	-
-	-	-	5,339	509,781
-	867	462	33	47,452
-	-	-	-	-
<u>\$ 78,629</u>	<u>\$ 128,415</u>	<u>\$ 248,271</u>	<u>\$ 5,764</u>	<u>\$ 557,233</u>
\$ -	\$ 461	\$ 156,216	\$ -	\$ 6,038
-	28,803	55,328	2,179	125,984
-	265	661	52	2,256
-	24,135	6,408	988	43,612
-	-	-	2,512	318,642
-	-	-	-	13,248
-	-	-	-	-
-	<u>53,664</u>	<u>218,613</u>	<u>5,731</u>	<u>509,780</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	8,620
-	-	-	-	<u>8,620</u>
-	867	462	33	47,452
-	-	-	-	-
-	-	-	-	-
-	-	29,196	-	-
-	-	-	-	-
78,629	73,884	-	-	-
-	-	-	-	-
-	-	-	-	(8,619)
<u>78,629</u>	<u>74,751</u>	<u>29,658</u>	<u>33</u>	<u>38,833</u>
<u>\$ 78,629</u>	<u>\$ 128,415</u>	<u>\$ 248,271</u>	<u>\$ 5,764</u>	<u>\$ 557,233</u>

(Continued)

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER, COUNTY, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2023

	<b>School Improvement Stimulus A Grant</b>	<b>Title III Grant</b>	<b>Title I Grant</b>	<b>Title IV-A Grant</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents	\$ -	\$ -	\$ 16,104	\$ -
Receivables:				
Property taxes	-	-	-	-
Accounts	-	-	-	-
Intergovernmental	193,326	34,674	745,812	136,950
Prepayments	81	59	84,643	82,246
Inventory held for resale	-	-	-	-
Total assets	<u>\$ 193,407</u>	<u>\$ 34,733</u>	<u>\$ 846,559</u>	<u>\$ 219,196</u>
<b>Liabilities:</b>				
Accounts payable	\$ 1,492	\$ 22,312	\$ 29,459	\$ 94,703
Accrued wages and benefits payable	79,166	6,355	368,797	20,142
Intergovernmental payable	933	92	4,315	257
Pension and postemployment benefits payable	9,078	1,721	48,041	2,480
Interfund loans payable	76,000	4,194	311,304	19,369
Due to other funds	26,657	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>193,326</u>	<u>34,674</u>	<u>761,916</u>	<u>136,951</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year	-	-	-	-
Delinquent property tax revenue not available	-	-	-	-
Intergovernmental revenue not available	4,081	22,088	40,243	8,108
Total deferred inflows of resources	<u>4,081</u>	<u>22,088</u>	<u>40,243</u>	<u>8,108</u>
<b>Fund balances:</b>				
Nonspendable:				
Prepays	81	59	84,643	82,246
Restricted:				
Classroom facilities maintenance	-	-	-	-
Food service operations	-	-	-	-
Non-public schools	-	-	-	-
Federally funded programs	-	-	-	-
Extracurricular activities	-	-	-	-
Other puposes	-	-	-	-
Unassigned (deficit)	(4,081)	(22,088)	(40,243)	(8,109)
Total fund balances (deficit)	<u>(4,000)</u>	<u>(22,029)</u>	<u>44,400</u>	<u>74,137</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 193,407</u>	<u>\$ 34,733</u>	<u>\$ 846,559</u>	<u>\$ 219,196</u>

<u>EHA Preschool Grant</u>	<u>Title II-A Grant</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ 730,660	\$ 8,300,371
-	-	-	336,400
-	-	-	12,953
33,488	148,067	-	1,807,437
-	347	-	216,190
-	-	-	13,009
<u>\$ 33,488</u>	<u>\$ 148,414</u>	<u>\$ 730,660</u>	<u>\$ 10,686,360</u>
\$ -	\$ 34,229	\$ -	\$ 429,542
-	9,916	10,083	706,753
-	654	-	9,485
-	2,100	-	138,563
33,488	101,168	-	866,677
-	-	-	39,905
-	-	746,260	746,260
<u>33,488</u>	<u>148,067</u>	<u>756,343</u>	<u>2,937,185</u>
-	-	-	285,609
-	-	-	9,683
-	78	-	83,218
<u>-</u>	<u>78</u>	<u>-</u>	<u>378,510</u>
-	347	-	216,190
-	-	-	1,199,144
-	-	-	5,359,418
-	-	-	29,196
-	-	-	-
-	-	-	152,513
-	-	-	523,105
-	(78)	(25,683)	(108,901)
<u>-</u>	<u>269</u>	<u>(25,683)</u>	<u>7,370,665</u>
<u>\$ 33,488</u>	<u>\$ 148,414</u>	<u>\$ 730,660</u>	<u>\$ 10,686,360</u>

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER, COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Food Service</u>	<u>High School Awards</u>	<u>Other Grants</u>	<u>Classroom Facilities Maintenance</u>
<b>Revenues:</b>				
Property taxes	\$ -	-	\$ -	\$ 378,479
Intergovernmental	4,928,144	-	-	39,786
Investment earnings	71,746	\$ -	-	17,992
Extracurricular	-	-	1,038	-
Rental income	-	-	-	-
Charges for services	179,429	-	-	-
Contributions and donations	-	15,610	410,734	-
Miscellaneous	-	-	-	-
Total revenues	<u>5,179,319</u>	<u>15,610</u>	<u>411,772</u>	<u>436,257</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	-	8,951	9,337	-
Special	-	-	540	-
Other	-	-	-	-
Support services:				
Pupil	-	-	25,055	-
Instructional staff	-	-	112,781	-
Administration	-	-	-	-
Fiscal	116,507	-	-	4,466
Operations and maintenance	65,815	-	-	729,529
Pupil transportation	-	-	-	-
Central	-	-	26,124	-
Operation of non-instructional services:				
Food service operations	4,067,266	-	-	-
Other non-instructional services	-	-	-	-
Extracurricular activities	-	-	2,000	-
Total expenditures	<u>4,249,588</u>	<u>8,951</u>	<u>175,837</u>	<u>733,995</u>
Excess (deficiency) of revenues over (under) expenditures	<u>929,731</u>	<u>6,659</u>	<u>235,935</u>	<u>(297,738)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(17)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(17)</u>	<u>-</u>
Change in fund balance	929,731	6,659	235,918	(297,738)
<b>Fund balances (deficit) at beginning of year</b>	<u>4,429,687</u>	<u>31,827</u>	<u>248,701</u>	<u>1,496,882</u>
<b>Fund balances (deficit) at end of year</b>	<u>\$ 5,359,418</u>	<u>\$ 38,486</u>	<u>\$ 484,619</u>	<u>\$ 1,199,144</u>

<u>Student Managed Activities</u>	<u>District Managed Activities</u>	<u>Auxiliary Services</u>	<u>Public Preschool Grant</u>	<u>Data Communications Grant</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	803,466	280,000	18,000
-	-	4,841	-	-
34,264	237,998	-	-	-
-	5,450	-	-	-
-	-	-	-	-
66	250	-	-	-
-	20,459	-	-	-
<u>34,330</u>	<u>264,157</u>	<u>808,307</u>	<u>280,000</u>	<u>18,000</u>
-	-	-	-	-
-	-	-	280,000	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	18,000
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	894,212	-	-
37,639	1,088,939	-	-	-
<u>37,639</u>	<u>1,088,939</u>	<u>894,212</u>	<u>280,000</u>	<u>18,000</u>
<u>(3,309)</u>	<u>(824,782)</u>	<u>(85,905)</u>	<u>-</u>	<u>-</u>
826	828,061	-	-	-
-	-	-	-	-
<u>826</u>	<u>828,061</u>	<u>-</u>	<u>-</u>	<u>-</u>
(2,483)	3,279	(85,905)	-	-
81,112	71,472	115,563	-	-
<u>\$ 78,629</u>	<u>\$ 74,751</u>	<u>\$ 29,658</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER, COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Miscellaneous State Grants</u>	<u>Title VI-B Grant</u>	<u>School Improvement Stimulus A Grant</u>	<u>Title III Grant</u>
<b>Revenues:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	25,524	2,218,351	518,357	102,677
Investment earnings	-	-	-	-
Extracurricular	-	-	-	-
Rental income	-	-	-	-
Charges for services	-	-	-	-
Contributions and donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>25,524</u>	<u>2,218,351</u>	<u>518,357</u>	<u>102,677</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	-	70,240	509,629	56,461
Special	-	910,294	-	-
Other	-	326,430	-	-
Support services:				
Pupil	-	154,336	-	-
Instructional staff	988	-	9,564	14,999
Administration	-	325,503	-	-
Fiscal	-	-	-	-
Operations and maintenance	-	-	-	-
Pupil transportation	-	182,000	-	-
Central	-	-	-	-
Operation of non-instructional services:				
Food service operations	-	-	-	-
Other non-instructional services	24,534	62,867	52	53,303
Extracurricular activities	-	-	-	-
Total expenditures	<u>25,522</u>	<u>2,031,670</u>	<u>519,245</u>	<u>124,763</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2</u>	<u>186,681</u>	<u>(888)</u>	<u>(22,086)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	2	186,681	(888)	(22,086)
<b>Fund balances (deficit) at beginning of year</b>	<u>31</u>	<u>(147,848)</u>	<u>(3,112)</u>	<u>57</u>
<b>Fund balances (deficit) at end of year</b>	<u>\$ 33</u>	<u>\$ 38,833</u>	<u>\$ (4,000)</u>	<u>\$ (22,029)</u>

<b>Title I Grant</b>	<b>Title IV-A Grant</b>	<b>EHA Preschool Grant</b>	<b>Title II-A Grant</b>	<b>Miscellaneous Federal Grants</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 378,479
3,619,476	395,634	33,488	449,402	53,740	13,486,045
-	-	-	-	-	94,579
-	-	-	-	-	273,300
-	-	-	-	-	5,450
-	-	-	-	-	179,429
-	-	-	-	-	426,660
-	-	-	-	-	20,459
<u>3,619,476</u>	<u>395,634</u>	<u>33,488</u>	<u>449,402</u>	<u>53,740</u>	<u>14,864,401</u>
29,355	133,218	-	-	18,277	835,468
1,195,126	-	33,488	-	-	2,419,448
-	-	-	-	-	326,430
4,246	74,402	-	-	-	258,039
1,830,669	32,578	-	426,300	10,083	2,455,962
94,631	-	-	-	-	420,134
-	-	-	-	-	120,973
-	50,529	-	-	53,739	899,612
274,529	-	-	-	-	456,529
-	-	-	-	-	26,124
-	-	-	-	-	4,067,266
75,472	17,906	-	15,673	-	1,144,019
-	-	-	-	-	1,128,578
<u>3,504,028</u>	<u>308,633</u>	<u>33,488</u>	<u>441,973</u>	<u>82,099</u>	<u>14,558,582</u>
<u>115,448</u>	<u>87,001</u>	<u>-</u>	<u>7,429</u>	<u>(28,359)</u>	<u>305,819</u>
-	-	-	-	-	828,887
-	-	-	-	-	(17)
-	-	-	-	-	828,870
115,448	87,001	-	7,429	(28,359)	1,134,689
(71,048)	(12,864)	-	(7,160)	2,676	6,235,976
<u>\$ 44,400</u>	<u>\$ 74,137</u>	<u>\$ -</u>	<u>\$ 269</u>	<u>\$ (25,683)</u>	<u>\$ 7,370,665</u>

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>	<u>Actual</u>	
<b>Food Service Fund</b>			
Total Revenues and Other Sources	\$ 4,823,381	\$ 4,822,854	\$ (527)
Total Expenditures and Other Uses	<u>4,678,374</u>	<u>3,884,196</u>	<u>794,178</u>
Net Change in Fund Balances	145,007	938,658	793,651
Fund Balance at Beginning of Year	3,938,266	3,938,266	-
Prior Year Encumbrances Appropriated	<u>478,374</u>	<u>478,374</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 4,561,647</u>	<u>\$ 5,355,298</u>	<u>\$ 793,651</u>
<b>High School Awards Fund</b>			
Total Revenues and Other Sources	\$ 16,394	\$ 16,394	\$ -
Total Expenditures and Other Uses	<u>19,925</u>	<u>15,857</u>	<u>4,068</u>
Net Change in Fund Balances	(3,531)	537	4,068
Fund Balance at Beginning of Year	<u>30,827</u>	<u>30,827</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 27,296</u>	<u>\$ 31,364</u>	<u>\$ 4,068</u>
<b>Other Grants Fund</b>			
Total Revenues and Other Sources	\$ 443,338	\$ 411,772	\$ (31,566)
Total Expenditures and Other Uses	<u>215,634</u>	<u>185,310</u>	<u>30,324</u>
Net Change in Fund Balances	227,704	226,462	(1,242)
Fund Balance at Beginning of Year	233,158	233,158	-
Prior Year Encumbrances Appropriated	<u>15,634</u>	<u>15,634</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 476,496</u>	<u>\$ 475,254</u>	<u>\$ (1,242)</u>



**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>	<u>Actual</u>	
<b>Classroom Facilities Maintenance Fund</b>			
Total Revenues and Other Sources	\$ 429,298	\$ 429,298	\$ -
Total Expenditures and Other Uses	<u>1,889,393</u>	<u>1,143,261</u>	<u>746,132</u>
Net Change in Fund Balances	(1,460,095)	(713,963)	746,132
Fund Balance at Beginning of Year	300,050	300,050	-
Prior Year Encumbrances Appropriated	<u>1,160,045</u>	<u>1,160,045</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 746,132</u>	<u>\$ 746,132</u>
<b>Student Managed Activities Fund</b>			
Total Revenues and Other Sources	\$ 42,058	\$ 40,543	\$ (1,515)
Total Expenditures and Other Uses	<u>57,791</u>	<u>46,668</u>	<u>11,123</u>
Net Change in Fund Balances	(15,733)	(6,125)	9,608
Fund Balance at Beginning of Year	73,609	73,609	-
Prior Year Encumbrances Appropriated	<u>7,791</u>	<u>7,791</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 65,667</u>	<u>\$ 75,275</u>	<u>\$ 9,608</u>
<b>District Managed Activities Fund</b>			
Total Revenues and Other Sources	\$ 1,184,551	\$ 1,090,681	\$ (93,870)
Total Expenditures and Other Uses	<u>1,222,033</u>	<u>1,086,543</u>	<u>135,490</u>
Net Change in Fund Balances	(37,482)	4,138	41,620
Fund Balance at Beginning of Year	72,691	72,691	-
Prior Year Encumbrances Appropriated	<u>22,033</u>	<u>22,033</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 57,242</u>	<u>\$ 98,862</u>	<u>\$ 41,620</u>

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>	<u>Actual</u>	
<b>Auxiliary Services Fund</b>			
Total Revenues and Other Sources	\$ 906,601	\$ 807,810	\$ (98,791)
Total Expenditures and Other Uses	<u>1,075,323</u>	<u>888,559</u>	<u>186,764</u>
Net Change in Fund Balances	(168,722)	(80,749)	87,973
Fund Balance at Beginning of Year	164,015	164,015	-
Prior Year Encumbrances Appropriated	<u>4,707</u>	<u>4,707</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 87,973</u>	<u>\$ 87,973</u>
<b>Public School Preschool Grant Fund</b>			
Total Revenues and Other Sources	\$ 280,000	\$ 280,000	\$ -
Total Expenditures and Other Uses	<u>280,000</u>	<u>280,000</u>	<u>-</u>
Net Change in Fund Balances	-	-	-
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Data Communication Grant Fund</b>			
Total Revenues and Other Sources	\$ 18,000	\$ 18,000	\$ -
Total Expenditures and Other Uses	<u>18,000</u>	<u>18,000</u>	<u>-</u>
Net Change in Fund Balances	-	-	-
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>		<u>Actual</u>
<b>Miscellaneous State Grants Fund</b>			
Total Revenues and Other Sources	\$ 28,219	\$ 25,392	\$ (2,827)
Total Expenditures and Other Uses	<u>25,379</u>	<u>25,000</u>	<u>379</u>
Net Change in Fund Balances	2,840	392	(2,448)
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 2,840</u>	<u>\$ 392</u>	<u>\$ (2,448)</u>

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>	<u>Actual</u>	
<b>TITLE VI-B Fund</b>			
Total Revenues and Other Sources	\$ 2,185,046	\$ 2,124,092	\$ (60,954)
Total Expenditures and Other Uses	<u>2,185,046</u>	<u>2,183,456</u>	<u>1,590</u>
Net Change in Fund Balances	-	(59,364)	(59,364)
Fund Balance (Deficit) at Beginning of Year	(1,391)	(1,391)	-
Prior Year Encumbrances Appropriated	<u>1,391</u>	<u>1,391</u>	<u>-</u>
Fund Balance (Deficit) at End of Year	<u>\$ -</u>	<u>\$ (59,364)</u>	<u>\$ (59,364)</u>
<b>School Improvement Stimulus A Fund</b>			
Total Revenues and Other Sources	\$ 659,061	\$ 441,467	\$ (217,594)
Total Expenditures and Other Uses	<u>659,061</u>	<u>469,914</u>	<u>189,147</u>
Net Change in Fund Balances	-	(28,447)	(28,447)
Fund Balance (Deficit) at Beginning of Year	(4,998)	(4,998)	-
Prior Year Encumbrances Appropriated	<u>4,998</u>	<u>4,998</u>	<u>-</u>
Fund Balance (Deficit) at End of Year	<u>\$ -</u>	<u>\$ (28,447)</u>	<u>\$ (28,447)</u>

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<b>Budgeted Amounts</b>		<b>Variance with Final Budget- Over (Under)</b>
	<b>Final</b>		<b>Actual</b>
<b>TITLE III Fund</b>			
Total Revenues and Other Sources	\$ 177,102	\$ 95,309	\$ (81,793)
Total Expenditures and Other Uses	<u>177,167</u>	<u>125,264</u>	<u>51,903</u>
Net Change in Fund Balances	(65)	(29,955)	(29,890)
Fund Balance (Deficit) at Beginning of Year	(26,580)	(26,580)	-
Prior Year Encumbrances Appropriated	<u>26,645</u>	<u>26,645</u>	<u>-</u>
Fund Balance (Deficit) at End of Year	<u>\$ -</u>	<u>\$ (29,890)</u>	<u>\$ (29,890)</u>
<b>TITLE I Fund</b>			
Total Revenues and Other Sources	\$ 4,466,910	\$ 4,075,666	\$ (391,244)
Total Expenditures and Other Uses	<u>4,480,883</u>	<u>4,198,167</u>	<u>282,716</u>
Net Change in Fund Balances	(13,973)	(122,501)	(108,528)
Fund Balance (Deficit) at Beginning of Year	(269,999)	(269,999)	-
Prior Year Encumbrances Appropriated	<u>283,972</u>	<u>283,972</u>	<u>-</u>
Fund Balance (Deficit) at End of Year	<u>\$ -</u>	<u>\$ (108,528)</u>	<u>\$ (108,528)</u>
<b>TITLE IV-A Fund</b>			
Total Revenues and Other Sources	\$ 661,857	\$ 294,587	\$ (367,270)
Total Expenditures and Other Uses	<u>661,857</u>	<u>412,348</u>	<u>249,509</u>
Net Change in Fund Balances	-	(117,761)	(117,761)
Fund Balance (Deficit) at Beginning of Year	(11,796)	(11,796)	-
Prior Year Encumbrances Appropriated	<u>11,796</u>	<u>11,796</u>	<u>-</u>
Fund Balance (Deficit) at End of Year	<u>\$ -</u>	<u>\$ (117,761)</u>	<u>\$ (117,761)</u>

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>	<u>Actual</u>	
<b>EHA Preschool Fund</b>			
Total Revenues and Other Sources	\$ 33,488	\$ 33,488	\$ -
Total Expenditures and Other Uses	<u>33,488</u>	<u>33,488</u>	<u>-</u>
Net Change in Fund Balances	-	-	-
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TITLE II-A Fund</b>			
Total Revenues and Other Sources	\$ 986,421	\$ 430,072	\$ (556,349)
Total Expenditures and Other Uses	<u>986,421</u>	<u>530,537</u>	<u>455,884</u>
Net Change in Fund Balances	-	(100,465)	(100,465)
Fund Balance (Deficit) at Beginning of Year	(122,493)	(122,493)	-
Prior Year Encumbrances Appropriated	<u>122,493</u>	<u>122,493</u>	<u>-</u>
Fund Balance (Deficit) at End of Year	<u>\$ -</u>	<u>\$ (100,465)</u>	<u>\$ (100,465)</u>
<b>Miscellaneous Federal Grants Fund</b>			
Total Revenues and Other Sources	\$ 800,000	\$ 800,000	\$ -
Total Expenditures and Other Uses	<u>802,676</u>	<u>72,016</u>	<u>730,660</u>
Net Change in Fund Balances	(2,676)	727,984	730,660
Fund Balance at Beginning of Year	<u>2,676</u>	<u>2,676</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 730,660</u>	<u>\$ 730,660</u>

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER, COUNTY, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2023

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Construction</u>	<u>Total Nonmajor Capital Projects</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents	\$ 1,813,833	\$ 1,132,876	\$ 2,615,907	\$ 5,562,616
Cash in segregated accounts	-	59,861	314,270	374,131
Receivables:				
Property taxes	1,882,807	-	-	1,882,807
Intergovernmental	-	-	2,396,859	2,396,859
Total assets	<u>\$ 3,696,640</u>	<u>\$ 1,192,737</u>	<u>\$ 5,327,036</u>	<u>\$ 10,216,413</u>
<b>Liabilities:</b>				
Accounts payable	\$ 150,868	\$ -	\$ -	\$ 150,868
Retainage payable	-	59,861	314,270	374,131
Total liabilities	<u>150,868</u>	<u>59,861</u>	<u>314,270</u>	<u>524,999</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year	1,661,382	-	-	1,661,382
Delinquent property tax revenue not available	54,023	-	-	54,023
Intergovernmental revenue not available	-	-	2,396,859	2,396,859
Total deferred inflows of resources	<u>1,715,405</u>	<u>-</u>	<u>2,396,859</u>	<u>4,112,264</u>
<b>Fund balances:</b>				
Restricted:				
Capital projects	-	1,132,876	2,615,907	3,748,783
Committed:				
Capital projects	1,830,367	-	-	1,830,367
Total fund balances	<u>1,830,367</u>	<u>1,132,876</u>	<u>2,615,907</u>	<u>5,579,150</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,696,640</u>	<u>\$ 1,192,737</u>	<u>\$ 5,327,036</u>	<u>\$ 10,216,413</u>

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Construction</u>	<u>Total Nonmajor Capital Projects</u>
<b>Revenues:</b>				
Property taxes	\$ 1,447,275	\$ -	\$ -	\$ 1,447,275
Intergovernmental	151,216	-	-	151,216
Investment earnings	29,693	17,436	82,437	129,566
Total revenues	<u>1,628,184</u>	<u>17,436</u>	<u>82,437</u>	<u>1,728,057</u>
<b>Expenditures:</b>				
Current:				
Support services:				
Fiscal	16,486	-	-	16,486
Operations and maintenance	249,114	-	-	249,114
Central	1,116,186	-	-	1,116,186
Facilities acquisition and construction	172,272	-	-	172,272
Debt service:				
Principal retirement	255,000	-	-	255,000
Interest and fiscal charges	35,175	-	-	35,175
Total expenditures	<u>1,844,233</u>	<u>-</u>	<u>-</u>	<u>1,844,233</u>
Net change in fund balances	(216,049)	17,436	82,437	(116,176)
<b>Fund balances at beginning of year</b>	<u>2,046,416</u>	<u>1,115,440</u>	<u>2,533,470</u>	<u>5,695,326</u>
<b>Fund balances at end of year</b>	<u>\$ 1,830,367</u>	<u>\$ 1,132,876</u>	<u>\$ 2,615,907</u>	<u>\$ 5,579,150</u>



**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget- Over (Under)</u>
	<u>Final</u>	<u>Actual</u>	
<b>Permanent Improvement Fund</b>			
Total Revenues and Other Sources	\$ 1,661,240	\$ 1,597,055	\$ (64,185)
Total Expenditures and Other Uses	<u>3,567,267</u>	<u>2,723,646</u>	<u>843,621</u>
Net Change in Fund Balances	(1,906,027)	(1,126,591)	779,436
Fund Balance at Beginning of Year	876,582	876,582	-
Prior Year Encumbrances Appropriated	<u>1,029,445</u>	<u>1,029,445</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 779,436</u>	<u>\$ 779,436</u>
<b>Building Fund</b>			
Total Revenues and Other Sources	\$ 14,592	\$ 14,592	\$ -
Total Expenditures and Other Uses	<u>121,569</u>	<u>42,391</u>	<u>79,178</u>
Net Change in Fund Balances	(106,977)	(27,799)	79,178
Fund Balance at Beginning of Year	1,086,110	1,086,110	-
Prior Year Encumbrances Appropriated	<u>71,569</u>	<u>71,569</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1,050,702</u>	<u>\$ 1,129,880</u>	<u>\$ 79,178</u>
<b>Construction Fund</b>			
Total Revenues and Other Sources	\$ 69,768	\$ 69,768	\$ -
Total Expenditures and Other Uses	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Net Change in Fund Balances	(30,232)	69,768	100,000
Fund Balance at Beginning of Year	<u>2,532,795</u>	<u>2,532,795</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 2,502,563</u>	<u>\$ 2,602,563</u>	<u>\$ 100,000</u>

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## STATISTICAL SECTION



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**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

STATISTICAL SECTION

This part of the Middletown City School District'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 District's overall financial health.

**Contents**

**Page**

**Financial Trends**

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

**124-131**

**Revenue Capacity**

These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

**132-137**

**Debt Capacity**

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

**138-143**

**Demographic and Economic Information**

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

**144-145**

**Operating Information**

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

**146-153**

**Sources:** Sources are noted on the individual schedules.

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
SCHEDULE 1

	<u>2023</u>	<u>2022(1)</u>	<u>2021(1)</u>	<u>2020</u>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 57,730,035	\$ 55,681,295	\$ 56,046,520	\$ 57,022,601
Restricted	16,378,640	13,271,343	12,117,010	12,042,868
Unrestricted (deficit)	(46,570,607)	(44,031,722)	(52,672,350)	(48,725,490)
Total governmental activities net position	<u>\$ 27,538,068</u>	<u>\$ 24,920,916</u>	<u>\$ 15,491,180</u>	<u>\$ 20,339,979</u>

**Source:** School District financial records.

**(1)** Amounts have been restated as previously reported.

<u>2019 (1)</u>	<u>2018</u>	<u>2017 (1)</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 54,041,883	\$ 50,497,647	\$ 33,418,675	\$ 8,826,190	\$ 3,847,066	\$ 3,003,649
12,543,054	13,787,431	29,002,067	51,446,955	54,147,596	3,938,419
(47,925,073)	(58,324,692)	(91,721,521)	(77,674,860)	(90,343,892)	(93,507,156)
<u>\$ 18,659,864</u>	<u>\$ 5,960,386</u>	<u>\$ (29,300,779)</u>	<u>\$ (17,401,715)</u>	<u>\$ (32,349,230)</u>	<u>\$ (86,565,088)</u>

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
SCHEDULE 2

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Expenses</b>				
Governmental activities:				
Instruction	\$ 59,840,146	\$ 53,684,482	\$ 64,616,963	\$ 59,370,045
Support services:				
Pupil	8,425,363	7,312,797	5,943,414	5,425,627
Instructional staff	3,325,522	3,001,447	2,522,848	2,634,221
Board of education	43,807	56,276	61,889	43,169
Administration	6,396,403	4,780,148	5,204,900	5,381,088
Fiscal	1,403,692	1,412,801	1,284,759	1,911,623
Business	276,982	253,541	246,955	250,953
Operations and maintenance	8,784,067	5,878,305	7,954,735	8,728,034
Pupil transportation	7,236,566	5,819,123	4,104,448	5,262,950
Central	2,534,972	1,454,725	1,408,366	1,820,549
Operation of non-instructional services	5,508,901	4,687,532	3,900,154	4,754,355
Extracurricular activities	1,292,307	1,047,019	1,016,725	1,071,053
Interest and fiscal charges	3,268,208	3,299,049	3,307,896	3,581,396
Total expenses	<u>108,336,936</u>	<u>92,687,245</u>	<u>101,574,052</u>	<u>100,235,063</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
Instruction	\$ 1,374,025	\$ 1,268,224	\$ 1,038,301	\$ 1,093,067
Support services	148,055	128,102	119,086	168,123
Operation of non-instructional services	171,731	148,227	33,947	133,886
Extracurricular activities	278,056	259,470	121,061	201,101
Operating grants and contributions	32,756,751	25,931,167	23,801,884	21,488,087
Capital grants and contributions	53,740	-	-	10,000
Total governmental program revenues	<u>34,782,358</u>	<u>27,735,190</u>	<u>25,114,279</u>	<u>23,094,264</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	<u>\$ (73,554,578)</u>	<u>\$ (64,952,055)</u>	<u>\$ (76,459,773)</u>	<u>\$ (77,140,799)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Property taxes levied for:				
General purposes	\$ 27,933,597	\$ 29,753,715	\$ 26,923,235	\$ 29,055,686
Debt service	5,994,256	7,138,560	6,347,050	5,897,518
Capital projects	1,470,207	1,483,831	1,318,112	1,171,828
Classroom facilities maintenance	283,895	393,732	342,617	426,150
Payment in lieu of taxes	1,017,551	876,672	546,981	780,361
Grants and entitlements not restricted to specific programs	38,298,682	33,935,915	39,493,556	39,726,233
Grants and entitlements restricted to school facilities program	-	-	-	-
Investment earnings	869,583	(520,783)	74,388	937,211
Miscellaneous	303,959	347,784	1,035,015	330,614
Total governmental activities	<u>76,171,730</u>	<u>73,409,426</u>	<u>76,080,954</u>	<u>78,325,601</u>
Special item				
Gain on sale of land	-	-	-	495,313
<b>Change in Net Position</b>				
Governmental activities	<u>\$ 2,617,152</u>	<u>\$ 8,457,371</u>	<u>\$ (378,819)</u>	<u>\$ 1,680,115</u>

Source: School District financial records.



	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	50,095,438	\$ 28,006,439	\$ 46,489,210	\$ 45,802,884	\$ 47,109,627	\$ 49,646,486
	4,726,955	3,271,201	4,193,175	3,895,910	3,746,251	4,442,512
	2,184,377	1,521,814	2,759,968	2,619,650	1,991,860	3,389,719
	52,940	39,207	69,441	70,619	59,556	66,159
	4,065,719	1,399,741	4,197,588	3,912,734	4,154,176	4,663,891
	1,126,977	881,107	1,541,679	1,470,168	1,671,371	785,642
	241,259	195,559	279,945	229,965	191,359	209,337
	7,665,646	9,354,087	8,833,372	7,631,480	7,408,158	9,294,379
	5,220,863	5,148,422	4,244,506	4,125,548	4,007,357	4,022,409
	1,319,620	974,516	1,218,435	1,218,035	1,619,365	2,669,861
	4,102,166	4,152,167	4,650,576	4,652,290	4,781,569	4,795,795
	924,494	339,087	981,923	815,861	1,083,235	900,838
	4,532,975	4,430,913	4,312,147	4,933,230	3,892,120	2,672,184
	<u>86,259,429</u>	<u>59,714,260</u>	<u>83,771,965</u>	<u>81,378,374</u>	<u>81,716,004</u>	<u>87,559,212</u>
\$	1,064,801	\$ 1,210,803	\$ 1,140,710	\$ 920,340	\$ 1,167,154	\$ 1,328,997
	160,813	91,581	93,827	102,003	78,459	74,984
	198,913	143,336	318,107	166,004	153,619	371,359
	180,766	181,174	6,324	192,430	214,969	-
	18,858,329	18,618,327	18,491,315	16,825,958	10,763,712	12,666,818
	-	-	-	-	-	-
	<u>20,463,622</u>	<u>20,245,221</u>	<u>20,050,283</u>	<u>18,206,735</u>	<u>12,377,913</u>	<u>14,442,158</u>
\$	<u>(65,795,807)</u>	<u>(39,469,039)</u>	<u>(63,721,682)</u>	<u>(63,171,639)</u>	<u>(69,338,091)</u>	<u>(73,117,054)</u>
\$	27,001,888	\$ 25,569,322	\$ 23,847,638	\$ 31,620,677	\$ 24,805,279	\$ 30,753,332
	6,332,979	5,749,167	4,702,755	5,567,012	3,979,176	3,317,360
	852,630	-	-	-	249,633	167,982
	408,573	304,482	270,512	341,335	-	-
	838,284	679,322	677,978	886,632	431,267	226,369
	41,326,796	41,150,784	41,547,296	38,775,910	42,131,982	40,073,523
	-	-	-	-	51,403,241	-
	1,037,675	601,370	449,200	448,314	202,447	1,166
	586,855	675,757	379,368	479,274	350,924	417,338
	<u>78,385,680</u>	<u>74,730,204</u>	<u>71,874,747</u>	<u>78,119,154</u>	<u>123,553,949</u>	<u>74,957,070</u>
	-	-	-	-	-	-
\$	<u>12,589,873</u>	<u>35,261,165</u>	<u>8,153,065</u>	<u>14,947,515</u>	<u>54,215,858</u>	<u>1,840,016</u>

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
SCHEDULE 3

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
General Fund:				
Nonspendable	\$ 54,457	\$ 51,313	\$ 53,577	\$ 62,979
Restricted	-	-	-	-
Assigned	595,526	1,552,625	1,821,610	707,460
Unassigned (deficit)	<u>20,552,630</u>	<u>17,624,360</u>	<u>17,236,766</u>	<u>16,566,904</u>
Total general fund	<u>\$ 21,202,613</u>	<u>\$ 19,228,298</u>	<u>\$ 19,111,953</u>	<u>\$ 17,337,343</u>
All Other Governmental Funds:				
Nonspendable	\$ 227,052	\$ 7,068	\$ 6,837	\$ 8,376
Restricted	20,268,576	18,805,292	16,429,838	22,470,790
Committed	1,830,367	2,046,416	102,159	1,045,803
Unassigned (deficit)	<u>(557,213)</u>	<u>(997,302)</u>	<u>(61,971)</u>	<u>(152,009)</u>
Total all other governmental funds	<u>\$ 21,768,782</u>	<u>\$ 19,861,474</u>	<u>\$ 16,476,863</u>	<u>\$ 23,372,960</u>
Total governmental funds	<u>\$ 42,971,395</u>	<u>\$ 39,089,772</u>	<u>\$ 35,588,816</u>	<u>\$ 40,710,303</u>

**Source:** School District financial records.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 78,057	\$ 72,529	\$ 80,022	\$ -	\$ -	\$ -
-	-	-	-	-	24,610
1,319,384	2,380,537	807,257	389,829	480,211	65,935
<u>16,337,777</u>	<u>14,315,435</u>	<u>13,770,208</u>	<u>8,794,259</u>	<u>(1,204,805)</u>	<u>(1,114,077)</u>
<u>\$ 17,735,218</u>	<u>\$ 16,768,501</u>	<u>\$ 14,657,487</u>	<u>\$ 9,184,088</u>	<u>\$ (724,594)</u>	<u>\$ (1,023,532)</u>
\$ 11,605	\$ 10,285	\$ 12,187	\$ -	\$ 93,564	\$ 97,652
25,028,068	19,288,470	39,450,727	58,695,362	53,563,718	2,135,729
308,585	504,601	478,358	293,040	216,852	29,970
<u>(73,424)</u>	<u>(233,544)</u>	<u>(78,942)</u>	<u>(31,238)</u>	<u>(24,845)</u>	<u>(112,278)</u>
<u>\$ 25,274,834</u>	<u>\$ 19,569,812</u>	<u>\$ 39,862,330</u>	<u>\$ 58,957,164</u>	<u>\$ 53,849,289</u>	<u>\$ 2,151,073</u>
<u>\$ 43,010,052</u>	<u>\$ 36,338,313</u>	<u>\$ 54,519,817</u>	<u>\$ 68,141,252</u>	<u>\$ 53,124,695</u>	<u>\$ 1,127,541</u>

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
SCHEDULE 4

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Revenues</b>				
Property taxes	\$ 37,528,953	\$ 38,219,445	\$ 36,907,932	\$ 34,183,962
Intergovernmental	71,140,756	60,935,744	62,994,506	60,578,731
Investment earnings	882,211	(519,088)	80,373	960,670
Tuition and fees	1,259,954	1,200,092	930,131	956,520
Extracurricular	309,626	279,043	132,903	258,325
Rental income	108,845	103,610	105,290	107,227
Charges for services	289,066	212,322	140,776	137,558
Contributions and donations	462,099	162,180	193,052	244,250
Payment in lieu of taxes	1,017,551	879,789	543,864	794,382
Miscellaneous	293,355	283,157	1,003,237	245,538
Classroom materials and fees	-	-	-	16,212
Transportation fees	-	-	-	-
Contract services	-	-	-	108,187
Total revenues	<u>113,292,416</u>	<u>101,756,294</u>	<u>103,032,064</u>	<u>98,591,562</u>
<b>Expenditures</b>				
Current:				
Instruction	58,082,599	55,854,661	61,677,565	56,674,541
Support services:				
Pupil	8,094,598	7,342,034	5,728,353	5,299,333
Instructional staff	3,153,616	3,075,974	2,335,379	2,476,211
Board of education	41,483	55,913	60,413	42,149
Administration	5,973,488	4,992,933	4,923,781	5,140,020
Fiscal	1,322,201	1,382,395	1,237,876	1,883,428
Business	259,997	267,997	229,470	242,459
Operations and maintenance	8,473,979	5,851,235	5,052,697	6,469,312
Pupil transportation	6,955,757	5,585,245	4,096,335	5,139,206
Central	2,430,347	1,349,566	1,332,081	1,748,207
Operation of non-instructional services	5,260,084	4,554,765	3,821,910	4,673,325
Extracurricular activities	1,218,139	1,098,072	949,732	1,009,082
Facilities acquisition and construction	172,272	2,123,745	-	-
Capital outlay	16,054	752,708	9,671,886	4,268,008
Debt service:				
Principal retirement	4,411,952	3,857,303	3,475,000	2,954,298
Interest and fiscal charges	3,568,325	3,627,072	3,668,936	3,606,252
Bond issuance costs	-	-	-	457,709
Accretion on capital appreciation bonds	-	-	-	-
Total expenditures	<u>109,434,891</u>	<u>101,771,618</u>	<u>108,261,414</u>	<u>102,083,540</u>
Excess of revenues over (under) expenditures	3,857,525	(15,324)	(5,229,350)	(3,491,978)
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	8,044	23,572	7,863	24,915
Insurance recoveries	-	-	100,000	-
Transfers in	828,904	804,082	735,817	1,013,579
Transfers (out)	(828,904)	(804,082)	(735,817)	(1,013,579)
Sale of notes	-	-	-	-
Refund of prior year receipts	-	-	-	-
SBITA transaction	16,054	-	-	-
Lease transaction	-	752,708	-	-
Notes issued - finance purchase	-	2,740,000	-	-
Issuance of long term debt	-	-	-	-
Payments to refunding bond escrow agent	-	-	-	(46,733,384)
Premium on the sale of refunding bonds	-	-	-	5,001,093
Issuance of bonds	-	-	-	42,190,000
Total other financing sources (uses)	<u>24,098</u>	<u>3,516,280</u>	<u>107,863</u>	<u>482,624</u>
<b>Special item:</b>				
Sale of land	-	-	-	600,000
Net change in fund balances	<u>\$ 3,881,623</u>	<u>\$ 3,500,956</u>	<u>\$ (5,121,487)</u>	<u>\$ (2,409,354)</u>
Capital expenditures	\$ 2,787,633	\$ 3,129,727	\$ 10,696,086	\$ 4,971,832
Debt service as a percentage of noncapital expenditures	7.48%	7.59%	7.32%	6.76%

Source: School District financial records.

	2019	2018	2017	2016	2015	2014
\$	35,286,016	\$ 33,550,397	\$ 28,927,911	\$ 37,002,240	\$ 27,872,515	\$ 34,294,811
	61,876,532	69,187,640	84,822,828	64,399,778	56,808,384	50,921,081
	1,046,631	629,440	457,155	463,164	157,998	1,166
	968,877	1,087,728	1,022,553	769,292	1,032,757	1,126,473
	275,876	220,375	225,693	243,929	243,266	257,306
	73,271	48,484	24,401	56,871	30,478	33,633
	187,555	146,632	160,457	166,004	296,116	349,214
	225,592	405,375	326,547	391,749	367,448	262,615
	831,135	683,589	666,839	886,632	431,267	497,553
	463,027	369,535	123,796	147,764	333,563	223,265
	23,829	42,048	43,426	43,605	-	-
	4,000	600	7,707	-	-	-
	68,372	78,522	71,536	97,832	-	-
	<u>101,330,713</u>	<u>106,450,365</u>	<u>116,880,849</u>	<u>104,668,860</u>	<u>87,573,792</u>	<u>87,967,117</u>
	55,212,174	52,713,757	47,102,572	47,528,539	47,816,401	49,279,372
	5,236,988	4,899,530	4,237,609	3,944,123	3,877,467	4,424,408
	2,679,219	3,222,634	2,764,612	2,877,401	2,019,362	3,417,238
	58,039	53,264	70,196	58,127	59,556	66,159
	4,928,396	4,522,993	4,340,891	3,949,199	4,278,161	4,656,085
	1,244,596	1,288,837	1,558,948	1,460,099	1,662,170	784,141
	284,876	282,184	272,019	245,965	189,919	209,442
	6,460,842	7,249,962	6,324,072	6,000,716	6,371,641	7,925,541
	5,209,784	5,113,558	4,301,151	4,049,294	3,926,956	3,905,361
	1,381,889	1,170,187	1,166,324	992,204	1,665,992	3,459,367
	4,625,060	4,541,623	4,765,732	4,627,836	4,754,045	4,754,840
	1,100,101	1,058,361	1,001,261	838,178	928,706	924,948
	-	-	-	-	-	-
	9,040,932	31,759,935	45,880,282	4,716,122	2,216,640	433,676
	1,274,862	2,534,515	2,428,067	3,338,619	3,273,410	1,177,325
	4,402,653	4,263,524	4,330,759	5,032,301	3,986,977	2,865,082
	144,440	-	-	243,537	-	-
	1,380,000	-	-	-	-	-
	<u>104,664,851</u>	<u>124,674,864</u>	<u>130,544,495</u>	<u>89,902,260</u>	<u>87,027,403</u>	<u>88,282,985</u>
	(3,334,138)	(18,224,499)	(13,663,646)	14,766,600	546,389	(315,868)
	9,236	42,995	42,211	6,419	340,087	2,358
	-	-	-	-	-	-
	981,919	1,246,291	1,204,479	1,079,247	626,572	610,354
	(981,919)	(1,246,291)	(1,204,479)	(1,079,247)	(626,572)	(610,354)
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	248,273
	-	-	-	-	-	-
	-	-	-	-	46,600,000	2,445,000
	-	-	-	(26,510,643)	-	-
	136,641	-	-	1,269,181	4,510,678	-
	<u>9,860,000</u>	<u>-</u>	<u>-</u>	<u>25,485,000</u>	<u>-</u>	<u>-</u>
	<u>10,005,877</u>	<u>42,995</u>	<u>42,211</u>	<u>249,957</u>	<u>51,450,765</u>	<u>2,695,631</u>
	-	-	-	-	-	-
\$	<u>6,671,739</u>	<u>(18,181,504)</u>	<u>(13,621,435)</u>	<u>15,016,557</u>	<u>51,997,154</u>	<u>2,379,763</u>
\$	10,170,648	\$ 31,538,729	\$ 45,731,277	\$ 6,394,237	\$ 3,316,732	\$ 1,526,035
	7.47%	7.30%	7.97%	10.02%	8.67%	4.66%

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**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN CALENDAR YEARS  
SCHEDULE 5

<b>Tax Year</b>	<b>Real Property Assessed Value</b>	<b>Public Utilities Personal Assessed Value</b>	<b>Total Assessed Value</b>	<b>Total Estimated Actual Value</b>	<b>Total Direct Rate</b>	<b>Ratio</b>
2022	\$ 753,200,280	\$ 102,707,450	\$ 855,907,730	\$ 2,532,271,391	\$49.41	33.80%
2021	762,895,030	97,826,720	860,721,750	2,546,514,053	49.41	33.80%
2020	758,168,900	88,595,480	846,764,380	2,505,220,059	50.14	33.80%
2019	641,609,960	104,504,500	746,114,460	2,207,439,231	52.48	33.80%
2018	639,907,020	65,992,060	705,899,080	2,088,458,817	54.08	33.80%
2017	641,556,630	61,948,170	703,504,800	2,081,375,148	54.15	33.80%
2016	604,441,470	58,917,790	663,359,260	1,962,601,361	54.40	33.80%
2015	603,512,220	57,446,810	660,959,030	1,955,500,089	54.54	33.80%
2014	603,212,590	56,477,890	659,690,480	1,884,829,943	54.51	35.00%
2013	657,709,970	54,597,780	712,307,750	2,035,165,000	48.95	35.00%

**Source:** State of Ohio Department of Taxation

Note: The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates generated the property tax revenue to be received in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by 10 percent, 2 1/2 percent and homestead exemption exemptions before being billed.

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN CALENDAR YEARS  
SCHEDULE 6

Calendar Year	District Direct Rates					Overlapping Rates		
	General	Voted		Permanent Improvement (3)	Unvoted	Total	Butler County	Warren County
		Emergency	Bond					
2022	\$ 35.99	\$ -	\$ 8.00	\$ 2.40	\$ 3.02	\$ 49.41	\$ 9.72	\$ 6.28
2021	35.99	-	8.00	2.40	3.02	49.41	7.30	6.28
2020	36.22	-	8.50	2.40	3.02	50.14	9.22	6.28
2019	38.56	-	8.50	2.40	3.02	52.48	9.72	6.28
2018	39.66	-	9.00	2.40	3.02	54.08	9.72	6.28
2017	39.73	-	9.00	0.50	4.92	54.15	9.72	6.28
2016	40.73	-	8.25	0.50	4.92	54.40	9.72	7.78
2015	40.87	-	8.25	0.50	4.92	54.54	9.72	7.78
2014	18.27	22.83	8.25	-	5.16	54.51	9.72	7.78
2013	18.27	20.77	4.75	-	5.16	48.95	9.72	7.78

**Source:** County Auditor

**Note:** Rates may only be raised by obtaining the approval of the voters at a public election.

- (1) - Includes Franklin Township, Franklin Township - Joint Medical Services, Warren-Clinton Community Mental Health and Health Levy.
- (2) - Includes Turtlecreek Township and the Turtlecreek Township - Warren-Clinton Community Mental Health Levy.
- (3) - Includes inside millage of \$1.90 that has been moved to the permanent improvement fund and \$0.50 that is reported in the classroom facilities maintenance fund.

N/A - Information not available.



**Overlapping Rates**

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<b>Franklin Township (1)</b>	<b>Turtlecreek Township (2)</b>	<b>City of Middletown</b>	<b>Butler County Joint Vocational School</b>	<b>Metroparks</b>	<b>Midpointe Library</b>	<b>Total Overlapping Rates</b>	<b>Total Overlapping and Direct Rates</b>
\$ 3.87	\$ 9.12	\$ 6.90	\$ 1.93	\$ 0.70	\$ 0.75	\$ 39.27	\$ 88.68
3.87	9.12	6.90	1.93	0.70	0.75	36.85	86.26
3.87	9.12	6.90	1.93	0.70	0.75	38.77	88.91
3.87	9.12	6.90	1.93	0.70	0.75	39.27	91.75
3.87	9.12	6.90	1.93	0.70	0.75	39.27	93.35
3.87	9.12	6.90	1.93	0.70	0.75	39.27	93.42
3.87	9.12	6.90	1.93	0.50	0.75	40.57	94.97
3.87	9.12	6.90	1.93	0.50	0.75	40.57	95.11
3.87	9.12	6.90	1.93	0.50	0.75	40.57	95.08
3.87	9.12	6.72	1.93	0.50	0.75	40.39	89.34

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN CALENDAR YEARS (1)  
SCHEDULE 7

Calendar Year	Taxes Levied for the Calendar Year (1)	Collected within the Calendar Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes (3)	Percentage Outstanding Delinquent Taxes to Tax Levied
		Amount (2)	Percentage of Levy		Amount	Percentage of Levy		
2022	\$ 37,808,545	\$ 36,246,687	95.87%	\$ 1,555,816	\$ 37,802,503	99.98%	\$1,081,101	2.86%
2021	37,719,673	36,246,893	96.10%	1,541,326	37,788,219	100.18%	3,002,028	7.96%
2020	37,504,958	35,079,027	93.53%	2,120,286	37,199,314	99.19%	3,205,791	8.55%
2019	34,568,813	32,833,669	94.98%	1,523,858	34,357,527	99.39%	4,082,031	11.81%
2018	35,219,281	32,891,247	93.39%	1,810,499	34,701,746	98.53%	4,158,922	11.81%
2017	36,787,345	34,938,752	94.97%	1,770,703	36,709,455	99.79%	4,003,024	10.88%
2016	36,050,347	30,546,560	84.73%	1,676,407	32,222,967	89.38%	4,683,274	12.99%
2015	35,954,046	30,512,832	84.87%	1,749,741	32,262,573	89.73%	4,291,273	11.94%
2014	35,954,046	29,625,371	82.40%	1,667,238	31,292,609	87.04%	4,125,765	11.48%
2013	31,531,399	29,625,371	93.96%	2,033,122	31,658,493	100.40%	3,898,991	12.37%

Source: Butler County Auditor's Office

- (1) Taxes levied and collected are presented on a cash basis.
- (2) State reimbursements of rollback and homestead exemptions are included.
- (3) Penalties and interest are included since by Ohio law they become part of the tax obligation as assessment occurs.

Note: The District understands that the information presented in the "collection from subsequent years" is not presented as required; however, this is how the information is supplied by the respective County Auditor. The amount in this column will sometimes result in the percentage of levy exceeding 100% for the respective calendar year.

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

PRINCIPAL PROPERTY TAX PAYERS  
CURRENT CALENDAR YEAR AND NINE YEARS AGO  
SCHEDULE 8

			<b>2022</b>	
<b>Taxpayer</b>			<b>Assessed Value</b>	<b>Percentage of Total Assessed Value</b>
Duke Energy Ohio Inc.	1	\$	67,271,640	7.86%
NTE Ohio LLC	2		16,156,460	1.89%
AK Steel Corp.	3		10,315,990	1.21%
Texas Eastern Transmission Co.	4		5,087,920	0.59%
Dynege Dicks Creek, LLC	5		5,082,940	0.59%
6898 Hamilton Middletown Road	6		4,602,060	0.54%
Rockies Express Pipeline LLC	7		3,611,180	0.42%
ADJ Realty LLC	8		3,500,000	0.41%
Precision Strip Inc	9		3,340,520	0.39%
Bavarian Woods Owner II LLC	10		3,141,690	0.37%
			\$ 122,110,400	14.27%
Total Assessed Valuation			\$ 855,907,730	

			<b>2013</b>	
<b>Taxpayer</b>			<b>Assessed Value</b>	<b>Percentage of Total Assessed Value</b>
Duke Energy Ohio Inc.	1	\$	42,026,340	5.90%
AK Steel Corporation	2		10,331,010	1.45%
Rockies Express Pipeline	3		4,804,160	0.67%
Faith Village East Apartments	4		3,899,220	0.55%
Boymel Sam	5		3,500,010	0.49%
Meijer Stores Unlimited	6		2,814,870	0.40%
Middletown Coke	7		2,304,390	0.32%
Kroger Limited Partners	8		2,304,390	0.32%
Libery Retirement Properties	9		2,278,620	0.32%
Chaka-Chak LLC	10		2,060,340	0.29%
Total			\$ 76,323,350	10.71%
Total Assessed Valuation			\$ 712,307,750	

**Source:** Butler County Auditor's Office

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
SCHEDULE 9

<b>Governmental Activities (a)</b>						
<b>Fiscal Year</b>	<b>Construction Bond</b>	<b>Refunding Bonds</b>	<b>Long-Term Capital Notes</b>	<b>Leases Payable</b>	<b>Notes Payable Financed Purchase</b>	<b>Total Primary Government</b>
2023	\$ 10,466,414	\$ 85,765,978	\$ 395,000	\$ 1,247,070	\$ 2,440,000	\$ 100,314,462
2022	10,882,119	89,343,081	450,000	1,454,631	2,695,000	104,824,831
2021	11,322,824	92,843,389	505,000	-	-	104,671,213
2020	11,873,529	96,091,999	560,000	-	-	108,525,528
2019	56,869,573	51,529,945	739,298	-	-	109,138,816
2018	47,130,288	53,708,314	912,616	26,544	-	101,777,762
2017	47,932,955	54,991,657	1,080,229	78,446	-	104,083,287
2016	48,825,622	56,139,983	1,372,934	128,808	-	106,467,347
2015	50,423,289	56,623,125	3,192,685	177,676	-	110,416,775
2014	1,680,000	56,864,375	3,407,487	911,284	-	62,863,146

**Source:** School District financial records

(a) See notes to the financial statements regarding the District's outstanding debt information.

(b) See schedule " Demographic and Economic Statistic, Last Ten Years" for personal income, per capita, population and enrollment information.

(d) Assessed values are on a calendar year basis (i.e. fiscal year 2022 is calendar year 2021).

<b>Ratio of Total Debt to Estimated Actual Value (d)</b>	<b>Percentage of Personal Income (b)</b>	<b>Total Debt Per Capita (b)</b>	<b>Total Bonded Debt</b>	<b>Less: Restricted for Debt Service</b>	<b>Net Bond Debt</b>	<b>Ratio of Net Bonded Debt to Estimated Actual Value (d)</b>	<b>Net General Bonded Debt Per Capita (b)</b>
3.96%	7.72%	\$ 1,958	\$ 96,232,392	\$2,611,079	\$93,621,313	3.70%	\$ 1,828
4.12%	8.50%	2,056	100,225,200	2,128,117	98,097,083	3.85%	1,924
4.18%	9.41%	2,145	104,166,213	416,736	103,749,477	4.14%	2,126
4.92%	10.07%	2,224	107,965,528	-	107,965,528	4.89%	2,212
5.23%	10.36%	2,234	108,399,518	1,583,805	106,815,713	5.11%	2,186
4.89%	10.03%	2,085	100,838,602	-	100,838,602	4.84%	2,066
5.30%	10.53%	2,135	102,924,612	-	102,924,612	5.24%	2,111
5.44%	10.80%	2,183	104,965,605	75,672	104,889,933	5.36%	2,151
5.86%	11.24%	2,271	107,046,414	731,993	106,314,421	5.64%	2,186
3.09%	6.40%	1,293	58,544,375	1,643,946	56,900,429	2.80%	1,170

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**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2023  
SCHEDULE 10

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable (1)</b>	<b>Estimated Share of Direct and Overlapping Debt</b>
Overlapping Debt:			
Butler County	\$ 20,290,270	7.81%	\$ 1,584,670
City of Middletown	<u>25,495,000</u>	95.43%	<u>24,329,879</u>
Subtotal, Overlapping Debt	<u>45,785,270</u>		<u>25,914,549</u>
District Direct Debt	<u>100,314,462</u>	100.00%	<u>100,314,462</u>
Total Direct and Overlapping Debt	<u><u>146,099,732</u></u>		<u><u>126,229,011</u></u>

**Sources:** Ohio Municipal Advisory Council (OMAC)

(1) - Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the School District by the total assessed valuation of the government

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
SCHEDULE 11

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Assessed Valuation of District (1)	\$ 855,907,730	\$ 860,721,750	\$ 846,764,380	\$ 746,114,460
<b><u>Overall direct debt limit</u></b>				
Direct debt limitation 9% of assessed valuation	77,031,696	77,464,958	76,208,794	67,150,301
Amount available in bond retirement fund	9,256,417	8,679,793	7,302,289	5,798,846
Gross indebtedness (2)	<u>38,880,000</u>	<u>41,735,000</u>	<u>44,495,000</u>	<u>46,925,000</u>
Legal margin within 9% limitation	<u>\$ 47,408,113</u>	<u>\$ 44,409,751</u>	<u>\$ 39,016,083</u>	<u>\$ 26,024,147</u>
Total net debt applicable to the limit as a percentage of the limit	45.06%	48.45%	53.28%	64.33%
<b>Unvoted direct debt limitation</b>				
Unvoted debt limitation 0.1% of assessed valuation	<u>\$ 855,908</u>	<u>\$ 860,722</u>	<u>\$ 846,764</u>	<u>\$ 746,114</u>

**Source:** School District financial records

- (1) - Assessed values are on a calendar year basis (i.e. fiscal year 2023 is calendar year 2022)
- (2) - The general obligation bonds issued in fiscal year 2015, 2018 and 2019 were a voted bond issue allowing the total outstanding balance to be excluded from the legal debt margin calculation.



<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>\$ 705,899,080</u>	<u>\$ 703,504,800</u>	<u>\$ 663,359,260</u>	<u>\$ 660,959,030</u>	<u>\$ 659,690,480</u>	<u>\$ 712,307,750</u>
63,530,917	63,315,432	59,702,333	59,486,313	59,372,143	64,107,698
6,201,282	4,990,614	4,344,381	5,141,164	5,446,025	1,617,246
<u>49,290,000</u>	<u>50,245,000</u>	<u>50,935,000</u>	<u>53,215,000</u>	<u>57,947,487</u>	<u>59,253,771</u>
<u>\$ 20,442,199</u>	<u>\$ 18,061,046</u>	<u>\$ 13,111,714</u>	<u>\$ 11,412,477</u>	<u>\$ 6,870,681</u>	<u>\$ 6,471,173</u>
70.68%	73.56%	79.53%	82.34%	89.40%	90.15%
<u>\$ 705,899</u>	<u>\$ 703,505</u>	<u>\$ 663,359</u>	<u>\$ 660,959</u>	<u>\$ 659,690</u>	<u>\$ 712,308</u>

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS  
SCHEDULE 12

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (Thousands of Dollars) (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Unemployment Rate (1)</u>
2022	51,229	\$ 1,299,885	\$ 25,374	3.4%
2021	50,987	1,233,070	24,184	3.1%
2020	48,807	1,112,458	22,793	4.6%
2019	48,807	1,078,147	22,090	4.5%
2018	48,861	1,053,473	21,622	4.0%
2017	48,813	1,014,627	20,786	3.7%
2016	48,760	988,365	20,270	4.0%
2015	48,760	985,476	20,345	4.3%
2014	48,630	982,281	20,199	5.4%
2013	48,630	982,281	20,199	7.8%

Sources:

(1) - Information is taken from the City of Middletown annual financial report as it encompasses 91% of the District and specific information related to the District is not available.

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

MAJOR EMPLOYERS  
CURRENT CALENDAR YEAR AND NINE YEARS AGO  
SCHEDULE 13

**2022**

<b>Major Employers</b>	<b>Number of Employees</b>	<b>Percentage of Total Employment</b>
Cleveland Cliffs Steel Co. (formerly AK Steel)	2,974	14.23%
Atrium Medical Center	1,517	7.26%
Middletown City Schools	995	4.76%
Intelycare Inc	832	3.98%
CM Temporary Services, Inc.	718	3.44%
Kroger	684	3.27%
PAC Worldwide Corp	681	3.26%
Staffmark Investment LLC	579	2.77%
Onesource Employee Management	528	2.53%
City of Middletown	443	2.12%
	<u>9,951</u>	
Total City Employment	<u>20,900</u>	

**2013**

<b>Employer</b>	<b>Number of Employees</b>	<b>Percentage of Total Employment</b>
AK Steel	2,333	11.69%
Atrium Medical Center	2,013	10.09%
Crown Services 36 LLC	1,375	6.89%
CBS Temporary Services, LLC	1,064	5.33%
Onesource Employee Management	911	4.56%
Middletown City School District	868	4.35%
CM Temporary Services, Inc.	704	3.53%
Miami University	599	3.00%
Belcan Services Group II	567	2.84%
City of Middletown	535	2.68%
	<u>10,969</u>	
Total City Employment	<u>19,960</u>	

Source: City of Middletown annual financial report for December 31, 2022.

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

FULL TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE  
LAST TEN FISCAL YEARS  
SCHEDULE 14

<u>Type</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Instruction										
Classroom teachers	349.00	360.00	331.70	305.00	308.59	311.58	315.65	306.00	351.00	367.00
Special education teachers and tutors	112.00	95.80	97.80	99.00	95.80	103.35	91.01	77.48	38.00	40.00
Educational aides		-	-	-	-	-	-	-	-	1.00
Special education aides and attendants	142.00	136.00	96.00	87.00	80.00	70.00	61.00	64.00	59.00	68.00
Total Instruction	<u>603.00</u>	<u>591.80</u>	<u>525.50</u>	<u>491.00</u>	<u>484.39</u>	<u>484.93</u>	<u>467.66</u>	<u>447.48</u>	<u>448.00</u>	<u>476.00</u>
Support Services										
Support personnel										
Librarians, nurses, counselors, visiting teachers	35.00	45.00	64.50	49.00	49.00	48.00	42.95	46.12	43.00	52.00
Principals	16.00	17.00	19.00	17.00	17.00	17.00	17.00	15.00	17.00	10.00
Central office administration	16.00	12.00	12.00	13.00	14.00	14.00	11.20	13.00	10.00	10.00
Secretaries and clerical	34.00	39.00	39.00	37.00	39.00	39.00	38.00	38.00	39.00	38.00
Custodial	43.00	44.00	36.00	-	-	-	-	-	-	-
Maintenance and mechanics	11.00	12.00	11.00	-	-	-	-	-	-	-
Total Support Services	<u>155.00</u>	<u>169.00</u>	<u>181.50</u>	<u>116.00</u>	<u>119.00</u>	<u>118.00</u>	<u>109.15</u>	<u>112.12</u>	<u>109.00</u>	<u>110.00</u>
Total	<u>758.00</u>	<u>760.80</u>	<u>707.00</u>	<u>607.00</u>	<u>603.39</u>	<u>602.93</u>	<u>576.81</u>	<u>559.60</u>	<u>557.00</u>	<u>586.00</u>

2020-2021 brought custodial and maintenance back in house and hired additional staff using ESSER Stimulus funds

**Source:** School District records

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**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
SCHEDULE 15

<b>Fiscal Year</b>	<b>Enrollment</b>	<b>Operating Expenditures (1)</b>	<b>Cost per pupil (2)</b>	<b>Percent Change</b>	<b>Expenses (3)</b>	<b>Cost per pupil (4)</b>
2023	6,061	\$ 101,266,288	\$ 16,708	9.43%	\$ 108,336,936	\$ 17,874
2022	5,987	91,410,790	15,268	-0.32%	92,687,245	15,481
2021	5,970	91,445,592	15,318	5.13%	101,574,052	17,014
2020	6,232	90,797,273	14,570	7.71%	100,235,063	16,084
2019	6,537	88,421,964	13,526	2.68%	86,259,429	13,196
2018	6,537	86,116,890	13,174	8.66%	59,714,260	9,135
2017	6,426	77,905,387	12,123	4.13%	83,771,965	13,036
2016	6,598	76,815,218	11,642	1.74%	81,378,374	12,334
2015	6,777	77,550,376	11,443	-10.66%	81,716,004	12,058
2014	6,543	83,806,902	12,809	7.54%	87,559,212	13,382

**Source:** School District records

- (1) - Operating expenditure is total expenditures minus facilities acquisition and construction, capital outlay and debt service from schedule 4
- (2) - Operating expenditure by enrollment
- (3) - Expenses is total expenses from schedule 2
- (4) - Expenses by enrollment
- (5) - The District entered a new program for fiscal year 2014 where everyone is provided a free breakfast or lunch and the District receives a higher reimbursement rate.

<b>Percent Change</b>	<b>Teaching Staff</b>	<b>Pupil/Teacher Ratio</b>	<b>of Free or Reduced Lunches (5)</b>
15.46%	520	11.66	100.00%
-9.01%	528	11.34	100.00%
5.78%	528	11.31	100.00%
21.89%	491	12.69	100.00%
44.45%	485	13.48	100.00%
-29.93%	485	13.48	100.00%
5.70%	454	14.15	100.00%
2.29%	432	15.27	100.00%
-9.90%	448	15.13	100.00%
4.96%	426	15.36	100.00%

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
SCHEDULE 16

School	2023	2022	2021	2020	2019
<b>Elementary Schools</b>					
Amanda Elementary (1961)					
Square feet	66,970	66,970	66,970	66,970	66,970
Capacity (students)	510	510	510	567	567
Enrollment	379	394	324	431	414
Percent of Capacity (3)	74%	77%	64%	76%	73%
Site Acreage	17	17	17	17	17
New Central Academy Elementary (1966)					
Square feet	42,000	42,000	42,000	42,000	42,000
Capacity (students)	398	398	398	398	398
Enrollment	375	262	213	347	342
Percent of Capacity (3)	94%	66%	54%	87%	86%
Site Acreage	7	7	7	7	7
New Creekview Elementary (2007)					
Square feet	59,970	59,970	59,970	59,970	59,970
Capacity (students)	567	567	567	567	567
Enrollment	387	374	303	422	457
Percent of Capacity (3)	68%	66%	53%	74%	81%
Site Acreage	12	12	12	12	12
Highview Elementary (2007)					
Square feet	60,923	60,923	60,923	60,923	60,923
Capacity (students)	575	575	575	575	575
Enrollment	435	433	307	487	471
Percent of Capacity (3)	76%	75%	53%	85%	82%
Site Acreage	5	5	5	5	5
Net Mayfield Elementary (2008)					
Square feet	60,923	60,923	60,923	60,923	60,923
Capacity (students)	624	624	624	624	624
Enrollment	447	432	352	481	459
Percent of Capacity (3)	72%	69%	56%	77%	74%
Site Acreage	5	5	5	5	5
Miller Ridge Elementary (2008)					
Square feet	59,970	59,970	59,970	59,970	59,970
Capacity (students)	498	498	498	498	498
Enrollment	401	378	300	424	472
Percent of Capacity (3)	81%	76%	60%	85%	455
Site Acreage	37	37	37	37	37
Rosa Parks Elementary (2007)					
Square feet	90,626	90,626	60,923	60,923	60,923
Capacity (students)	944	944	651	651	651
Enrollment	556	581	392	541	569
Percent of Capacity (3)	59%	62%	60%	83%	87%
Site Acreage	8	8	8	8	8
New Wildwood Elementary (1959) (4) (2008)					
Square feet	60,923	60,923	60,923	60,923	60,923
Capacity (students)	630	630	630	630	630
Enrollment	416	440	403	543	568
Percent of Capacity (3)	66%	70%	64%	86%	90%
Site Acreage	4	4	4	4	4



<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
66,970	66,970	66,970	66,970	66,970
510	553	553	518	518
420	410	426	515	476
82%	74%	77%	99%	92%
17	17	17	17	17
42,000	42,000	42,000	42,000	42,000
398	400	400	350	350
354	325	326	316	360
89%	81%	82%	90%	103%
7	7	7	7	7
59,970	59,970	59,970	59,970	59,970
567	525	525	503	503
482	461	458	575	453
85%	88%	87%	114%	90%
12	12	12	12	12
60,923	60,923	60,923	60,923	60,923
575	575	575	503	503
476	439	458	478	426
83%	76%	80%	95%	85%
5	5	5	5	5
60,923	60,923	60,923	60,923	60,923
624	575	575	503	503
486	531	518	552	505
78%	92%	90%	110%	100%
5	5	5	5	5
59,970	59,970	59,970	59,970	59,970
498	525	525	503	503
455	472	457	510	467
91%	90%	87%	101%	93%
37	37	37	37	37
60,923	60,923	60,923	60,923	60,923
651	575	575	503	503
578	590	555	772	699
89%	103%	97%	153%	139%
8	8	8	8	8
60,923	60,923	60,923	60,923	60,923
630	575	575	503	503
556	563	540	612	543
88%	98%	94%	122%	108%
4	4	4	4	4

(Continued)

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

SCHOOL BUILDING INFORMATION (CONTINUED)  
LAST TEN FISCAL YEARS  
SCHEDULE 16

School	2023	2022	2021	2020	2018
<b>Middle Schools</b>					
Steven Vail Middle (1923)					
Square feet	(16)	(16)	(16)	(16)	221,160
Capacity (students)	(16)	(16)	(16)	(16)	1,435
Enrollment	(16)	(16)	(16)	(16)	936
Percent of Capacity (3)	(16)	(16)	(16)	(16)	65%
Site Acreage	(16)	(16)	(16)	(16)	3
George M. Verity Middle (1968)					
Square feet	(13)	(13)	(13)	(13)	(13)
Capacity (students)	(13)	(13)	(13)	(13)	(13)
Enrollment	(13)	(13)	(13)	(13)	(13)
Percent of Capacity (3)	(13)	(13)	(13)	(13)	(13)
Site Acreage	(13)	(13)	(13)	(13)	(13)
Middletown Middle School					
Square feet	133,719	133,719	133,719	133,719	(15)
Capacity (students)	1,435	1,435	1,435	900	(15)
Enrollment	954	984	755	993	(15)
Percent of Capacity (3)	66%	69%	53%	110%	(15)
Site Acreage	3	3	3	3	(15)
<b>High Schools</b>					
Middletown High (1969)(2018)(14)					
Square feet	311,052	311,052	311,052	224,000	224,000
Capacity (students)	1,800	1,800	1,800	1,800	1,800
Enrollment	1,711	1,552	1,231	1,401	1,348
Percent of Capacity (3)	95%	86%	68%	78%	75%
Site Acreage	8	8	8	5	8

**Source:** District records

(3) - Enrollment divided by Capacity

(4) - Annexed 1993

(13) - Sold building in 2015

(14) - High School Renovated in 2017-2018, Manchester torn down in 2018

(15) - Middletown Middle School opened in 2019-2020 school year

(16) - Steven Val Middle School was demolished during fiscal year 2020.

2017	2016	2015	2014	2013
221,160	221,160	221,160	221,160	221,160
1,435	1,435	1,435	1,576	1,576
966	865	895	1,042	841
67%	60%	62%	66%	53%
3	3	3	3	3
(13)	(13)	(13)	81,589	81,589
(13)	(13)	(13)	653	653
(13)	(13)	(13)	-	-
(13)	(13)	(13)	0%	0%
(13)	(13)	(13)	39	39
(15)	(15)	(15)	(15)	(15)
(15)	(15)	(15)	(15)	(15)
(15)	(15)	(15)	(15)	(15)
(15)	(15)	(15)	(15)	(15)
(15)	(15)	(15)	(15)	(15)
224,000	363,627	363,627	363,627	363,627
1,800	2,178	2,178	2,178	2,178
1,388	1,430	1,447	1,404	1,773
77%	66%	66%	64%	81%
8	8	8	8	8

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# OHIO AUDITOR OF STATE KEITH FABER



**MIDDLETOWN CITY SCHOOL DISTRICT**

**BUTLER COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 3/5/2024**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)