



OHIO AUDITOR OF STATE
KEITH FABER



MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY
JUNE 30, 2025

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**MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Assistance Listing Number	Total Expenditures of Federal Awards
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education and Workforce</i>		
Child Nutrition Cluster:		
Non-Cash Assistance (Food Distribution)		
National School Lunch Program	10.555	294,338
Cash Assistance		
School Breakfast Program	10.553	1,327,244
National School Lunch Program	10.555	2,907,617
Cash Assistance Total		4,234,861
Total Child Nutrition Cluster		4,529,199
Total U.S. Department of the Agriculture		4,529,199
U.S DEPARTMENT OF THE TREASURY		
<i>Passed Through the Ohio Office of Management and Budget</i>		
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - School Safety	21.027	336,345
Total U.S. Department of the Treasury		336,345
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education and Workforce</i>		
Title I Grants to Local Educational Agencies	84.010A	3,582,034
Title I Grants to Local Educational Agencies- Expanding Opportunities	84.010A	35,929
Total Title I Grants to Local Educational Agencies		3,617,963
Special Education Cluster:		
Special Education-Grants to States (IDEA, Part B)	84.027A	1,972,171
IDEA Early Childhood Special Education	84.173A	33,635
Total Special Education Cluster		2,005,806
Education for Homeless Children and Youth	84.196A	39,813
English Language Acquisition State Grants	84.365A	127,259
Supporting Effective Instruction State Grants	84.367A	491,714
Student Support and Academic Enrichment Program	84.424A	314,909
Student Support and Academic Enrichment Program - Stronger Connections Grant	84.424F	139,789
Total Student Support and Academic Enrichment Program		454,698
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund - ARP	84.425U	4,653,468
Total U.S. Department of Education		11,390,721
Total Expenditures of Federal Awards		16,256,265

The accompanying notes are an integral part of this schedule.

**MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Middletown City School District (the District) under programs of the federal government for the year ended June 30, 2025 and is prepared in accordance with the cash basis of accounting. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B - SUMMARY OF 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 Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C - INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE E - FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

OHIO AUDITOR OF STATE KEITH FABER

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Middletown City School District
Butler County
One Donham Plaza, 4th Floor
Middletown, Ohio 45042

To the Board of Education:

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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Middletown City School District, Butler County, Ohio (the District) as of and for the year ended June 30, 2025, 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 19, 2025 wherein we noted that the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) No. 101, *Compensated Absences*.

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 opinion 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 District'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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*.

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.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 19, 2025

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Middletown City School District
Butler County
One Donham Plaza, 4th Floor
Middletown, Ohio 45042

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Middletown City School District's, Butler County, (District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Middletown City School District's major federal programs for the year ended June 30, 2025. Middletown City School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Middletown City School District complied, in all material respects, with the 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, 2025.

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 *Auditor's 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

The District's 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.

Auditor's 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 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 *Auditor's 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.

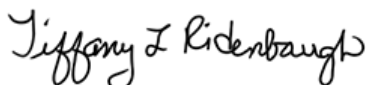
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 this 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 Middletown City School District, Butler County, (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated December 19, 2025. Our opinion also explained that the District adopted Governmental Accounting Standard No. 101 during the year. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. We have not performed any procedures on the audited financial statements subsequent to December 19, 2025. 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. The schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

February 23, 2026

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**MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2025**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	10.553, 10.555 Child Nutrition Cluster 84.425U Education Stabilization Fund - Elementary and Secondary Education
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None noted.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted.

MIDDLETOWN CITY SCHOOL DISTRICT BUTLER COUNTY, OHIO



ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE
FISCAL YEAR ENDED JUNE 30, 2025**

ANNUAL
COMPREHENSIVE FINANCIAL REPORT
OF THE
MIDDLETOWN CITY
SCHOOL DISTRICT
BUTLER COUNTY, OHIO
FOR THE
FISCAL YEAR ENDED JUNE 30, 2025

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, 2025**

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INTRODUCTORY SECTION



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Middletown City Schools
www.middletowncityschools.com

Office of the Treasurer

ONE DONHAM PLAZA
4th FLOOR
MIDDLETOWN, OHIO 45042

December 19, 2025

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, 2025, is hereby submitted. This report, prepared by the Treasurer's office, includes an opinion from our auditor, the Ohio Auditor of State 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 36.4% of the tax revenue of the District paid by business and industry.

During the 2024-25 school year, the District had 5,989 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 building 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 2026 is 5,643.

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, 2025, were as follows:

Board Member	Began Service	Term Expires	Profession
Mrs. Ramsey-Hunter	November, 2024	December, 2025	Social Services
Dr. Chris Urso	January, 2016	December, 2027	College Professor
Mrs. Verlena Stewart	August, 2024	December, 2027	CBI Non-Profit Executive Director
Mrs. Anita Scheibert	January, 2016	December, 2027	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 2023. 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 38 years of experience in education to which 27 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 24 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 751 full and part-time staff members during the 2024-25 school year, which is four less than the previous 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 six-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 during the course 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. 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 was engaged in a school construction program within the Classroom Facilities Assistance Program of the Ohio Facilities Construction Commission. The master plan was developed for the construction or renovation of all district 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 the construction of six new and two renovated elementary schools was approved by voters in November 2003, and construction began in 2004. The construction was completed, and the District worked with the State to reconcile the project funding with the OFCC in May 2025.

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 consisted of the construction of a new middle school and the renovation of the existing high school. The November 2013 ballot issue was defeated; however, in May 2014, the District successfully passed a \$55,000,000 bond issue to complete the District-wide construction program, of which \$45,000,000 was utilized to complete the Phase II projects. The District worked with the Ohio Facilities Construction Commission, its architects, bond counsel, 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, the renovation of the high school, and the razing of other vacant school buildings. Groundbreaking for these projects occurred in April 2016, and the ribbon cutting to open the new middle school, the renovated high school, and the arena took place on September 1, 2018. The construction was completed, and the District worked with the State to close out the project with the OFCC.

In May 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 scheduled to expire on December 31, 2010. The substitute levy was successfully approved by voters.

The remaining \$10,000,000 bond proceeds from the 2014 issue were used to add classroom space to Rosa Parks Elementary School to relieve space issues from the other six elementary buildings. This new facility was constructed to educate up to 350 students in 29,703 square feet with creative and innovative instructional design. The construction was completed, and the District worked with the State to close out the project with the OFCC in May 2025.

While the District continually strived to control rising costs and improve financial efficiencies, the District did not foresee the need to ask voters for increased operating revenue in the five-year forecasted period.

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 February 2025, the Middletown City School District's Board of Education worked with the District's Treasurer to pass a General Fund Cash Reserve Policy benchmarking 75 days of cash on hand at the end of the 3rd year of the most current financial forecast to be the minimum operational benchmark for determining cash needs for the General Fund. The District will work to maintain a cash balance of not more than 150 days of cash on hand at the end of the 3rd year of the most current financial forecast. 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 assumes 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. The Ohio Auditor of State performed the audit for the fiscal year ended June 30, 2025. 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 Middletown City School District for its Annual Comprehensive Financial Report for the fiscal year ending June 30, 2024. 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, 2024. The District believes that the Annual Comprehensive Financial Report for fiscal year June 30, 2025, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

ACKNOWLEDGEMENTS

The preparation of the 2025 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, 2025

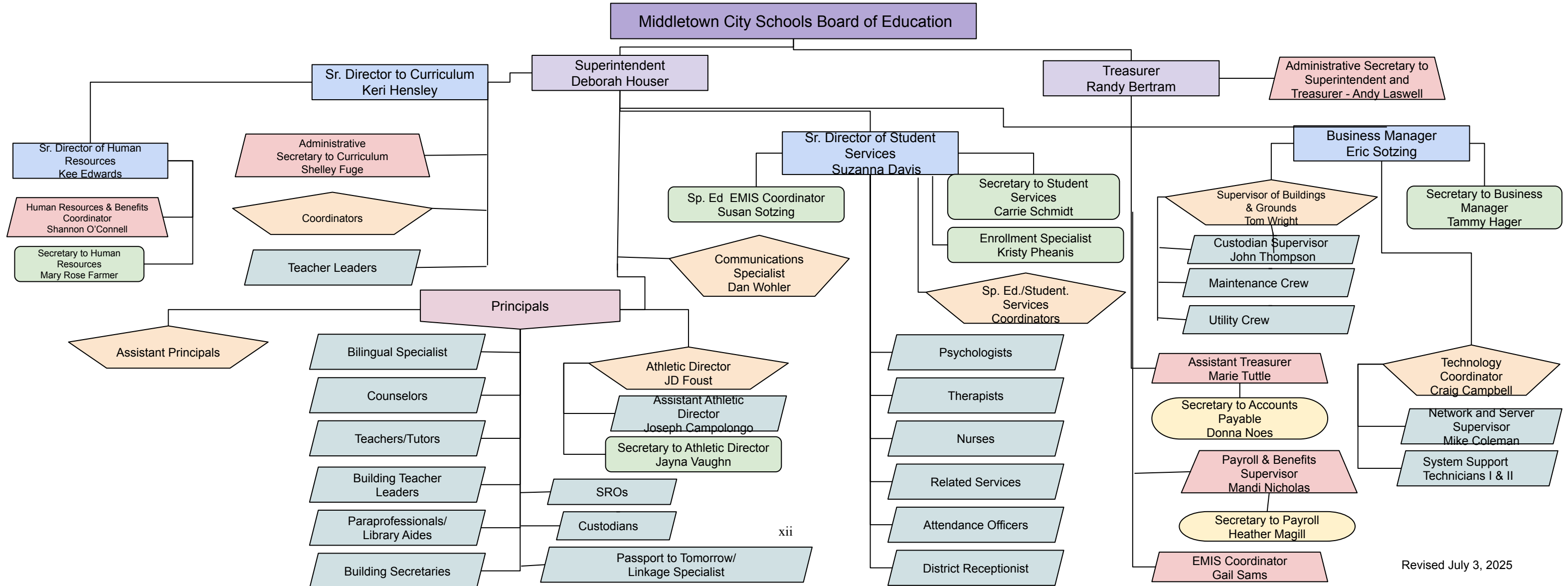
BOARD OF EDUCATION

President	Dr. Chris Urso
Vice President	Mrs. Anita Scheibert
Board Member	Ms. Verlana Stewart
Board Member	Mr. Todd Moore
Board Member	Mrs. Tara Ramsey-Hunter

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 - Special Ed.	Ms. Nicole Wolfrom
Curriculum Coordinator K-5	Mrs. Tracy Neeley
Curriculum Coordinator 6-12	Ms. Melissa Prohaska
Curriculum Coordinator K-12 Programs	
Director of Athletics	Mr. Justin Foust
Legal Counsel	Jack Hemenway, Esq. - Frost, Brown & Todd, Attorneys at Law

Middletown City Schools - Organizational Chart 2024-2025





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, 2024.**

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



Ryan S. Stechschulte
President

James M. Rowan, CAE, SFO
CEO/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, 2024

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



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OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

Middletown City School District
Butler County
One Donham Plaza, 4th Floor
Middletown, Ohio 45042

To the Board of Education:

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, Butler County, Ohio (District), as of and for the year ended June 30, 2025, 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, Butler County, Ohio as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with the 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. Our responsibilities under those standards are further described in the *Auditor's 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.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2025, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

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

information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

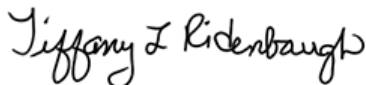
Management is responsible for the other information included in the annual financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do 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 19, 2025, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 19, 2025

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(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, 2025. 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 2025 are as follows:

- In total, net position of governmental activities increased \$17,954,675 which represents a 61.35% increase from June 30, 2024's net position.
- General revenues accounted for \$96,357,976 in revenue or 75.18% all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$31,819,646 or 24.82%.
- The District had \$110,222,947 in expenses related to governmental activities; \$31,819,646 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 \$96,357,976 were adequate to provide for these programs.
- The District has three major funds which include the general fund, the elementary and secondary school emergency relief fund, and the bond retirement fund. The general fund had \$96,517,904 in revenues and other financing sources and \$90,470,655 in expenditures and other financing uses. The general fund's fund balance increased \$6,047,249 from \$26,965,854 to \$33,013,103.
- The elementary and secondary school emergency relief fund had \$2,221,028 in revenues and \$5,568,754 in expenditures. The elementary and secondary school emergency relief fund's fund balance decreased \$3,347,726 from \$(39,872) to \$(3,387,598).
- The bond retirement fund had \$9,407,494 in revenues and \$7,388,999 in expenditures. The bond retirement fund's fund balance increased \$2,018,495 from \$9,472,626 to \$11,491,121.

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 elementary and secondary school emergency relief (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 2025?" 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, 2025
(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.

Reporting the District's Most Significant Funds

Fund Financial Statements

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 elementary and secondary school emergency relief (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.

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.

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 and Elementary and Secondary School Emergency Relief (ESSER) fund budgetary information, net pension liability, net OPEB liability/asset and contributions.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

The District as a Whole

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

The table below provides a summary of the District's net position at June 30, 2025 and June 30, 2024.

	Governmental Activities <u>2025</u>	Governmental Activities <u>2024</u>	Percent <u>Change</u>
<u>Assets</u>			
Current and other assets	\$ 119,855,530	\$ 111,045,062	7.93 %
Net OPEB asset	5,110,049	5,199,662	(1.72) %
Capital assets, net	<u>152,204,498</u>	<u>148,247,327</u>	2.67 %
Total assets	<u>277,170,077</u>	<u>264,492,051</u>	4.79 %
<u>Deferred Outflows of Resources</u>			
Unamortized deferred loss on debt refunding	1,857,670	1,938,128	(4.15) %
Pension	15,103,079	17,714,242	(14.74) %
OPEB	<u>3,579,541</u>	<u>4,245,557</u>	(15.69) %
Total deferred outflows of resources	<u>20,540,290</u>	<u>23,897,927</u>	(14.05) %
<u>Liabilities</u>			
Current liabilities	14,642,133	11,947,912	22.55 %
Long-term liabilities:			
Due within one year	7,489,655	4,758,605	57.39 %
Due in more than one year:			
Net pension liability	68,345,605	74,919,764	(8.77) %
Net OPEB liability	3,338,710	5,135,016	(34.98) %
Other amounts	<u>99,767,769</u>	<u>92,779,160</u>	7.53 %
Total liabilities	<u>193,583,872</u>	<u>189,540,457</u>	2.13 %
<u>Deferred Inflows of Resources</u>			
Property taxes and PILOTs levied for next year	40,104,983	43,280,101	(7.34) %
Unamortized deferred gain on debt refunding	78,316	133,600	(41.38) %
Pension	8,256,810	5,400,257	52.90 %
OPEB	<u>8,465,499</u>	<u>8,671,897</u>	(2.38) %
Total deferred inflows of resources	<u>56,905,608</u>	<u>57,485,855</u>	(1.01) %
<u>Net Position</u>			
Net investment in capital assets	65,507,456	61,883,921	5.86 %
Restricted	24,397,730	21,407,506	13.97 %
Unrestricted (deficit)	<u>(42,684,299)</u>	<u>(41,927,761)</u>	1.80 %
Total net position	<u>\$ 47,220,887</u>	<u>\$ 41,363,666</u>	14.16 %

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

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.

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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2025, the District's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$47,220,887. Net position increased \$5,857,221 from June 30, 2024's net position.

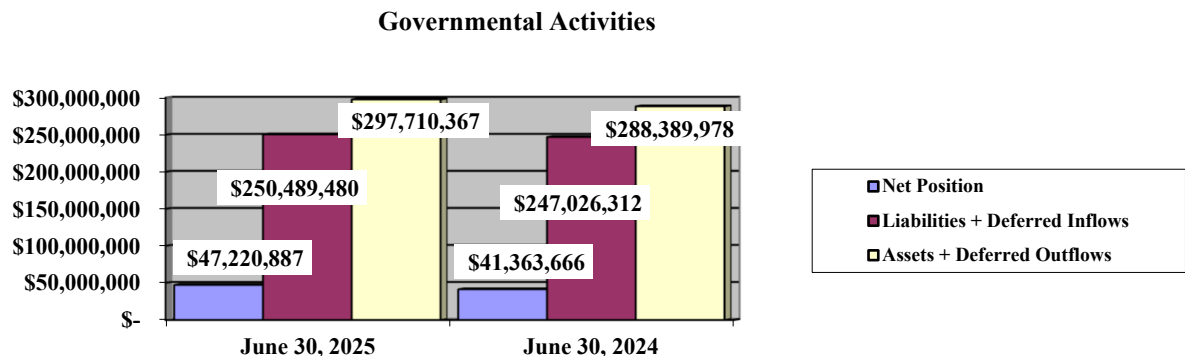
Assets of the District increased \$12,678,026 or 4.79%. Current assets increased \$8,810,468 or 7.93%. The most significant increases were in the areas of equity in pooled cash and cash equivalents and intergovernmental receivable. The increase in equity in pooled cash is the result of an increase in State foundation fund and the increase in intergovernmental receivable was the result of grants waiting for reimbursement at year-end. At year-end, capital assets represented 54.91% of total assets. Capital assets include land, construction in progress, buildings and improvements, equipment, and intangible right-to-use assets. Net investment in capital assets at June 30, 2025 were \$65,507,456. 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 increased due to construction at the District.

Liabilities of the District increased \$4,043,415 or 2.13%. The most significant increases were in the areas of due within one year and other long-term liabilities. The net pension liability decreased due to changes at the pension systems and the other long-term liabilities increased due to larger compensated absences liability due to the implementation of GASB 101.

A portion of the District's net position, \$24,397,730, represents resources that are subject to external restriction on how they may be used. Of the restricted net position, \$7,193,706 is restricted for food service operations, \$5,110,049 is restricted for Other Postemployment Benefits (OPEB) and \$4,711,987 is restricted for capital projects. The remaining balance of unrestricted net position is (\$42,684,299).

The graph below shows the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2025 and June 30, 2024.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

The table below shows the change in net position for fiscal years 2025 and 2024. The net position at June 30, 2025 has been restated as described in Note 3.

Change in Net Position

	Governmental Activities <u>2025</u>	Governmental Activities <u>2024</u>	Percentage <u>Change</u>
<u>Revenues</u>			
Program revenues:			
Charges for services and sales	\$ 2,197,701	\$ 2,495,604	(11.94) %
Operating grants and contributions	29,293,403	32,639,304	(10.25) %
Capital grants and contributions	328,542	417,718	100.00 %
General revenues:			
Taxes	44,961,368	37,405,724	20.20 %
Payment in lieu of taxes	1,046,775	2,031,774	(48.48) %
Grants and entitlements not restricted	47,491,478	43,359,154	9.53 %
Investment earnings	2,705,183	2,287,235	18.27 %
Other	<u>153,172</u>	<u>656,329</u>	(76.66) %
Total revenues	<u>128,177,622</u>	<u>121,292,842</u>	5.68 %
<u>Expenses</u>			
Program expenses:			
Instruction:			
Regular	35,516,066	34,652,519	2.49 %
Special	15,888,008	15,787,036	0.64 %
Vocational	204,094	174,699	16.83 %
Other	8,788,551	9,140,894	(3.85) %
Support services:			
Pupil	8,929,987	8,706,503	2.57 %
Instructional staff	3,178,285	3,758,567	(15.44) %
Board of education	65,090	72,496	(10.22) %
Administration	6,313,654	6,237,640	1.22 %
Fiscal	1,986,169	1,452,563	36.74 %
Business	307,993	277,218	11.10 %
Operations and maintenance	8,745,342	7,698,607	13.60 %
Pupil transportation	7,730,488	7,636,646	1.23 %
Central	2,069,579	1,790,159	15.61 %
Operations of non-instructional services	5,854,620	5,459,599	7.24 %
Extracurricular activities	1,478,773	1,427,994	3.56 %
Interest expense	<u>3,166,248</u>	<u>3,194,104</u>	(0.87) %
Total expenses	<u>110,222,947</u>	<u>107,467,244</u>	2.56 %
Change in net position	17,954,675	13,825,598	29.87 %
Net position as previously reported	41,363,666	27,538,068	(50.21) %
Restatement - change in accounting principle	(12,097,454)	-	(100.00) %
Net position, beginning of year (restated)	<u>29,266,212</u>	<u>27,538,068</u>	(6.28) %
Net position, end of year	<u>\$ 47,220,887</u>	<u>\$ 41,363,666</u>	14.16 %

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

Governmental Activities

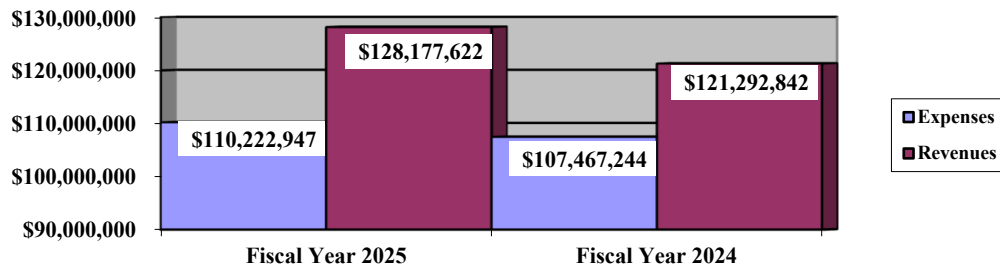
Net position of the District's governmental activities increased \$17,954,675 in fiscal year 2025. Total governmental expenses of \$110,222,947 were offset by program revenues of \$31,819,646 and general revenues of \$96,357,976 during fiscal year 2025. Program revenues supported 28.87% of the total governmental expenses during fiscal year 2025.

Revenues of the District increased \$6,884,780 or 5.68%. Taxes increased due to higher property valuations within the District. Unrestricted grants and entitlements increased due to higher State foundation money received compared to the previous fiscal year. Investment earnings increased due to higher interest rates earned on investments.

Overall, expenses of the governmental activities increased \$2,755,703 or 2.56%. This increase is primarily the result of an increase in salaries and wages paid to employees.

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2025 and 2024.

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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

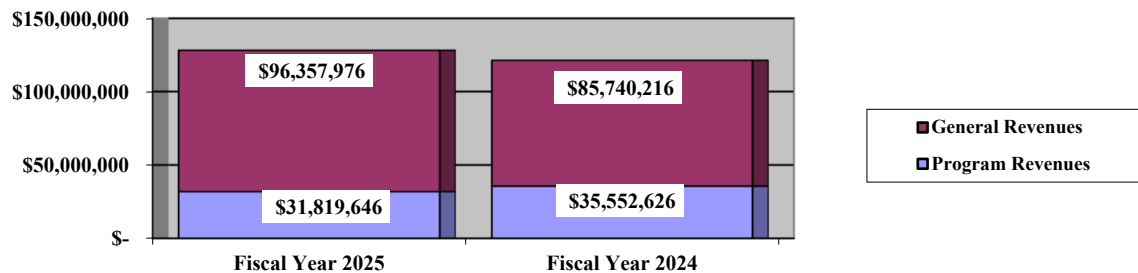
Governmental Activities

	Total Cost of Services <u>2025</u>	Net Cost of Services <u>2025</u>	Total Cost of Services <u>2024</u>	Net Cost of Services <u>2024</u>
Program expenses				
Instruction:				
Regular	\$ 35,516,066	\$ 30,029,253	\$ 34,652,519	\$ 29,480,421
Special	15,888,008	5,202,895	15,787,036	4,668,571
Vocational	204,094	201,679	174,699	169,214
Other	8,788,551	8,788,551	9,140,894	8,847,394
Support services:				
Pupil	8,929,987	6,788,674	8,706,503	4,686,271
Instructional staff	3,178,285	152,048	3,758,567	781,418
Board of education	65,090	65,090	72,496	57,187
Administration	6,313,654	6,231,326	6,237,640	6,153,772
Fiscal	1,986,169	1,986,169	1,452,563	1,452,563
Business	307,993	307,993	277,218	277,218
Operations and maintenance	8,745,342	6,818,878	7,698,607	5,027,770
Pupil transportation	7,730,488	5,908,040	7,636,646	4,985,702
Central	2,069,579	2,068,883	1,790,159	1,778,531
Operations of non-instructional services	5,854,620	(461,691)	5,459,599	(768,748)
Extracurricular activities	1,478,773	1,149,265	1,427,994	1,123,230
Interest expense	3,166,248	3,166,248	3,194,104	3,194,104
Total	\$ 110,222,947	\$ 78,403,301	\$ 107,467,244	\$ 71,914,618

The dependence upon tax and other general revenues for governmental activities is apparent, 73.22% of instruction activities were supported through taxes and other general revenues during fiscal year 2025. For all governmental activities, general revenue support was 71.13% in fiscal year 2025. 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 2025 and 2024.

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, 2025
(UNAUDITED)**

The District's Funds

The District's governmental funds reported a combined fund balance of \$57,859,859, which is more than last year's total of \$51,385,513. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2025 and 2024.

	Fund Balance (Deficit) <u>June 30, 2025</u>	Fund Balance (Deficit) Adjusted <u>June 30, 2024</u>	Adjustment Changes in <u>Major Funds</u>	Fund Balance (Deficit) as Previously Reported <u>June 30, 2024</u>	<u>Change</u>
General	\$ 33,013,103	\$ 26,965,854	\$ -	\$ 26,965,854	\$ 6,047,249
ESSER	(3,387,598)	(39,872)	(39,872)	-	(3,387,598)
Bond retirement	11,491,121	9,472,626	-	9,472,626	2,018,495
Other Governmental	<u>16,767,233</u>	<u>14,986,905</u>	<u>39,872</u>	<u>14,947,033</u>	<u>1,820,200</u>
Total	<u>\$ 57,883,859</u>	<u>\$ 51,385,513</u>	<u>\$ -</u>	<u>\$ 51,385,513</u>	<u>\$ 6,498,346</u>

General Fund

The general fund increased \$6,047,249 during fiscal year 2025.

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

	2025 <u>Amount</u>	2024 <u>Amount</u>	<u>Change</u>	Percentage <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 34,575,583	\$ 29,340,792	\$ 5,234,791	17.84 %
Payment in lieu of taxes	985,332	1,967,889	(982,557)	(49.93) %
Tuition and fees	1,569,836	1,881,916	(312,080)	(16.58) %
Earnings on investments	2,301,390	1,901,384	400,006	(21.04) %
Intergovernmental	56,748,076	50,208,217	6,539,859	13.03 %
Other revenues	<u>284,512</u>	<u>356,683</u>	<u>(72,171)</u>	<u>(20.23) %</u>
Total	<u>\$ 96,464,729</u>	<u>\$ 85,656,881</u>	<u>\$ 10,807,848</u>	12.62 %
<u>Expenditures</u>				
Instruction	\$ 54,802,687	\$ 49,758,597	\$ 5,044,090	10.14 %
Support services	31,421,839	27,555,027	3,866,812	14.03 %
Operation of non-instructional services	61,757	45,999	15,758	34.26 %
Extracurricular activities	130,321	101,247	29,074	28.72 %
Capital outlay	52,925	-	52,925	100.00 %
Facilities acquisition and const.	-	1,079,420	(1,079,420)	(100.00) %
Debt service	<u>414,863</u>	<u>613,993</u>	<u>(199,130)</u>	<u>(32.43) %</u>
Total	<u>\$ 86,884,392</u>	<u>\$ 79,154,283</u>	<u>\$ 7,730,109</u>	9.77 %

Revenues of the general fund increased \$10,807,848 or 12.62%. Property taxes increased due to higher property valuations. Intergovernmental revenue increased \$6,539,859 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 \$7,730,109 or 9.77%. The most significant increase was in the area of instruction and support services. This increase was the result of increases in pupil transportation.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(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 \$88,959,842 were increased to \$89,201,456 in the final budget. Actual revenues and other financing sources were \$95,602,590.

General fund original appropriations (appropriated expenditures plus other financing uses) were \$93,514,532 and increased to \$97,637,082 in the final budget. Actual expenditures and other uses were \$92,048,335.

Elementary and Secondary School Emergency Relief Fund

The elementary and secondary school emergency relief fund had \$2,221,028 in revenues and \$5,568,754 in expenditures. The elementary and secondary school emergency relief fund's fund balance decreased \$3,347,726 from \$(39,872) to \$(3,387,598). The decrease was primarily due to an increase in facilities acquisition and construction.

Bond Retirement Fund

The bond retirement fund had \$9,407,494 in revenues and \$7,388,999 in expenditures. The bond retirement fund's fund balance increased \$2,018,495 from \$9,472,626 to \$11,491,121. The increase in fund balance was due to property tax collections exceeding scheduled principal and interest payments during fiscal year 2025.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2025, the District had \$152,204,498 invested in land, construction in progress, buildings and improvements, equipment, and intangible right-to-use assets. This entire amount is reported in governmental activities.

The following table shows June 30, 2025 balances compared to June 30, 2024.

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

	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
Land	\$ 1,926,171	\$ 1,926,171
Construction in progress	8,386,155	172,008
Buildings and improvements	135,839,620	139,672,602
Equipment	3,842,359	3,168,383
Intangible right-to-use assets	<u>2,210,193</u>	<u>3,308,163</u>
Total	<u>\$ 152,204,498</u>	<u>\$ 148,247,327</u>

The capital assets increased \$3,957,171. The capital assets increased due to current year additions of \$10,119,237, current year depreciation/amortization of \$6,083,725 and disposals of \$78,341 net of accumulated depreciation/amortization.

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, 2025
(UNAUDITED)**

Debt Administration

At June 30, 2025, the District had \$93,092,642 in general obligation bonds, the House Bill (HB) 264 debt, a notes payable – finance purchase, and leases & SBITAs payable outstanding. Of this total, \$4,969,010 is due within one year and \$88,123,632 is due in greater than one year.

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

Outstanding Debt, at Year End

	Governmental Activities <u>2025</u>	Governmental Activities <u>2024</u>
General obligation bonds and HB 264 debt	\$ 82,337,495	\$ 86,133,994
Premiums	5,843,114	6,384,616
Notes payable - finance purchase	3,925,000	2,185,000
Leases & SBITAs payable	<u>987,033</u>	<u>1,278,369</u>
Total	<u>\$ 93,092,642</u>	<u>\$ 95,981,979</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 \$34 million (cash basis) in fiscal year 2022 with an expected growth of 2.7% annually. All operating levies are continuous. The Board also implemented a cash carryover policy in 2015 to require in the general fund 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 2025 is \$65,337,362.

The District's cost-saving measures and revenue enhancement initiatives are yielding positive results, as reflected in the projected ending cash balances outlined in the five-year forecast. For fiscal years 2026 through 2030, the forecasted ending balances are as follows: \$32,351,924, \$34,354,240, \$37,150,023, \$37,849,263, and \$33,611,655, respectively. These projections indicate that all balances will exceed the Board's policy requirements for carryover funds.

Revenue is anticipated to increase steadily over the next four fiscal years due to enhanced state funding and improved tax collection due to higher appraised property values, with a leveling off expected in the fifth and final year of the forecast.

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, 2025
(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, 2025

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 65,650,600
Cash in segregated accounts	783,901
Receivables:	
Property taxes	43,609,627
Payment in lieu of taxes	985,332
Accounts	83,905
Accrued interest	194,924
Intergovernmental	8,446,626
Prepayments	87,200
Inventory held for resale	13,415
Net OPEB asset	5,110,049
Capital assets:	
Nondepreciable capital assets	10,312,326
Depreciable capital assets, net	141,892,172
Capital assets, net	152,204,498
Total assets	<u>277,170,077</u>
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	1,857,670
Pension	15,103,079
OPEB	3,579,541
Total deferred outflows of resources	<u>20,540,290</u>
Liabilities:	
Accounts payable	408,523
Contracts payable	3,386,348
Retainage payable	783,901
Accrued wages and benefits payable	8,177,088
Compensated absences payable	31,157
Intergovernmental payable	216,192
Pension and postemployment benefits payable	1,361,939
Accrued interest payable	276,985
Long-term liabilities:	
Due within one year	7,489,655
Due in more than one year:	
Net pension liability	68,345,605
Net OPEB liability	3,338,710
Other amounts due in more than one year	99,767,769
Total liabilities	<u>193,583,872</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	39,119,651
Payment in lieu of taxes levied for the next fiscal year	985,332
Unamortized deferred gain on debt refunding	78,316
Pension	8,256,810
OPEB	8,465,499
Total deferred inflows of resources	<u>56,905,608</u>
Net position:	
Net investment in capital assets	65,507,456
Restricted for:	
Capital projects	4,711,987
OPEB	5,110,049
Classroom facilities maintenance	1,894,370
Debt service	5,167,042
Federally funded programs	181
Food service operations	7,193,706
Extracurricular programs	90,043
Other purposes	230,352
Unrestricted (deficit)	(42,684,299)
Total net position	<u>\$ 47,220,887</u>

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, 2025

			Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental activities:						
Instruction:						
Regular	\$ 35,516,066	\$ 1,469,137	\$ 4,017,676	\$ -	\$ (30,029,253)	
Special	15,888,008	196,768	10,488,345	-	(5,202,895)	
Vocational	204,094	-	2,415	-	(201,679)	
Other	8,788,551	-	-	-	(8,788,551)	
Support services:						
Pupil	8,929,987	40,567	2,100,746	-	(6,788,674)	
Instructional staff	3,178,285	-	3,026,237	-	(152,048)	
Board of education	65,090	-	-	-	(65,090)	
Administration	6,313,654	-	82,328	-	(6,231,326)	
Fiscal	1,986,169	-	-	-	(1,986,169)	
Business	307,993	-	-	-	(307,993)	
Operations and maintenance	8,745,342	9,947	1,587,975	328,542	(6,818,878)	
Pupil transportation	7,730,488	292	1,822,156	-	(5,908,040)	
Central	2,069,579	24	672	-	(2,068,883)	
Operation of non-instructional services:						
Food service operations	4,533,919	167,673	5,055,453	-	689,207	
Other non-instructional services	1,320,701	6,675	1,086,510	-	(227,516)	
Extracurricular activities	1,478,773	306,618	22,890	-	(1,149,265)	
Interest expense	3,166,248	-	-	-	(3,166,248)	
Totals	\$ 110,222,947	\$ 2,197,701	\$ 29,293,403	\$ 328,542	(78,403,301)	
General revenues:						
Property taxes levied for:						
General purposes						34,788,184
Debt service						7,851,200
Capital outlay						1,830,594
Special revenue						491,390
Payments in lieu of taxes						1,046,775
Grants and entitlements not restricted to specific programs						47,491,478
Investment earnings						2,705,183
Miscellaneous						153,172
Total general revenues						96,357,976
Change in net position						17,954,675
Net position at beginning of year, as previously reported						41,363,666
Restatement - change in accounting principle						(12,097,454)
Net position at beginning of year , restated						29,266,212
Net position at end of year						\$ 47,220,887

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Elementary and Secondary School Emergency Relief	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents	\$ 36,388,873	\$ 2,606	\$ 10,981,431	\$ 18,277,690	\$ 65,650,600
Cash in segregated accounts	-	-	-	783,901	783,901
Receivables:					
Property taxes	33,941,088	-	7,238,000	2,430,539	43,609,627
Payment in lieu of taxes	985,332	-	-	-	985,332
Accounts	66,930	-	-	16,975	83,905
Accrued interest	194,924	-	-	-	194,924
Interfund loans	2,029,301	-	-	-	2,029,301
Intergovernmental	1,318,816	3,387,598	-	3,740,212	8,446,626
Prepayments	80,076	-	-	7,124	87,200
Inventory held for resale	-	-	-	13,415	13,415
Total assets	<u>\$ 75,005,340</u>	<u>\$ 3,390,204</u>	<u>\$ 18,219,431</u>	<u>\$ 25,269,856</u>	<u>\$ 121,884,831</u>
Liabilities:					
Accounts payable	\$ 179,232	\$ -	\$ -	\$ 229,291	\$ 408,523
Contracts payable	35,791	1,925,141	-	1,425,416	3,386,348
Retainage payable	-	-	-	783,901	783,901
Accrued wages and benefits payable	7,524,930	-	-	652,158	8,177,088
Compensated absences payable	31,157	-	-	-	31,157
Intergovernmental payable	201,835	-	-	14,357	216,192
Pension and postemployment benefits payable	1,256,454	-	-	105,485	1,361,939
Interfund loans payable	-	1,465,063	-	564,238	2,029,301
Total liabilities	<u>9,229,399</u>	<u>3,390,204</u>	<u>-</u>	<u>3,774,846</u>	<u>16,394,449</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	30,620,262	-	6,506,916	1,992,473	39,119,651
Payment in lieu of taxes levied for the next fiscal year	985,332	-	-	-	985,332
Delinquent property tax revenue not available	1,028,309	-	221,394	84,839	1,334,542
Intergovernmental revenue not available	16,597	3,387,598	-	2,650,465	6,054,660
Accrued interest not available	112,338	-	-	-	112,338
Total deferred inflows of resources	<u>32,762,838</u>	<u>3,387,598</u>	<u>6,728,310</u>	<u>4,727,777</u>	<u>47,606,523</u>
Fund balances:					
Nonspendable:					
Prepays	80,076	-	-	7,124	87,200
Restricted:					
Debt service	-	-	11,491,121	-	11,491,121
Capital projects	-	-	-	3,689,539	3,689,539
Classroom facilities maintenance	-	-	-	1,869,065	1,869,065
Food service operations	-	-	-	7,193,706	7,193,706
Non-public schools	-	-	-	42,251	42,251
Federally funded programs	-	-	-	649	649
Extracurricular	-	-	-	93,327	93,327
Other purposes	-	-	-	230,352	230,352
Committed:					
Capital projects	-	-	-	3,899,543	3,899,543
Assigned:					
Student instruction	336,121	-	-	-	336,121
Student and staff support	702,481	-	-	-	702,481
Facilities acquisition and construction	1,125	-	-	-	1,125
Other purposes	15,653	-	-	-	15,653
Unassigned (deficit)	<u>31,877,647</u>	<u>(3,387,598)</u>	<u>-</u>	<u>(258,323)</u>	<u>28,231,726</u>
Total fund balances	<u>33,013,103</u>	<u>(3,387,598)</u>	<u>11,491,121</u>	<u>16,767,233</u>	<u>57,883,859</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 75,005,340</u>	<u>\$ 3,390,204</u>	<u>\$ 18,219,431</u>	<u>\$ 25,269,856</u>	<u>\$ 121,884,831</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, 2025

Total governmental fund balances		\$ 57,883,859
<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.		152,204,498
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 1,334,542	
Accrued interest receivable	112,338	
Intergovernmental receivable	6,054,660	
Total		7,501,540
Unamortized premiums on bonds issued are not recognized in the funds.		(5,843,114)
Unamortized amounts on refundings are not recognized in the funds.		
Unamortized deferred loss on refunding	1,857,670	
Unamortized deferred gain on refunding	(78,316)	
Total		1,779,354
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(276,985)
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	15,103,079	
Deferred inflows - pension	(8,256,810)	
Net pension liability	(68,345,605)	
Deferred outflows - OPEB	3,579,541	
Deferred inflows - OPEB	(8,465,499)	
Net OPEB asset	5,110,049	
Net OPEB liability	(3,338,710)	
Total		(64,613,955)
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	(82,062,495)	
HB 264	(275,000)	
Notes payable - finance purchase	(3,925,000)	
Lease payable	(891,668)	
SBITAs payable	(95,365)	
Compensated absences	(14,164,782)	
Total		(101,414,310)
Net position of governmental activities		<u><u>\$ 47,220,887</u></u>

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, 2025

		(Formerly non-major)			
	General	Elementary and Secondary School Emergency Relief	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 34,575,583	\$ -	\$ 7,810,451	\$ 2,308,841	\$ 44,694,875
Intergovernmental	56,748,076	2,221,028	1,535,600	13,577,732	74,082,436
Investment earnings	2,301,390	-	-	612,592	2,913,982
Tuition and fees	1,569,836	-	-	-	1,569,836
Extracurricular	36,477	-	-	320,351	356,828
Rental income	2,657	-	-	960	3,617
Charges for services	92,195	-	-	174,963	267,158
Contributions and donations	31,445	-	-	269,789	301,234
Payment in lieu of taxes	985,332	-	61,443	-	1,046,775
Miscellaneous	121,988	-	-	14,646	136,634
Total revenues	<u>96,464,979</u>	<u>2,221,028</u>	<u>9,407,494</u>	<u>17,279,874</u>	<u>125,373,375</u>
Expenditures:					
Current:					
Instruction:					
Regular	33,134,547	549,390	-	648,524	34,332,461
Special	13,009,265	-	-	2,687,011	15,696,276
Vocational	187,505	-	-	-	187,505
Other	8,471,370	-	-	-	8,471,370
Support services:					
Pupil	7,923,240	9,537	-	823,549	8,756,326
Instructional staff	432,712	73,710	-	2,574,309	3,080,731
Board of education	63,117	-	-	-	63,117
Administration	5,939,395	-	-	82,364	6,021,759
Fiscal	1,285,730	-	82,268	567,117	1,935,115
Business	293,231	-	-	-	293,231
Operations and maintenance	6,969,092	206,390	-	1,286,871	8,462,353
Pupil transportation	6,773,405	-	-	752,847	7,526,252
Central	1,741,917	-	-	3,026	1,744,943
Operation of non-instructional services:					
Food service operations	-	-	-	4,332,601	4,332,601
Other non-instructional services	61,757	-	-	1,240,974	1,302,731
Extracurricular activities	130,321	-	-	1,343,813	1,474,134
Facilities acquisition and construction	-	4,729,727	-	4,377,421	9,107,148
Capital outlay	52,925	-	-	-	52,925
Debt service:					
Principal retirement	384,712	-	4,045,000	279,549	4,709,261
Interest	30,151	-	3,261,731	85,833	3,377,715
Total expenditures	<u>86,884,392</u>	<u>5,568,754</u>	<u>7,388,999</u>	<u>21,085,809</u>	<u>120,927,954</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,580,587</u>	<u>(3,347,726)</u>	<u>2,018,495</u>	<u>(3,805,935)</u>	<u>4,445,421</u>
Other financing sources (uses):					
Notes issued - finance purchase	-	-	-	2,000,000	2,000,000
Transfers in	-	-	-	3,586,263	3,586,263
Transfers (out)	(3,586,263)	-	-	-	(3,586,263)
Lease and SBITA transactions	52,925	-	-	-	52,925
Total other financing sources (uses)	<u>(3,533,338)</u>	<u>-</u>	<u>-</u>	<u>5,586,263</u>	<u>2,052,925</u>
Net change in fund balances	6,047,249	(3,347,726)	2,018,495	1,780,328	6,498,346
Fund balances as previously reported	26,965,854	-	9,472,626	14,947,033	51,385,513
Adjustment - changes in nonmajor to major fund	-	(39,872)	-	39,872	-
Fund balances at beginning of year, as adjusted	<u>26,965,854</u>	<u>(39,872)</u>	<u>9,472,626</u>	<u>14,986,905</u>	<u>51,385,513</u>
Fund balances at end of year	<u>\$ 33,013,103</u>	<u>\$ (3,387,598)</u>	<u>\$ 11,491,121</u>	<u>\$ 16,767,233</u>	<u>\$ 57,883,859</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, 2025

Net change in fund balances - total governmental funds	\$ 6,498,346
<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/amortization expense.	
Capital asset additions	\$ 10,119,237
Current year depreciation/amortization	<u>(6,083,725)</u>
Total	4,035,512
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.	(78,341)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	266,493
Earnings on investments	(19,185)
Intergovernmental	<u>2,556,939</u>
Total	2,804,247
Repayment of long-term obligation principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.	4,709,261
Issuance of leases and SBITAs 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.	(2,052,925)
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	3,640
Accreted interest on capital appreciation bonds	(308,501)
Amortization of bond premiums	541,502
Amortization of deferred charges	(80,458)
Amortization of deferred gains	<u>55,284</u>
Total	211,467
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	
Pension	6,979,296
OPEB	220,530
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	(5,872,853)
OPEB	1,026,545
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>(526,410)</u>
Change in net position of governmental activities	\$ 17,954,675

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, 2025**

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 218 classified personnel and 498 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, 2025**

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 \$323,086 for services provided during the year. Financial information can be obtained from SWOCA 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 the Butler Technology and Career Development Center 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, 2025**

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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.

Other governmental funds of the District are used to account for:

Nonmajor special revenue funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Nonmajor capital projects funds - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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, 2025, but which were levied to 2026 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.

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 inflows 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, negotiable certificates of deposit, U.S. Treasury notes, 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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 2025 amounted to \$2,301,390, which includes \$771,816 assigned from other funds. The food service, classroom facilities maintenance and auxiliary services special revenue funds and permanent improvement fund also received interest of \$173,947, \$42,825, \$15,667 and \$170,862, respectively. The building fund and construction fund received interest of \$73,041 and \$136,250, 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.

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. In addition, assets having an estimated useful life of more than one year that are below the capitalization threshold and not considered repair or maintenance costs are collectively capitalized on the financial statements when the aggregate of those assets are considered significant.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

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”. These amounts are eliminated in the governmental activities column on the statement of net position.

J. Compensated Absences

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, three types of leave qualify for liability recognition for compensated absences – vacation, sick, and personal leave. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The District’s policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The District 's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the District and, upon separation from service, the employee receives compensation in accordance with the severance policy. A liability for estimated value of sick leave that will be used by employees as time off and at separation is included in the liability for compensated absences.

Personal Time

The District’s policy permits employees to accumulate earned but unused personal time, which are eligible for payment at the employee's current pay rate upon separation from employment.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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. A resolution by the Board of Education would be necessary to modify or rescind the commitment.

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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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

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 75 days of cash on hand at the end of the 3rd year of the most current financial forecast to be the minimum operational benchmark for determining cash needs for the general fund. The District will work to maintain a cash balance of not more than 150 days of cash on hand at the end of the 3rd year of the most current financial forecast. 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, 2025.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2025, the District has implemented GASB Statement No. 101, "Compensated Absences" and GASB Statement No. 102, "Certain Risk Disclosures".

GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

GASB Statement No. 102 improves financial reporting by providing users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The implementation of GASB Statement No. 102 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2025 included the following individual fund deficit:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Miscellaneous State Grants	\$ 4,677
Title VI-B grant	57,089
Title III - Limited English Proficiency	11,762
Title II-A Grant	134,759
Title IV	48,493

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. Change within the Financial Reporting Entity

For fiscal year 2025, the District's elementary and secondary school emergency relief fund presentation was adjusted from nonmajor to major due to now meeting the qualitative threshold for a major fund. This change is separately displayed in the financial statements.

D. Restatement of Net Position

During fiscal year 2025, there was a change in accounting principle related to the implementation of GASB Statement No. 101, "Compensated Absences". The effect of changing the accounting principle is to decrease net position as previously reported. This is displayed where applicable in the financial statements as "restatement - change in accounting principle".

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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;
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".

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Deposits with Financial Institutions

At June 30, 2025, the carrying amount of all District deposits was \$5,746,414 and the bank balance of all District deposits was \$6,194,966. Of the bank balance, \$250,000 was covered by the FDIC and \$5,944,966 was covered by the Ohio Pooled Collateral System.

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, 2025, the District had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement <u>Value</u>	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Fair Value:</i>						
Commercial paper	\$ 957,228	\$ 957,228	\$ -	\$ -	\$ -	\$ -
FFCB	1,536,006	-	-	267,365	-	1,268,641
FHLB	5,614,127	-	1,115,986	-	1,035,909	3,462,232
FHLMC	3,431,923	-	-	-	-	3,431,923
FNMA	800,056	-	-	800,056	-	-
Negotiable CDs	2,615,021	-	448,524	-	1,198,552	967,945
U.S. Treasury notes	3,890,830	248,935	-	-	-	3,641,895
U.S. Government money market	159,658	159,658	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	41,681,788	41,681,788	-	-	-	-
Total	<u>\$ 60,686,637</u>	<u>\$ 43,047,609</u>	<u>\$ 1,564,510</u>	<u>\$ 1,067,421</u>	<u>\$ 2,234,461</u>	<u>\$ 12,772,636</u>

The weighted average of maturity of investments is 0.97 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 Aa1 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.

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, 2025:

Measurement/ <u>Investment type</u>	Measurement <u>Value</u>	<u>% of Total</u>
<i>Fair Value:</i>		
Commercial paper	\$ 957,228	1.58
FFCB	1,536,006	2.53
FHLB	5,614,127	9.25
FHLMC	3,431,923	5.66
FNMA	800,056	1.32
Negotiable CDs	2,615,021	4.31
U.S. Treasury Notes	3,890,830	6.41
U.S. Government money market	159,658	0.26
<i>Amortized Cost:</i>		
STAR Ohio	<u>41,681,788</u>	<u>68.68</u>
Total	<u>\$ 60,686,637</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, 2025:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 5,746,414
Investments	60,686,637
Cash on hand	<u>1,450</u>
Total	<u>\$ 66,434,501</u>
<u>Cash and investments per statement of net position</u>	
Equity in pooled cash and cash equivalents	<u>\$ 66,434,501</u>
Total	<u>\$ 66,434,501</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund transfers for the year ended June 30, 2025, consisted of the following, as reported on the fund statements:

	<u>Amount</u>
<u>Transfers from general fund to:</u>	
Nonmajor governmental funds	<u>\$ 3,586,263</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, 2025, as reported on the fund statement:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	ESSER fund	\$ 1,465,063
General fund	Nonmajor governmental funds	<u>564,238</u>
Total		<u>\$ 2,029,301</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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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.

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar year 2025 represents collections of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed value listed as of January 1, 2024, 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 2025 represents collections of calendar year 2024 taxes. Public utility real and tangible personal property taxes received in calendar year 2024 became a lien December 31, 2023, were levied after April 1, 2024 and are collected in 2025 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, 2025, are available to finance fiscal year 2025 operations. The amount available as an advance at June 30, 2025 and 2024 were:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Major governmental funds:		
General fund	\$ 2,292,517	\$ 1,742,993
Bond retirement fund	509,690	5,568
Nonmajor governmental funds:		
Permanent improvement fund	162,647	189,083
Classroom facilities maintenance fund	190,580	191,483

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, 2025 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2025 taxes were collected are:

	2024 Second Half Collections		2025 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 999,035,260	89.96	\$ 1,024,583,680	89.66
Public utility personal	<u>111,517,710</u>	<u>10.04</u>	<u>118,176,510</u>	<u>10.34</u>
Total	<u>\$ 1,110,552,970</u>	<u>100.00</u>	<u>\$ 1,142,760,190</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation:	\$44.36		\$44.36	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2025 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.

**MIDDLETOWN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2025 was as follows.

	Balance 6/30/2024	Additions	Deductions	Balance 6/30/2025
<u>Governmental activities:</u>				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 1,926,171	\$ -	\$ -	\$ 1,926,171
Construction in progress	172,008	8,214,147	-	8,386,155
<i>Total capital assets, not being depreciated/amortized</i>	<u>2,098,179</u>	<u>8,214,147</u>	<u>-</u>	<u>10,312,326</u>
<i>Capital assets, being depreciated/amortized:</i>				
Buildings and improvements	189,167,596	36,600	(1,332,256)	187,871,940
Equipment	13,207,484	1,815,565	(2,644,981)	12,378,068
Intangible right to use:				
Leased equipment	752,708	-	-	752,708
Leased building	947,396	38,290	-	985,686
SBITAs	3,809,956	14,635	(440,824)	3,383,767
<i>Total capital assets, being depreciated/amortized</i>	<u>207,885,140</u>	<u>1,905,090</u>	<u>(4,418,061)</u>	<u>205,372,169</u>
<i>Less: accumulated depreciation/amortization:</i>				
Buildings and improvements	(49,494,994)	(4,219,240)	1,681,914	(52,032,320)
Equipment	(10,039,101)	(713,590)	2,216,982	(8,535,709)
Intangible right-to-use:				
Leased equipment	(411,331)	(150,542)	-	(561,873)
Leased building	(220,563)	(111,233)	-	(331,796)
SBITAs	(1,570,003)	(889,120)	440,824	(2,018,299)
<i>Total accumulated depreciation/amortization</i>	<u>(61,735,992)</u>	<u>(6,083,725)</u>	<u>4,339,720</u>	<u>(63,479,997)</u>
Total capital assets, net	<u>\$ 148,247,327</u>	<u>\$ 4,035,512</u>	<u>\$ (78,341)</u>	<u>\$ 152,204,498</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, 2025

NOTE 8 - CAPITAL ASSETS - (Continued)

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

Instruction:

Regular	\$ 2,329,791
Special	638,272
Vocational	7,391
Other	341,107

Support services:

Pupil	351,636
Instructional staff	132,780
Board of education	2,550
Administration	324,509
Fiscal	68,494
Business	13,285
Operations and maintenance	734,966
Pupil transportation	307,284
Central	502,204

Operation of non-instructional services:

Other non-instructional services	63,843
Food service operations	201,002
Extracurricular activities	<u>64,611</u>
Total depreciation/amortization expense	<u>\$ 6,083,725</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, 2025

NOTE 9 - LONG-TERM OBLIGATIONS

- A. Due to the implementation of GASB Statement No. 101 (see Note 3 for detail), the District has restated the compensated absences as of June 30, 2024 which is reflected in the schedule below. During fiscal year 2025, the following changes in governmental activities long-term obligations.

	Restated Balance 6/30/24	Additions	Deductions	Balance 6/30/25	Amount Due Within One Year
<u>Governmental Activities:</u>					
General obligation bonds:					
2007 refunding bonds:					
2007 current interest and term bonds	\$ 25,530,000	\$ -	\$ -	\$ 25,530,000	\$ -
Premium on 2007 refunding bonds	806,099	-	(107,472)	698,627	-
2015 general obligation bonds	40,000	-	(5,000)	35,000	5,000
Premium on 2015 general obligation bonds	983,947	-	(132,667)	851,280	-
2016 refunding bonds:					
Current interest and term	10,400,000	-	(3,335,000)	7,065,000	3,465,000
Premium on 2016 refunding bonds	292,116	-	(120,874)	171,242	-
2018 general obligation bonds	8,955,000	-	(120,000)	8,835,000	85,000
Premium on 2018 general obligation bonds	91,762	-	(8,038)	83,724	-
2019 refunding bonds:					
Current interest and term	39,105,000	-	(585,000)	38,520,000	600,000
Capital appreciation bonds	865,000	-	-	865,000	-
Accreted interest	903,994	308,501	-	1,212,495	-
Premium on 2019 refunding bonds	4,210,692	-	(172,451)	4,038,241	-
Total general obligation bonds	<u>92,183,610</u>	<u>308,501</u>	<u>(4,586,502)</u>	<u>87,905,609</u>	<u>4,155,000</u>
House Bill (HB) 264 notes					
2014 HB 264 energy conservation note	<u>335,000</u>	<u>-</u>	<u>(60,000)</u>	<u>275,000</u>	<u>65,000</u>
Total HB 264 notes	<u>335,000</u>	<u>-</u>	<u>(60,000)</u>	<u>275,000</u>	<u>65,000</u>
Other long-term obligations:					
Notes payable - finance purchase	2,185,000	2,000,000	(260,000)	3,925,000	395,000
Leases payable	1,109,404	38,290	(256,026)	891,668	262,010
SBITAs payable	168,965	14,635	(88,235)	95,365	92,000
Net pension liability	74,919,764	-	(6,574,159)	68,345,605	-
Net OPEB liability	5,135,016	-	(1,796,306)	3,338,710	-
Compensated absences*	<u>13,638,374</u>	<u>526,408</u>	<u>-</u>	<u>14,164,782</u>	<u>2,520,645</u>
Total other long-term obligations	<u>97,156,523</u>	<u>2,579,333</u>	<u>(8,974,726)</u>	<u>90,761,130</u>	<u>3,269,655</u>
Total Long-Term Obligations	<u>\$ 189,675,133</u>	<u>\$ 2,887,834</u>	<u>\$ (13,621,228)</u>	<u>\$ 178,941,739</u>	<u>\$ 7,489,655</u>

*The change in compensated absences is shown as a net change.

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
BUTLER COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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, 2025, \$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, 2025, 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, 2025 was \$7,465,000.

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, 2025, there were \$101,221 in unspent bond proceeds.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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, 2025 was \$42,190,000.

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 \$903,994 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	<u>General Obligation Bonds</u>		<u>Capital Appreciation Bonds</u>		<u>HB 264 Notes</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	6,205,000	2,488,471	-	-	75,000	-
2030	6,535,000	2,182,021	-	-	-	-
2031 - 2035	17,770,000	7,177,432	585,000	4,920,000	-	-
2036 - 2040	6,885,000	5,647,123	280,000	3,630,000	-	-
2041 - 2045	13,490,000	3,723,916	-	-	-	-
2046 - 2049	13,935,000	1,021,643	-	-	-	-
Total	<u>\$ 79,985,000</u>	<u>\$ 31,169,620</u>	<u>\$ 865,000</u>	<u>\$ 8,550,000</u>	<u>\$275,000</u>	<u>\$ 20,426</u>

Notes Payable – Finance Purchase

The District entered in a notes payable - finance purchase agreement with Sterling Bank for various building upgrades and a transportation garage. The notes carry an interest rate of 1.37% and have a final maturity date of December 1, 2037. During fiscal year 2025, the District made \$260,000 in principal payments and \$85,833 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, 2025

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>
2026	\$ 395,000	\$ 104,279	\$ 499,279
2027	410,000	95,053	505,053
2028	415,000	85,393	500,393
2029	425,000	75,582	500,582
2030	435,000	65,587	500,587
2031 - 2035	1,440,000	184,213	1,624,213
2036 - 2037	<u>405,000</u>	<u>16,789</u>	<u>421,789</u>
Total	<u>\$ 3,925,000</u>	<u>\$ 626,896</u>	<u>\$ 4,551,896</u>

Leases Payable

The District has entered into lease agreements for the intangible 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
Performing arts academy	2024	2	2026	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>
2026	\$ 262,010	\$ 12,185	\$ 274,195
2027	149,731	7,942	157,673
2028	73,240	6,116	79,356
2029	75,847	5,097	80,944
2030	78,522	4,041	82,563
2031 - 2034	<u>252,318</u>	<u>5,411</u>	<u>257,729</u>
Total	<u>\$ 891,668</u>	<u>\$ 40,792</u>	<u>\$ 932,460</u>

SBITA Payable

The District has entered into agreements for the intangible 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, 2025

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	Annual
OSC BoneFish Software	2023	5	2028	Annual
Schoolinks software	2023	3	2026	Annual
Navigate 360 software	2023	3	2026	Annual
One to One Plus Subscription	2024	2	2026	Annual

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 92,000	\$ 4,879	\$ 96,879
2027	3,365	172	3,537
Total	<u>\$ 95,365</u>	<u>\$ 5,051</u>	<u>\$ 100,416</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, 2025, are a voted debt margin of \$81,744,538 and an unvoted debt margin of \$1,142,760. 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 \$48,255,000 balance at June 30, 2025 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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, 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 under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire before August 1, 2017 *	Eligible to Retire on or 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. 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. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5% cost-of-living adjustment (COLA) for calendar year 2024.

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, 2025, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$1,591,308 for fiscal year 2025. Of this amount, \$181,098 is reported as pension and postemployment benefits payable.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers and other faculty members 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.

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. The calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of credited service. Effective August 1, 2023, any member can retire with unreduced benefits with 34 years of services credit at any age; or five years of service credit and age 65. Effective June 1, 2025 - July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age; or five years of service credit and age 65. Effective on or after August 1, 2027, any member can retire with unreduced benefits with 34 years of service credit at any age; or five years of service credit and age 65.

In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a permanent 1 percent COLA of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits effective Aug. 1, 2023, can retire with 29 years of service credit at any age; or five years of service credit and age 60. Effective June 1, 2025 - July 1, 2027, retirement eligibility for reduced benefits is 28 years of service credit at any age; or five years of service credit and age 60. Effective on or after Aug. 1, 2027, retirement eligibility for reduced benefits is 29 years of service credit at any age; or five years of service credit and age 60.

The DC Plan allows members to place all of their member contributions and 11.09% 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. The remaining 2.91% 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 is deposited into the member's DC account 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 at age 50 and after termination of employment.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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 2025 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2025, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$5,387,988 for fiscal year 2025. Of this amount, \$912,958 is reported as intergovernmental payable and pension and postemployment benefits payable.

Net 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, 2024, 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	0.313912700%	0.267353780%	
Proportion of the net pension liability current measurement date	<u>0.322703800%</u>	<u>0.269402430%</u>	
Change in proportionate share	<u>0.008791100%</u>	<u>0.002048650%</u>	
Proportionate share of the net pension liability	\$ 16,508,225	\$ 51,837,380	\$ 68,345,605
Pension expense	2,686,408	3,186,445	5,872,853

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ 630,270	\$ 3,264,400	\$ 3,894,670
Changes of assumptions	147,679	2,388,953	2,536,632
Difference between employer contributions and proportionate share of contributions/change in proportionate share	936,529	755,952	1,692,481
Contributions subsequent to the measurement date	<u>1,591,308</u>	<u>5,387,988</u>	<u>6,979,296</u>
Total deferred outflows of resources	<u>\$ 3,305,786</u>	<u>\$ 11,797,293</u>	<u>\$ 15,103,079</u>
	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 28,385	\$ 28,385
Net difference between projected and actual earnings on pension plan investments	1,032,582	4,456,959	5,489,541
Changes of assumptions	-	1,798,193	1,798,193
Difference between employer contributions and proportionate share of contributions/change in proportionate share	<u>-</u>	<u>940,691</u>	<u>940,691</u>
Total deferred inflows of resources	<u>\$ 1,032,582</u>	<u>\$ 7,224,228</u>	<u>\$ 8,256,810</u>

\$6,979,296 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, 2026.

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:			
2026	\$ (360,426)	\$ (2,699,204)	\$ (3,059,630)
2027	1,375,942	4,468,977	5,844,919
2028	(29,987)	(1,604,688)	(1,634,675)
2029	<u>(303,633)</u>	<u>(980,008)</u>	<u>(1,283,641)</u>
Total	<u>\$ 681,896</u>	<u>\$ (814,923)</u>	<u>\$ (133,027)</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 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. Future benefits for all current plan members were projected through 2137.

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2024 and June 30, 2023, are presented below:

	June 30, 2024	June 30, 2023
Inflation	2.40%	2.40%
Future salary increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
COLA or ad hoc COLA	2.00% on or after April 1, 2018, COLAs for future retirees will be delayed for 3 years following commencement	2.00% on or after April 1, 2018, COLAs for future retirees will be delayed for 3 years following commencement
Investment rate of return	7.00% net of system expenses	7.00% net of system expenses
Actuarial cost method	Entry age normal (level percent of payroll)	Entry age normal (level percent of payroll)

In 2024, mortality rates were based on the following:

Service Retirement: 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. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Disabled Retirement: 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.

Contingent Survivor: PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. Ohio Revised Code Section 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. 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.

As of June 30, 2024:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (geometric)
Cash	3.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
Total	100.00 %	

Discount Rate - Total pension liability for 2024 was calculated using the discount rate of 7.00%. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 20-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2024 was 14%. 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. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2024 was 9.31%.

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 proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the proportionate share of 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 rate.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 25,255,298	\$ 16,508,225	\$ 9,413,660

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2024 and June 30, 2023, actuarial valuations are presented below:

	June 30, 2024	June 30, 2023
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
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%, effective July 1, 2017	0.00%, effective July 1, 2017

For the June 30, 2024 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 Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, 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 Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2024 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.

**MIDDLETOWN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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:

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	26.00 %	6.90 %
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
Total	100.00 %	

* Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.40% and is net of investment expenses. Over a 30-year period, STRS' 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, 2024. 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' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. 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, 2024.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00%, as well as what the proportionate share of 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	\$ 83,622,779	\$ 51,837,380	\$ 24,952,394

Assumption and Benefit Changes Since the Prior Measurement Date - The discount rate remained at 7.00% for June 30, 2024 valuation.

Retirement rates were extended to younger ages intended to ensure that the ranges in retirement eligibility impacted participants at such ages.

Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

**MIDDLETOWN CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. 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 under Employers/Audit Resources.

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

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, 2025, 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 2025, this amount was \$30,000. 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 2025, the District's surcharge obligation was \$220,530.

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 \$220,530 for fiscal year 2025. Of this amount, \$220,530 is reported as pension and postemployment benefits payable.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS Ohio health care plans include creditable prescription drug coverage.

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. All benefit recipients 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, 2025, STRS did not allocate any employer contributions to post-employment health care.

Net 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, 2024, and the total OPEB liability 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.

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	0.311695700%	0.267353780%	
Proportion of the net OPEB			
liability/asset current measurement date	<u>0.327808100%</u>	<u>0.269402430%</u>	
Change in proportionate share	<u>0.016112400%</u>	<u>0.002048650%</u>	
Proportionate share of the net			
OPEB liability	\$ 3,338,710	\$ -	\$ 3,338,710
Proportionate share of the net			
OPEB asset	-	(5,110,049)	(5,110,049)
OPEB expense	(17,004)	(1,009,541)	(1,026,545)

**MIDDLETOWN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 222,144	\$ 222,144
Net difference between projected and actual earnings on OPEB plan investments	16,299	-	16,299
Changes of assumptions	1,432,968	628,979	2,061,947
Difference between employer contributions and proportionate share of contributions/change in proportionate share	1,029,018	29,603	1,058,621
Contributions subsequent to the measurement date	<u>220,530</u>	<u>-</u>	<u>220,530</u>
Total deferred outflows of resources	<u>\$ 2,698,815</u>	<u>\$ 880,726</u>	<u>\$ 3,579,541</u>
	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 3,599,997	\$ 550,699	\$ 4,150,696
Net difference between projected and actual earnings on OPEB plan investments	-	219,411	219,411
Changes of assumptions	1,533,679	2,304,603	3,838,282
Difference between employer contributions and proportionate share of contributions/change in proportionate share	<u>242,937</u>	<u>14,173</u>	<u>257,110</u>
Total deferred inflows of resources	<u>\$ 5,376,613</u>	<u>\$ 3,088,886</u>	<u>\$ 8,465,499</u>

\$220,530 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, 2026.

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:			
2026	\$ (818,763)	\$ (775,926)	\$ (1,594,689)
2027	(597,074)	(341,536)	(938,610)
2028	(394,951)	(437,716)	(832,667)
2029	(260,854)	(407,763)	(668,617)
2030	(255,947)	(329,787)	(585,734)
Thereafter	<u>(570,739)</u>	<u>84,568</u>	<u>(486,171)</u>
Total	<u>\$ (2,898,328)</u>	<u>\$ (2,208,160)</u>	<u>\$ (5,106,488)</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2024 and June 30, 2023 are presented below:

	June 30, 2024	June 30, 2023
Inflation	2.40%	2.40%
Future salary increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
Investment rate of return	7.00% net of investment expense, including inflation	7.00% net of investment expense, including inflation
Actuarial cost method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)
Fiduciary net position is projected to be depleted	2059	2048
Municipal bond index rate	3.93%	3.86%
Single equivalent interest rate, net of plan investment expense, including price inflation	4.88%	4.27%
Medical trend assumption	7.00 to 4.40%	6.75 to 4.40%

In 2024, the following mortality assumptions were used:

Healthy Retirees - 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.

Disabled Retirees - 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.

Contingent Survivors - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Mortality Projection - Mortality rates are projected using a fully generational projection with Scale MP-2020.

In the prior measurement date, the following mortality assumptions were used:

Healthy Retirees - 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.

Disabled Retirees - 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.

Contingent Survivors - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.

Mortality Projection - Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

The long-term expected rate on plan assets of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent five-year experience study was performed for the period covering fiscal years 2016 through 2020, and was adopted by the Board on April 15, 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 (expected return, net of investment expense and inflation) 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 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 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.

As of June 30, 2024:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (geometric)</u>
Cash	3.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
Total	<u>100.00 %</u>	

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2024, was 4.88%. The discount rate used to measure total OPEB liability prior to June 30, 2024, was 4.27%. 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 is projected to be depleted in 2059 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2023 and the June 30, 2024 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 was 3.93% at June 30, 2024 and 3.86% at June 30, 2023.

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 proportionate share of the net OPEB liability, what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.88%) and higher (5.88%) than the current discount rate (4.88%). Also shown is what the proportionate share of 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	\$ 4,452,051	\$ 3,338,710	\$ 2,454,010

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 2,256,843	\$ 3,338,710	\$ 4,760,737

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2024 actuarial valuation, compared with June 30, 2023 actuarial valuation, are presented below:

	June 30, 2024		June 30, 2023	
Projected salary increases	Varies by service from 2.50% to 8.50%		Varies by service from 2.50% to 8.50%	
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%	
Discount rate of return	7.00%		7.00%	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	3.94%	7.50%	4.14%
Medicare	-112.22%	3.94%	-10.94%	4.14%
Prescription Drug				
Pre-Medicare	8.00%	3.94%	-11.95%	4.14%
Medicare	-15.14%	3.94%	1.33%	4.14%

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

For the June 30, 2024 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 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.

Actuarial assumptions used in the June 30, 2024 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, 2024 valuation.

Benefit Term Changes Since the Prior Measurement Date - Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2025. The larger Medicare trends for Years 2027 and 2028 reflect the assumed impact of the expiration of current Medicare Advantage contract on December 31, 2028.

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 %	6.90 %
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
Total	<u>100.00 %</u>	

* Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.40% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed STRS 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, 2024. Therefore, the long-term expected rate of return on health care plan investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2024.

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, 2024, calculated using the current period discount rate assumption of 7.00%, as well as what the proportionate share of 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 proportionate share of 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	\$ 4,154,808	\$ 5,110,049	\$ 5,941,318

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 5,997,469	\$ 5,110,049	\$ 4,042,812

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, 2025, 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 and Workforce (ODEW) 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. Adjustments from ODEW have been finalized and those adjustments did not result a material adjustment.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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, 2024	\$ -
Current year set-aside requirement	1,414,426
Current year offsets	<u>(2,586,285)</u>
Total	<u>\$ (1,171,859)</u>
Balance carried forward to fiscal year 2025	<u>\$ -</u>
Set-aside reserve balance June 30, 2025	<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 - COMMITMENTS

A. 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	\$ 954,988
ESSER	2,182,087
Nonmajor governmental	<u>780,880</u>
Total	<u>\$ 3,917,955</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 15 - COMMITMENTS - (Continued)

B. Contractual Commitments

As of June 30, 2025, the School District had the following contractual commitments outstanding:

<u>Vendor</u>	<u>Total Contract</u>	<u>Amount Paid</u>	<u>Remaining Commitment at June 30</u>
The Motz Group LLC	\$ 757,000	\$ (757,000)	\$ -
Prodigy Building Solution LLC	735,148	(697,545)	37,603
Ohio Facilities Constrecton Company	488,088	(488,088)	-
Conger Construction Group Inc	7,671,576	(3,484,419)	4,187,157
Webster Bank N.A.	350,640	(345,834)	4,806
Total	<u>\$ 10,002,452</u>	<u>\$ (5,772,886)</u>	<u>\$ 4,229,566</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. During fiscal year 2025, the District received \$985,322 in payment in lieu of taxes.

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 2025, 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, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - over (under) Actual Amounts</u>
	<u>Original</u>	<u>Final</u>		
Budgetary revenues and other financing sources	\$ 88,959,842	\$ 89,201,456	\$ 95,602,590	\$ 6,401,134
Budgetary expenditures and other financing uses	93,514,532	97,637,082	92,048,335	(5,588,747)
Net change in fund balance	(4,554,690)	(8,435,626)	3,554,255	11,989,881
Budgetary fund balance at beginning of year	29,352,023	29,352,023	29,352,023	-
Prior year encumbrances appropriated	884,392	884,392	884,392	-
Budgetary fund balance at end of year	<u>\$ 25,681,725</u>	<u>\$ 21,800,789</u>	<u>\$ 33,790,670</u>	<u>\$ 11,989,881</u>

SEE ACCOMPANYING NOTES TO THE 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)
ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget -</u>
			<u>Basis</u>	<u>over (under)</u>
				<u>Actual Amounts</u>
Budgetary revenues and other financing sources	\$ 9,402,611	\$ 10,897,264	\$ 5,260,771	\$ (5,636,493)
Budgetary expenditures and other financing uses	10,283,546	10,292,567	8,759,696	(1,532,871)
Net change in fund balance	(880,935)	604,697	(3,498,925)	(4,103,622)
Budgetary fund balance(deficit) at beginning of year	(1,485,632)	(1,485,632)	(1,485,632)	-
Prior year encumbrances appropriated	880,935	880,935	880,935	-
Budgetary fund balance(deficit) at end of year	<u>\$ (1,485,632)</u>	<u>\$ -</u>	<u>\$ (4,103,622)</u>	<u>\$ (4,103,622)</u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.322703800%	\$ 16,508,225	\$ 14,339,421	115.12%	78.52%
2024	0.313912700%	17,345,294	13,492,207	128.56%	76.06%
2023	0.295912400%	16,005,244	10,338,429	154.81%	75.82%
2022	0.252235300%	9,306,751	9,420,564	98.79%	82.86%
2021	0.269669500%	17,836,509	9,864,914	180.81%	68.55%
2020	0.265458900%	15,882,871	9,599,770	165.45%	70.85%
2019	0.245890600%	14,082,610	8,257,481	170.54%	71.36%
2018	0.238606800%	14,256,229	7,748,207	183.99%	69.50%
2017	0.253074200%	18,522,696	8,169,900	226.72%	62.98%
2016	0.250621200%	14,300,689	6,936,912	206.15%	69.16%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 1,591,308	\$ (1,591,308)	\$ -	\$ 11,366,486	14.00%
2024	2,007,519	(2,007,519)	-	14,339,421	14.00%
2023	1,888,909	(1,888,909)	-	13,492,207	14.00%
2022	1,447,380	(1,447,380)	-	10,338,429	14.00%
2021	1,318,879	(1,318,879)	-	9,420,564	14.00%
2020	1,381,088	(1,381,088)	-	9,864,914	14.00%
2019	1,295,969	(1,295,969)	-	9,599,770	13.50%
2018	1,114,760	(1,114,760)	-	8,257,481	13.50%
2017	1,084,749	(1,084,749)	-	7,748,207	14.00%
2016	1,143,786	(1,143,786)	-	8,169,900	14.00%

(1) 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

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.269402430%	\$ 51,837,380	\$ 38,134,000	135.93%	82.55%
2024	0.267353780%	57,574,470	35,319,436	163.01%	80.02%
2023	0.273269540%	60,748,163	36,004,629	168.72%	78.88%
2022	0.269044316%	34,399,734	34,019,936	101.12%	87.78%
2021	0.259652520%	62,826,671	31,244,600	201.08%	75.48%
2020	0.259673540%	57,425,243	31,067,407	184.84%	77.40%
2019	0.257055250%	56,520,678	29,742,829	190.03%	77.31%
2018	0.238725080%	56,709,654	28,499,043	198.99%	75.30%
2017	0.241116590%	80,708,991	25,306,564	318.93%	66.80%
2016	0.254768350%	70,410,520	26,896,300	261.79%	72.10%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 5,387,988	\$ (5,387,988)	\$ -	\$ 38,485,629	14.00%
2024	5,338,760	(5,338,760)	-	38,134,000	14.00%
2023	4,944,721	(4,944,721)	-	35,319,436	14.00%
2022	5,040,648	(5,040,648)	-	36,004,629	14.00%
2021	4,762,791	(4,762,791)	-	34,019,936	14.00%
2020	4,374,244	(4,374,244)	-	31,244,600	14.00%
2019	4,349,437	(4,349,437)	-	31,067,407	14.00%
2018	4,163,996	(4,163,996)	-	29,742,829	14.00%
2017	3,989,866	(3,989,866)	-	28,499,043	14.00%
2016	3,542,919	(3,542,919)	-	25,306,564	14.00%

(1) 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

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE AND TEN FISCAL YEARS

Fiscal Year (1) (2)	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2025	0.327808100%	\$ 3,338,710	\$ 14,339,421	23.28%	44.50%
2024	0.311695700%	5,135,016	13,492,207	38.06%	30.02%
2023	0.299241300%	4,201,379	10,338,429	40.64%	30.34%
2022	0.258521800%	4,892,737	9,420,564	51.94%	24.08%
2021	0.278939000%	6,062,257	9,864,914	61.45%	18.17%
2020	0.271507500%	6,827,843	9,599,770	71.13%	15.57%
2019	0.248774000%	6,901,663	8,257,481	83.58%	13.57%
2018	0.241749500%	6,487,921	7,748,207	83.73%	12.46%
2017	0.255656190%	7,287,147	8,169,900	89.20%	11.49%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 220,530	\$ (220,530)	\$ -	\$ 11,366,486	2.00%
2024	229,758	(229,758)	-	14,339,421	1.60%
2023	166,777	(166,777)	-	13,492,207	1.24%
2022	178,380	(178,380)	-	10,338,429	1.73%
2021	158,849	(158,849)	-	9,420,564	1.69%
2020	174,956	(174,956)	-	9,864,914	1.77%
2019	211,208	(211,208)	-	9,599,770	2.20%
2018	172,656	(172,656)	-	8,257,481	2.09%
2017	129,996	(129,996)	-	7,748,207	1.68%
2016	125,902	(125,902)	-	8,169,900	1.54%

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE AND TEN FISCAL YEARS

Fiscal Year (1) (2)	District's Proportion of the Net OPEB Liability/(Asset)	District's Proportionate Share of the Net OPEB Liability/(Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2025	0.269402430%	\$ (5,110,049)	\$ 38,134,000	13.40%	158.01%
2024	0.267353780%	(5,199,662)	35,519,436	14.64%	168.52%
2023	0.273269540%	(7,075,857)	36,004,629	19.65%	230.73%
2022	0.269044316%	(5,672,579)	34,019,936	16.67%	174.73%
2021	0.259652520%	(4,563,391)	31,244,600	14.61%	182.10%
2020	0.259673540%	(4,300,816)	31,067,407	13.84%	174.74%
2019	0.257055250%	(4,130,615)	29,742,829	13.89%	176.00%
2018	0.238725080%	9,314,172	28,499,043	32.68%	47.10%
2017	0.241116590%	12,894,978	25,306,564	50.96%	37.30%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ -	\$ -	\$ -	\$ 38,485,629	0.00%
2024	-	-	-	38,134,000	0.00%
2023	-	-	-	35,319,436	0.00%
2022	-	-	-	36,004,629	0.00%
2021	-	-	-	34,019,936	0.00%
2020	-	-	-	31,244,600	0.00%
2019	-	-	-	31,067,407	0.00%
2018	-	-	-	29,742,829	0.00%
2017	-	-	-	28,499,043	0.00%
2016	-	-	-	25,306,564	0.00%

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1 - BUDGETARY PROCESS

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 statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and ESSER 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);
- (b) 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); and
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	<u>General fund</u>	<u>ESSER Fund</u>
Budget basis	\$ 3,554,255	\$ (3,498,925)
Net adjustment for revenue and other financing sources accruals	423,815	(3,039,743)
Net adjustment for expenditures and other financing accruals	2,056,391	(915,286)
Funds budgeted elsewhere	(1,137,292)	-
Adjustments for encumbrances	<u>1,150,080</u>	<u>4,106,228</u>
GAAP Basis	<u>\$ 6,047,249</u>	<u>\$ (3,347,726)</u>

As part of Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting”, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund. This includes the public school support fund, special enterprise fund and the employee benefits escrow fund.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- 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%.
- For fiscal year 2023, SERS changed from a Cost of Living Adjustment (COLA) of 2.0% to 2.5%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.
- There were no changes in benefit terms from the amounts reported for fiscal year 2025.

Change in assumptions:

- 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.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2025.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

- 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.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2024.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2025.

Changes in assumptions:

- 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: 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%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2025.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change 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.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.
- There were no changes in benefit terms from the amounts reported for fiscal year 2025.

Change 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%.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- 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%.
- For fiscal year 2024, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.69% to 3.86%, (b) single equivalent interest rate when from 4.08% to 4.27% and (c) medical trend assumptions went from 7.00% to 4.40% to 6.75% to 4.40%.
- For fiscal year 2025, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.86% to 3.93%, (b) single equivalent interest rate when from 4.27% to 4.88% and (c) medical trend assumptions went from 6.75% to 4.40% to 7.00% to 4.40%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change 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 non-Medicare 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.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- 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.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2024.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2025.

Change 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 prescription drug Medicare from (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- 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.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- For fiscal year 2024, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: medical Pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate; medical Medicare from - 68.78% initial - 3.94% ultimate to - 10.94% initial - 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial - 3.94% ultimate to - 11.95% initial - 4.14% ultimate; and prescription drug Medicare from - 5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.
- For fiscal year 2025, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: medical Pre-Medicare from 7.50% initial - 4.14% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from - 10.94% initial - 4.14% ultimate to - 112.22% initial - 3.94% ultimate; prescription drug Pre-Medicare from - 11.95% initial - 4.14% ultimate to 8.00% initial - 3.94% ultimate; and prescription drug Medicare from 1.33% initial - 4.14% ultimate to - 15.14% 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

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, 2025

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - over (under) Actual Amounts</u>
Spotlight & Neediest Kids & Medicaid Reserve Fund			
Budgetary revenues and other financing sources	\$ 371,400	\$ 371,211	\$ (189)
Budgetary expenditures and other financing uses	<u>2,155,627</u>	<u>1,511,749</u>	<u>(643,878)</u>
Net change in fund balances	(1,784,227)	(1,140,538)	643,689
Budgetary fund balance at beginning of year	2,201,272	2,201,272	-
Prior year encumbrances appropriated	<u>713</u>	<u>713</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 417,758</u></u>	<u><u>\$ 1,061,447</u></u>	<u><u>\$ 643,689</u></u>
Special Rotary Fund			
Budgetary revenues and other financing sources	\$ 3,103	\$ 3,103	\$ -
Budgetary expenditures and other financing uses	<u>8,370</u>	<u>4,436</u>	<u>(3,934)</u>
Net change in fund balances	(5,267)	(1,333)	3,934
Budgetary fund balance at beginning of year	299	299	-
Prior year encumbrances appropriated	<u>2,484</u>	<u>2,484</u>	<u>-</u>
Budgetary fund balance (deficit) at end of year	<u><u>\$ (2,484)</u></u>	<u><u>\$ 1,450</u></u>	<u><u>\$ 3,934</u></u>
Public School Support Fund			
Budgetary revenues and other financing sources	\$ 134,527	\$ 123,544	\$ (10,983)
Budgetary expenditures and other financing uses	<u>189,117</u>	<u>128,925</u>	<u>(60,192)</u>
Net change in fund balances	(54,590)	(5,381)	49,209
Budgetary fund balance at beginning of year	92,490	92,490	-
Prior year encumbrances appropriated	<u>14,117</u>	<u>14,117</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 52,017</u></u>	<u><u>\$ 101,226</u></u>	<u><u>\$ 49,209</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, 2025

	<u>Budgeted Amounts</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - over (under) Actual Amounts</u>
	<u>Final</u>		
Bond Retirement Fund			
Budgetary revenues and other financing sources	\$ 8,706,546	\$ 8,908,478	\$ 201,932
Budgetary expenditures and other financing uses	<u>7,397,000</u>	<u>7,394,105</u>	<u>(2,895)</u>
Net change in fund balances	1,309,546	1,514,373	204,827
Budgetary fund balance at beginning of year	<u>9,467,058</u>	<u>9,467,058</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 10,776,604</u></u>	<u><u>\$ 10,981,431</u></u>	<u><u>\$ 204,827</u></u>

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents	\$ 9,602,033	\$ 8,675,657	\$ 18,277,690
Cash in segregated accounts	-	783,901	783,901
Receivables:			
Property taxes	495,305	1,935,234	2,430,539
Accounts	16,975	-	16,975
Intergovernmental	1,343,353	2,396,859	3,740,212
Prepayments	7,124	-	7,124
Inventory held for resale	13,415	-	13,415
Total assets	<u>\$ 11,478,205</u>	<u>\$ 13,791,651</u>	<u>\$ 25,269,856</u>
Liabilities:			
Accounts payable	\$ 229,291	\$ -	\$ 229,291
Contracts payable	176,194	1,249,222	1,425,416
Retainage payable	-	783,901	783,901
Accrued wages and benefits payable	652,158	-	652,158
Intergovernmental payable	14,357	-	14,357
Pension and postemployment benefits payable	105,485	-	105,485
Interfund loans payable	564,238	-	564,238
Total liabilities	<u>1,741,723</u>	<u>2,033,123</u>	<u>3,774,846</u>
Deferred inflows of resources:			
Property taxes levied for the next year	279,420	1,713,053	1,992,473
Delinquent property tax revenue not available	25,305	59,534	84,839
Intergovernmental revenue not available	253,606	2,396,859	2,650,465
Total deferred inflows of resources	<u>558,331</u>	<u>4,169,446</u>	<u>4,727,777</u>
Fund balances:			
Nonspendable:			
Prepays	7,124	-	7,124
Restricted:			
Capital projects	-	3,689,539	3,689,539
Classroom facilities maintenance	1,869,065	-	1,869,065
Food service operations	7,193,706	-	7,193,706
Non-public schools	42,251	-	42,251
Federally funded programs	649	-	649
Extracurricular programs	93,327	-	93,327
Other puposes	230,352	-	230,352
Committed:			
Capital improvements	-	3,899,543	3,899,543
Unassigned (deficit)	<u>(258,323)</u>	<u>-</u>	<u>(258,323)</u>
Total fund balances	<u>9,178,151</u>	<u>7,589,082</u>	<u>16,767,233</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 11,478,205</u>	<u>\$ 13,791,651</u>	<u>\$ 25,269,856</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, 2025

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Property taxes	\$ 485,853	\$ 1,822,988	\$ 2,308,841
Intergovernmental	13,379,724	198,008	13,577,732
Investment earnings	232,439	380,153	612,592
Extracurricular	320,351	-	320,351
Rental income	960	-	960
Charges for services	174,963	-	174,963
Contributions and donations	269,789	-	269,789
Miscellaneous	14,646	-	14,646
Total revenues	<u>14,878,725</u>	<u>2,401,149</u>	<u>17,279,874</u>
Expenditures:			
Current:			
Instruction:			
Regular	405,358	243,166	648,524
Special	2,687,011	-	2,687,011
Support services:			
Pupil	823,549	-	823,549
Instructional staff	2,574,309	-	2,574,309
Administration	82,364	-	82,364
Fiscal	6,000	561,117	567,117
Operations and maintenance	566,762	720,109	1,286,871
Pupil transportation	656,647	96,200	752,847
Central	409	2,617	3,026
Operation of non-instructional services:			
Food service operations	4,332,601	-	4,332,601
Other non-instructional services	1,240,974	-	1,240,974
Extracurricular activities	1,343,813	-	1,343,813
Facilities acquisition and construction	15,831	4,361,590	4,377,421
Debt service:			
Principal retirement	19,549	260,000	279,549
Interest	-	85,833	85,833
Total expenditures	<u>14,755,177</u>	<u>6,330,632</u>	<u>21,085,809</u>
Excess of revenues over expenditures	<u>123,548</u>	<u>(3,929,483)</u>	<u>(3,805,935)</u>
Other financing sources:			
Notes issued - finance purchase	-	2,000,000	2,000,000
Transfers in	965,263	2,621,000	3,586,263
Total other financing sources	<u>965,263</u>	<u>4,621,000</u>	<u>5,586,263</u>
Net change in fund balances	1,088,811	691,517	1,780,328
Fund balances, previously reported	8,049,468	6,897,565	14,947,033
Adjustment - change from nonmajor to major fund	<u>(39,872)</u>	<u>-</u>	<u>(39,872)</u>
Fund balances at beginning of year, as adjusted	<u>8,089,340</u>	<u>6,897,565</u>	<u>14,986,905</u>
Fund balances at end of year	<u><u>\$ 9,178,151</u></u>	<u><u>\$ 7,589,082</u></u>	<u><u>\$ 16,767,233</u></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.

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.

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

Nonmajor Special Revenue Funds (Continued)

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.

Capital Projects

This fund is used to accumulate money for one more capital projects.

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2025

	Food Service	High School Awards	Other Grants	Classroom Facilities Maintenance
Assets:				
Equity in pooled cash and cash equivalents	\$ 7,211,284	\$ 26,906	\$ 188,275	\$ 1,678,485
Receivables:				
Property taxes	-	-	-	495,305
Accounts	-	1,100	15,000	-
Intergovernmental	50,371	-	-	-
Prepayments	-	-	-	-
Inventory held for resale	13,415	-	-	-
Total assets	<u>\$ 7,275,070</u>	<u>\$ 28,006</u>	<u>\$ 203,275</u>	<u>\$ 2,173,790</u>
Liabilities:				
Accounts payable	\$ 81,364	\$ -	\$ 929	\$ -
Contracts payable	-	-	-	-
Accrued wages and benefits payable	-	-	-	-
Intergovernmental payable	-	-	-	-
Pension and postemployment benefits payable	-	-	-	-
Interfund loans payable	-	-	-	-
Total liabilities	<u>81,364</u>	<u>-</u>	<u>929</u>	<u>-</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	-	-	-	279,420
Delinquent property tax revenue not available	-	-	-	25,305
Intergovernmental revenue not available	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>304,725</u>
Fund balances:				
Nonspendable:				
Prepays	-	-	-	-
Restricted:				
Classroom facilities maintenance	-	-	-	1,869,065
Food service operations	7,193,706	-	-	-
Non-public schools	-	-	-	-
Federally funded programs	-	-	-	-
Extracurricular	-	-	-	-
Other puposes	-	28,006	202,346	-
Unassigned (deficit)	-	-	-	-
Total fund balances (deficit)	<u>7,193,706</u>	<u>28,006</u>	<u>202,346</u>	<u>1,869,065</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 7,275,070</u>	<u>\$ 28,006</u>	<u>\$ 203,275</u>	<u>\$ 2,173,790</u>

Student Managed Activities	District Managed Activities	Auxiliary Services	Miscellaneous State Grants	Title VI-B Grant
\$ 90,043	\$ 65,776	\$ 253,754	\$ -	\$ -
-	-	-	-	-
-	225	-	-	-
-	-	-	1,174	261,786
-	1,513	570	40	1,025
-	-	-	-	-
<u>\$ 90,043</u>	<u>\$ 67,514</u>	<u>\$ 254,324</u>	<u>\$ 1,214</u>	<u>\$ 262,811</u>
\$ -	\$ 14,601	\$ 26,768	\$ -	\$ 677
-	-	118,948	-	48,487
-	35,570	58,170	3,583	127,407
-	394	715	52	1,298
-	12,152	6,902	1,082	28,164
-	-	-	1,174	55,753
-	62,717	211,503	5,891	261,786
-	-	-	-	-
-	-	-	-	-
-	-	-	-	58,114
-	-	-	-	58,114
-	1,513	570	40	1,025
-	-	-	-	-
-	-	-	-	-
-	-	42,251	-	-
-	-	-	-	-
90,043	3,284	-	-	-
-	-	-	-	-
-	-	-	(4,717)	(58,114)
<u>90,043</u>	<u>4,797</u>	<u>42,821</u>	<u>(4,677)</u>	<u>(57,089)</u>
<u>\$ 90,043</u>	<u>\$ 67,514</u>	<u>\$ 254,324</u>	<u>\$ 1,214</u>	<u>\$ 262,811</u>

(Continued)

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2025

	<u>Title III Grant</u>	<u>Title I Grant</u>	<u>Title IV-A Grant</u>	<u>Title II-A Grant</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ -	\$ 74,810	\$ 12,700	\$ -
Receivables:				
Property taxes	-	-	-	-
Accounts	-	650	-	-
Intergovernmental	28,454	697,531	169,097	134,940
Prepayments	98	3,498	199	181
Inventory held for resale	-	-	-	-
Total assets	<u>\$ 28,552</u>	<u>\$ 776,489</u>	<u>\$ 181,996</u>	<u>\$ 135,121</u>
Liabilities:				
Accounts payable	\$ -	\$ 66,514	\$ 7,428	\$ 31,010
Contracts payable	-	-	8,759	-
Accrued wages and benefits payable	14,432	397,366	11,100	4,530
Intergovernmental payable	210	11,461	161	66
Pension and postemployment benefits payable	4,185	50,214	1,554	1,232
Interfund loans payable	9,627	246,787	152,795	98,102
Total liabilities	<u>28,454</u>	<u>772,342</u>	<u>181,797</u>	<u>134,940</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	-	-	-	-
Delinquent property tax revenue not available	-	-	-	-
Intergovernmental revenue not available	11,860	-	48,692	134,940
Total deferred inflows of resources	<u>11,860</u>	<u>-</u>	<u>48,692</u>	<u>134,940</u>
Fund balances:				
Nonspendable:				
Prepays	98	3,498	199	181
Restricted:				
Classroom facilities maintenance	-	-	-	-
Food service operations	-	-	-	-
Non-public schools	-	-	-	-
Federally funded programs	-	649	-	-
Extracurricular	-	-	-	-
Other puposes	-	-	-	-
Unassigned (deficit)	(11,860)	-	(48,692)	(134,940)
Total fund balances (deficit)	<u>(11,762)</u>	<u>4,147</u>	<u>(48,493)</u>	<u>(134,759)</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 28,552</u>	<u>\$ 776,489</u>	<u>\$ 181,996</u>	<u>\$ 135,121</u>

**Total
Nonmajor
Special
Revenue Funds**

\$ 9,602,033

495,305

16,975

1,343,353

7,124

13,415

\$ 11,478,205

\$ 229,291

176,194

652,158

14,357

105,485

564,238

1,741,723

279,420

25,305

253,606

558,331

7,124

1,869,065

7,193,706

42,251

649

93,327

230,352

(258,323)

9,178,151

\$ 11,478,205

**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, 2025

	Food Service	High School Awards	Other Grants	Classroom Facilities Maintenance
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ 485,853
Intergovernmental	5,101,313	-	-	52,097
Investment earnings	173,947	-	-	42,825
Extracurricular	-	-	8,199	-
Rental income	-	-	-	-
Charges for services	174,963	-	-	-
Contributions and donations	-	33,813	230,948	-
Miscellaneous	-	-	-	-
Total revenues	<u>5,450,223</u>	<u>33,813</u>	<u>239,147</u>	<u>580,775</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	40,893	35,728	-
Special	-	-	-	-
Support services:				
Pupil	-	-	97,140	-
Instructional staff	-	-	-	-
Administration	-	-	-	-
Fiscal	-	-	-	6,000
Operations and maintenance	188,378	-	-	-
Pupil transportation	-	-	5,006	-
Central	-	-	409	-
Operation of non-instructional services:				
Food service operations	4,332,601	-	-	-
Other non-instructional services	-	-	-	-
Extracurricular activities	-	-	2,242	-
Facilities acquisition and construction	-	-	-	15,831
Debt service:				
Principal retirement	-	-	-	-
Total expenditures	<u>4,520,979</u>	<u>40,893</u>	<u>140,525</u>	<u>21,831</u>
Excess (deficiency) of revenues over (under) expenditures	<u>929,244</u>	<u>(7,080)</u>	<u>98,622</u>	<u>558,944</u>
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	929,244	(7,080)	98,622	558,944
Fund balances, previously reported	6,264,462	35,086	103,724	1,310,121
Adjustment - change from nonmajor to major fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at beginning of year, as adjusted	<u>6,264,462</u>	<u>35,086</u>	<u>103,724</u>	<u>1,310,121</u>
Fund balances (deficit) at end of year	<u><u>\$ 7,193,706</u></u>	<u><u>\$ 28,006</u></u>	<u><u>\$ 202,346</u></u>	<u><u>\$ 1,869,065</u></u>

Student Managed Activities	District Managed Activities	Auxiliary Services	Public School Preschool Grant	Data Communications Grant	Miscellaneous State Grants
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	828,064	297,500	19,911	70,771
-	-	15,667	-	-	-
38,000	274,152	-	-	-	-
-	960	-	-	-	-
-	-	-	-	-	-
26	5,002	-	-	-	-
305	14,341	-	-	-	-
<u>38,331</u>	<u>294,455</u>	<u>843,731</u>	<u>297,500</u>	<u>19,911</u>	<u>70,771</u>
-	-	-	-	-	5,350
-	-	-	297,500	-	-
-	-	-	-	-	43,994
-	-	-	-	20,372	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	32,524	943,606	-	-	26,142
33,581	1,307,990	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>33,581</u>	<u>1,340,514</u>	<u>943,606</u>	<u>297,500</u>	<u>20,372</u>	<u>75,486</u>
<u>4,750</u>	<u>(1,046,059)</u>	<u>(99,875)</u>	<u>-</u>	<u>(461)</u>	<u>(4,715)</u>
-	965,263	-	-	-	-
-	965,263	-	-	-	-
4,750	(80,796)	(99,875)	-	(461)	(4,715)
85,293	85,593	142,696	-	461	38
-	-	-	-	-	-
85,293	85,593	142,696	-	461	38
<u>\$ 90,043</u>	<u>\$ 4,797</u>	<u>\$ 42,821</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,677)</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, 2025

	<i>(formerly nonmajor)</i> Elementary and Secondary School Emergency	Title VI-B Grant	School Improvement Stimulus A Grant	Title III Grant
Revenues:				
Property taxes	\$ -	\$ -	\$ -	
Intergovernmental	1,989,723	5,598	129,860	
Investment earnings	-	-	-	
Extracurricular	-	-	-	
Rental income	-	-	-	
Charges for services	-	-	-	
Contributions and donations	-	-	-	
Miscellaneous	-	-	-	
Total revenues	<u>1,989,723</u>	<u>5,598</u>	<u>129,860</u>	
Expenditures:				
Current:				
Instruction:				
Regular	-	-	52,717	
Special	936,559	-	-	
Support services:				
Pupil	518,285	-	-	
Instructional staff	302,673	-	142	
Administration	82,364	-	-	
Fiscal	-	-	-	
Operations and maintenance	-	-	-	
Pupil transportation	173,114	-	-	
Central	-	-	-	
Operation of non-instructional services:				
Food service operations	-	-	-	
Other non-instructional services	26,594	-	113,762	
Extracurricular activities	-	-	-	
Facilities acquisition and construction	-	-	-	
Debt service:				
Principal retirement	-	-	-	
Total expenditures	<u>2,039,589</u>	<u>-</u>	<u>166,621</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>(49,866)</u>	<u>5,598</u>	<u>(36,761)</u>	
Other financing sources:				
Transfers in	-	-	-	
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	
Change in fund balance	(49,866)	5,598	(36,761)	
Fund balances, previously reported	(39,872)	(7,223)	(5,598)	24,999
Adjustment - change from nonmajor to major fund	<u>39,872</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
at beginning of year, as adjusted	(7,223)	(5,598)	24,999	
Fund balances (deficit) at end of year	<u>\$ (57,089)</u>	<u>\$ -</u>	<u>\$ (11,762)</u>	

Title I Grant	Title IV-A Grant	EHA Preschool Grant	Title II-A Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 485,853
3,752,241	394,145	33,635	376,324	328,542	13,379,724
-	-	-	-	-	232,439
-	-	-	-	-	320,351
-	-	-	-	-	960
-	-	-	-	-	174,963
-	-	-	-	-	269,789
-	-	-	-	-	14,646
<u>3,752,241</u>	<u>394,145</u>	<u>33,635</u>	<u>376,324</u>	<u>328,542</u>	<u>14,878,725</u>
-	270,670	-	-	-	405,358
1,419,317	-	33,635	-	-	2,687,011
57,007	107,123	-	-	-	823,549
1,649,148	112,182	-	489,792	-	2,574,309
-	-	-	-	-	82,364
-	-	-	-	-	6,000
-	-	-	-	378,384	566,762
478,527	-	-	-	-	656,647
-	-	-	-	-	409
-	-	-	-	-	4,332,601
68,636	22,287	-	7,423	-	1,240,974
-	-	-	-	-	1,343,813
-	-	-	-	-	15,831
19,549	-	-	-	-	19,549
<u>3,692,184</u>	<u>512,262</u>	<u>33,635</u>	<u>497,215</u>	<u>378,384</u>	<u>14,755,177</u>
<u>60,057</u>	<u>(118,117)</u>	<u>-</u>	<u>(120,891)</u>	<u>(49,842)</u>	<u>123,548</u>
-	-	-	-	-	965,263
-	-	-	-	-	965,263
60,057	(118,117)	-	(120,891)	(49,842)	1,088,811
(55,910)	69,624	-	(13,868)	49,842	8,049,468
-	-	-	-	-	39,872
<u>(55,910)</u>	<u>69,624</u>	<u>-</u>	<u>(13,868)</u>	<u>49,842</u>	<u>8,089,340</u>
<u>\$ 4,147</u>	<u>\$ (48,493)</u>	<u>\$ -</u>	<u>\$ (134,759)</u>	<u>\$ -</u>	<u>\$ 9,178,151</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, 2025

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - over (under) Actual Amounts</u>
Food Service Fund			
Budgetary revenues and other financing sources	\$ 5,212,008	\$ 5,109,781	\$ (102,227)
Budgetary expenditures and other financing uses	<u>6,486,053</u>	<u>5,167,377</u>	<u>(1,318,676)</u>
Net change in fund balances	(1,274,045)	(57,596)	1,216,449
Budgetary fund balance at beginning of year	5,334,070	5,334,070	-
Prior year encumbrances appropriated	<u>986,053</u>	<u>986,053</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 5,046,078</u></u>	<u><u>\$ 6,262,527</u></u>	<u><u>\$ 1,216,449</u></u>
High School Awards Fund			
Budgetary revenues and other financing sources	\$ 33,813	\$ 33,928	\$ 115
Budgetary expenditures and other financing uses	<u>45,086</u>	<u>42,480</u>	<u>(2,606)</u>
Net change in fund balances	(11,273)	(8,552)	2,721
Budgetary fund balance at beginning of year	34,721	34,721	-
Prior year encumbrances appropriated	<u>365</u>	<u>365</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 23,813</u></u>	<u><u>\$ 26,534</u></u>	<u><u>\$ 2,721</u></u>
Other Grants Fund			
Budgetary revenues and other financing sources	\$ 231,989	\$ 227,598	\$ (4,391)
Budgetary expenditures and other financing uses	<u>330,857</u>	<u>151,485</u>	<u>(179,372)</u>
Net change in fund balances	(98,868)	76,113	174,981
Budgetary fund balance at beginning of year	94,488	94,488	-
Prior year encumbrances appropriated	<u>5,857</u>	<u>5,857</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 1,477</u></u>	<u><u>\$ 176,458</u></u>	<u><u>\$ 174,981</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, 2025

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - over (under) Actual Amounts</u>
Classroom Facilities Maintenance Fund			
Budgetary revenues and other financing sources	\$ 500,000	\$ 581,192	\$ 81,192
Budgetary expenditures and other financing uses	<u>1,615,161</u>	<u>22,177</u>	<u>(1,592,984)</u>
Net change in fund balances	(1,115,161)	559,015	1,674,176
Budgetary fund balance at beginning of year	1,098,983	1,098,983	-
Prior year encumbrances appropriated	<u>16,178</u>	<u>16,178</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 1,674,176</u></u>	<u><u>\$ 1,674,176</u></u>
Student Managed Activities Fund			
Budgetary revenues and other financing sources	\$ 26,976	\$ 41,369	\$ 14,393
Budgetary expenditures and other financing uses	<u>81,553</u>	<u>43,791</u>	<u>(37,762)</u>
Net change in fund balances	(54,577)	(2,422)	52,155
Budgetary fund balance at beginning of year	74,999	74,999	-
Prior year encumbrances appropriated	<u>11,553</u>	<u>11,553</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 31,975</u></u>	<u><u>\$ 84,130</u></u>	<u><u>\$ 52,155</u></u>
District Managed Activities Fund			
Budgetary revenues and other financing sources	\$ 1,383,184	\$ 1,303,843	\$ (79,341)
Budgetary expenditures and other financing uses	<u>1,497,148</u>	<u>1,383,127</u>	<u>(114,021)</u>
Net change in fund balances	(113,964)	(79,284)	34,680
Budgetary fund balance at beginning of year	101,530	101,530	-
Prior year encumbrances appropriated	<u>8,593</u>	<u>8,593</u>	<u>-</u>
Budgetary fund balance (deficit) at end of year	<u><u>\$ (3,841)</u></u>	<u><u>\$ 30,839</u></u>	<u><u>\$ 34,680</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, 2025

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - over (under) Actual Amounts</u>
Auxiliary Services Fund			
Budgetary revenues and other financing sources	\$ 968,574	\$ 980,790	\$ 12,216
Budgetary expenditures and other financing uses	<u>1,170,613</u>	<u>1,106,437</u>	<u>(64,176)</u>
Net change in fund balances	(202,039)	(125,647)	76,392
Budgetary fund balance at beginning of year	178,884	178,884	-
Prior year encumbrances appropriated	<u>23,155</u>	<u>23,155</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 76,392</u></u>	<u><u>\$ 76,392</u></u>
Public School Preschool Grant Fund			
Budgetary revenues and other financing sources	\$ 297,500	\$ 297,500	\$ -
Budgetary expenditures and other financing uses	<u>297,500</u>	<u>297,500</u>	<u>-</u>
Net change in fund balances	-	-	-
Budgetary fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Data Communications Grant Fund			
Budgetary revenues and other financing sources	\$ 19,911	\$ 19,911	\$ -
Budgetary expenditures and other financing uses	<u>20,372</u>	<u>20,372</u>	<u>-</u>
Net change in fund balances	(461)	(461)	-
Budgetary fund balance at beginning of year	<u>461</u>	<u>461</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</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, 2025

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - over (under) Actual Amounts</u>
Miscellaneous State Grants Fund			
Budgetary revenues and other financing sources	\$ 80,738	\$ 76,507	\$ (4,231)
Budgetary expenditures and other financing uses	<u>80,738</u>	<u>76,507</u>	<u>(4,231)</u>
Net change in fund balances	-	-	-
Budgetary fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</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, 2025

	<u>Budgeted Amounts</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - over (under) Actual Amounts</u>
	<u>Final</u>		
Title VI-B Fund			
Budgetary revenues and other financing sources	\$ 2,620,221	\$ 2,047,161	\$ (573,060)
Budgetary expenditures and other financing uses	<u>2,639,241</u>	<u>2,309,488</u>	<u>(329,753)</u>
Net change in fund balances	(19,020)	(262,327)	(243,307)
Budgetary fund balance (deficit) at beginning of year	(1)	(1)	-
Prior year encumbrances appropriated	<u>139,241</u>	<u>139,241</u>	<u>-</u>
Budgetary fund balance (deficit) at end of year	<u><u>\$ 120,220</u></u>	<u><u>\$ (123,087)</u></u>	<u><u>\$ (243,307)</u></u>
 School Improvement Stimulus A Fund			
Budgetary revenues and other financing sources	\$ 44,841	\$ 44,841	\$ -
Budgetary expenditures and other financing uses	<u>44,841</u>	<u>44,841</u>	<u>-</u>
Net change in fund balances	-	-	-
Budgetary fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</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, 2025

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - over (under) Actual Amounts</u>
Title III Fund			
Budgetary revenues and other financing sources	\$ 197,304	\$ 129,485	\$ (67,819)
Budgetary expenditures and other financing uses	<u>203,259</u>	<u>135,440</u>	<u>(67,819)</u>
Net change in fund balances	(5,955)	(5,955)	-
Budgetary fund balance (deficit) at beginning of year	-	-	-
Prior year encumbrances appropriated	<u>5,955</u>	<u>5,955</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Title I Fund			
Budgetary revenues and other financing sources	\$ 4,828,146	\$ 3,779,686	\$ (1,048,460)
Budgetary expenditures and other financing uses	<u>4,784,528</u>	<u>4,228,487</u>	<u>(556,041)</u>
Net change in fund balances	43,618	(448,801)	(492,419)
Budgetary fund balance at beginning of year	43,749	43,749	-
Prior year encumbrances appropriated	<u>284,528</u>	<u>284,528</u>	<u>-</u>
Budgetary fund balance (deficit) at end of year	<u><u>\$ 371,895</u></u>	<u><u>\$ (120,524)</u></u>	<u><u>\$ (492,419)</u></u>
Title IV-A Fund			
Budgetary revenues and other financing sources	\$ 752,272	\$ 540,887	\$ (211,385)
Budgetary expenditures and other financing uses	<u>768,152</u>	<u>618,594</u>	<u>(149,558)</u>
Net change in fund balances	(15,880)	(77,707)	(61,827)
Budgetary fund balance at beginning of year	1	1	-
Prior year encumbrances appropriated	<u>68,152</u>	<u>68,152</u>	<u>-</u>
Budgetary fund balance (deficit) at end of year	<u><u>\$ 52,273</u></u>	<u><u>\$ (9,554)</u></u>	<u><u>\$ (61,827)</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, 2025

	<u>Budgeted Amounts</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - over (under) Actual Amounts</u>
	<u>Final</u>		
EHA Preschool Fund			
Budgetary revenues and other financing sources	\$ 37,682	\$ 37,390	\$ (292)
Budgetary expenditures and other financing uses	<u>37,682</u>	<u>37,390</u>	<u>(292)</u>
Net change in fund balances	-	-	-
Budgetary fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Title II-A Fund			
Budgetary revenues and other financing sources	\$ 1,045,054	\$ 549,752	\$ (495,302)
Budgetary expenditures and other financing uses	<u>1,109,323</u>	<u>725,185</u>	<u>(384,138)</u>
Net change in fund balances	(64,269)	(175,433)	(111,164)
Budgetary fund balance at beginning of year	11,360	11,360	-
Prior year encumbrances appropriated	<u>109,323</u>	<u>109,323</u>	<u>-</u>
Budgetary fund balance (deficit) at end of year	<u><u>\$ 56,414</u></u>	<u><u>\$ (54,750)</u></u>	<u><u>\$ (111,164)</u></u>
Miscellaneous Federal Grants Fund			
Budgetary expenditures and other financing uses	<u>\$ 672,689</u>	<u>\$ 336,345</u>	<u>\$ (336,344)</u>
Net change in fund balances	(672,689)	(336,345)	336,344
Budgetary fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	<u>336,345</u>	<u>336,345</u>	<u>-</u>
Budgetary fund balance (deficit) at end of year	<u><u>\$ (336,344)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 336,344</u></u>

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

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2025

	Permanent Improvement	Building	Construction	Capital Projects	Total Nonmajor Capital Projects
Assets:					
Equity in pooled cash and cash equivalents	\$ 4,853,719	\$ 1,249,799	\$ 2,439,740	\$ 132,399	\$ 8,675,657
Cash in segregated accounts	-	125,424	658,477	-	783,901
Receivables:					
Property taxes	1,935,234	-	-	-	1,935,234
Due from other governments	-	-	2,396,859	-	2,396,859
Total assets	<u>\$ 6,788,953</u>	<u>\$ 1,375,223</u>	<u>\$ 5,495,076</u>	<u>\$ 132,399</u>	<u>\$ 13,791,651</u>
Liabilities:					
Contracts payable	\$ 1,173,522	\$ -	\$ -	\$ 75,700	\$ 1,249,222
Retainage payable	-	125,424	658,477	-	783,901
Total liabilities	<u>1,173,522</u>	<u>125,424</u>	<u>658,477</u>	<u>75,700</u>	<u>2,033,123</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	1,713,053	-	-	-	1,713,053
Delinquent property tax revenue not available	59,534	-	-	-	59,534
Intergovernmental revenue not available	-	-	2,396,859	-	2,396,859
Total deferred inflows of resources	<u>1,772,587</u>	<u>-</u>	<u>2,396,859</u>	<u>-</u>	<u>4,169,446</u>
Fund balances:					
Restricted:					
Capital projects	-	1,249,799	2,439,740	-	3,689,539
Committed:					
Capital projects	<u>3,842,844</u>	<u>-</u>	<u>-</u>	<u>56,699</u>	<u>3,899,543</u>
Total fund balances	<u>3,842,844</u>	<u>1,249,799</u>	<u>2,439,740</u>	<u>56,699</u>	<u>7,589,082</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 6,788,953</u>	<u>\$ 1,375,223</u>	<u>\$ 5,495,076</u>	<u>\$ 132,399</u>	<u>\$ 13,791,651</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, 2025

	Permanent Improvement	Building	Construction	Capital Projects	Total Nonmajor Capital Projects
Revenues:					
Property taxes	\$ 1,822,988	\$ -	\$ -	\$ -	\$ 1,822,988
Intergovernmental	198,008	-	-	-	198,008
Investment earnings	170,862	73,041	136,250	-	380,153
Total revenues	<u>2,191,858</u>	<u>73,041</u>	<u>136,250</u>	<u>-</u>	<u>2,401,149</u>
Expenditures:					
Current:					
Instruction:					
Regular	-	-	-	243,166	243,166
Support services:					
Fiscal	73,029	-	488,088	-	561,117
Operations and maintenance	720,109	-	-	-	720,109
Pupil transportation	96,200	-	-	-	96,200
Central	2,617	-	-	-	2,617
Facilities acquisition and construction	3,540,455	-	-	821,135	4,361,590
Debt service:					
Principal retirement	260,000	-	-	-	260,000
Interest and fiscal charges	85,833	-	-	-	85,833
Total expenditures	<u>4,778,243</u>	<u>-</u>	<u>488,088</u>	<u>1,064,301</u>	<u>6,330,632</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,586,385)</u>	<u>73,041</u>	<u>(351,838)</u>	<u>(1,064,301)</u>	<u>(3,929,483)</u>
Other financing sources:					
Notes issued - finance purchase	2,000,000	-	-	1,121,000	3,121,000
Transfers in	1,500,000	-	-	-	1,500,000
Total other financing sources	<u>3,500,000</u>	<u>-</u>	<u>-</u>	<u>1,121,000</u>	<u>4,621,000</u>
Net change in fund balances	913,615	73,041	(351,838)	56,699	691,517
Fund balances at beginning of year	<u>2,929,229</u>	<u>1,176,758</u>	<u>2,791,578</u>	<u>-</u>	<u>6,897,565</u>
Fund balances at end of year	<u>\$ 3,842,844</u>	<u>\$ 1,249,799</u>	<u>\$ 2,439,740</u>	<u>\$ 56,699</u>	<u>\$ 7,589,082</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, 2025

	<u>Budgeted Amounts</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - over (under) Actual Amounts</u>
	<u>Final</u>		
Permanent Improvement Fund			
Budgetary revenues and other financing sources	\$ 5,435,700	\$ 5,715,668	\$ 279,968
Budgetary expenditures and other financing uses	<u>8,137,308</u>	<u>4,386,323</u>	<u>(3,750,985)</u>
Net change in fund balances	(2,701,608)	1,329,345	4,030,953
Budgetary fund balance at beginning of year	1,844,320	1,844,320	-
Prior year encumbrances appropriated	<u>887,308</u>	<u>887,308</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 30,020</u></u>	<u><u>\$ 4,060,973</u></u>	<u><u>\$ 4,030,953</u></u>
Building Fund			
Budgetary revenues and other financing sources	\$ 40,000	\$ 47,876	\$ 7,876
Budgetary expenditures and other financing uses	<u>1,213,550</u>	<u>(14,988)</u>	<u>(1,228,538)</u>
Net change in fund balances	(1,173,550)	62,864	1,236,414
Budgetary fund balance at beginning of year	<u>1,173,550</u>	<u>1,173,550</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 1,236,414</u></u>	<u><u>\$ 1,236,414</u></u>
Construction Fund			
Budgetary revenues and other financing sources	\$ 181,000	\$ 150,902	\$ (30,098)
Budgetary expenditures and other financing uses	<u>2,957,926</u>	<u>488,088</u>	<u>(2,469,838)</u>
Net change in fund balances	(2,776,926)	(337,186)	2,439,740
Budgetary fund balance at beginning of year	<u>2,776,926</u>	<u>2,776,926</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 2,439,740</u></u>	<u><u>\$ 2,439,740</u></u>
Capital Projects Fund			
Budgetary revenues and other financing sources	\$ 6,750,000	\$ 1,121,000	\$ (5,629,000)
Budgetary expenditures and other financing uses	<u>6,750,000</u>	<u>1,119,828</u>	<u>(5,630,172)</u>
Net change in fund balances	-	1,172	1,172
Budgetary fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 1,172</u></u>	<u><u>\$ 1,172</u></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.

112-119

Revenue Capacity

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

121-125

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.

126-131

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.

132-133

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.

134-141

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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022(1)</u>
Governmental activities				
Net investment in capital assets	\$ 65,507,456	\$ 61,883,921	\$ 57,730,035	\$ 55,681,295
Restricted	24,397,730	21,407,506	16,378,640	13,271,343
Unrestricted (deficit)	(42,684,299)	(41,927,761)	(46,570,607)	(44,031,722)
Total governmental activities net position	<u>\$ 47,220,887</u>	<u>\$ 41,363,666</u>	<u>\$ 27,538,068</u>	<u>\$ 24,920,916</u>

Source: School District financial records.

(1) Amounts have been restated as previously reported.

2021(1)	2020	2019 (1)	2018	2017 (1)	2016
\$ 56,046,520	\$ 57,022,601	\$ 54,041,883	\$ 50,497,647	\$ 33,418,675	\$ 8,826,190
12,117,010	12,042,868	12,543,054	13,787,431	29,002,067	51,446,955
(52,672,350)	(48,725,490)	(47,925,073)	(58,324,692)	(91,721,521)	(77,674,860)
<u>\$ 15,491,180</u>	<u>\$ 20,339,979</u>	<u>\$ 18,659,864</u>	<u>\$ 5,960,386</u>	<u>\$ (29,300,779)</u>	<u>\$ (17,401,715)</u>

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

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
SCHEDULE 2

	2025	2024	2023	2022
Expenses				
Governmental activities:				
Instruction	\$ 60,396,719	\$ 59,755,148	\$ 59,840,146	\$ 53,684,482
Support services:				
Pupil	8,929,987	8,706,503	8,425,363	7,312,797
Instructional staff	3,178,285	3,758,567	3,325,522	3,001,447
Board of education	65,090	72,496	43,807	56,276
Administration	6,313,654	6,237,640	6,396,403	4,780,148
Fiscal	1,986,169	1,452,563	1,403,692	1,412,801
Business	307,993	277,218	276,982	253,541
Operations and maintenance	8,745,342	7,698,607	8,784,067	5,878,305
Pupil transportation	7,730,488	7,636,646	7,236,566	5,819,123
Central	2,069,579	1,790,159	2,534,972	1,454,725
Operation of non-instructional services	5,854,620	5,459,599	5,508,901	4,687,532
Extracurricular activities	1,478,773	1,427,994	1,292,307	1,047,019
Interest	3,166,248	3,194,104	3,268,208	3,299,049
Total expenses	<u>110,222,947</u>	<u>107,467,244</u>	<u>108,336,936</u>	<u>92,687,245</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Instruction	\$ 1,665,905	\$ 1,961,100	\$ 1,374,025	\$ 1,268,224
Support services	50,830	90,052	148,055	128,102
Operation of non-instructional services	174,348	171,650	171,731	148,227
Extracurricular activities	306,618	272,802	278,056	259,470
Operating grants and contributions	29,293,403	32,639,304	32,756,751	25,931,167
Capital grants and contributions	328,542	417,718	53,740	-
Total governmental program revenues	<u>31,819,646</u>	<u>35,552,626</u>	<u>34,782,358</u>	<u>27,735,190</u>
Net (Expense)/Revenue				
Governmental activities	<u>\$ (78,403,301)</u>	<u>\$ (71,914,618)</u>	<u>\$ (73,554,578)</u>	<u>\$ (64,952,055)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes levied for:				
General purposes	\$ 34,788,184	\$ 29,291,445	\$ 27,933,597	\$ 29,753,715
Debt service	7,851,200	5,887,593	5,994,256	7,138,560
Capital projects	1,830,594	1,639,853	1,470,207	1,483,831
Classroom facilities maintenance	491,390	-	283,895	393,732
Payment in lieu of taxes	1,046,775	2,031,774	1,017,551	876,672
Grants and entitlements not restricted to specific programs	47,491,478	43,359,154	38,298,682	33,935,915
Investment earnings	2,705,183	2,287,235	869,583	(520,783)
Miscellaneous	153,172	656,329	303,959	347,784
Total governmental activities	<u>96,357,976</u>	<u>85,740,216</u>	<u>76,171,730</u>	<u>73,409,426</u>
Special item				
Gain on sale of land	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position				
Governmental activities	<u>\$ 17,954,675</u>	<u>\$ 13,825,598</u>	<u>\$ 2,617,152</u>	<u>\$ 8,457,371</u>

Source: School District financial records.

2021	2020	2019	2018	2017	2016
\$ 64,616,963	\$ 59,370,045	\$ 50,095,438	\$ 28,006,439	\$ 46,489,210	\$ 45,802,884
5,943,414	5,425,627	4,726,955	3,271,201	4,193,175	3,895,910
2,522,848	2,634,221	2,184,377	1,521,814	2,759,968	2,619,650
61,889	43,169	52,940	39,207	69,441	70,619
5,204,900	5,381,088	4,065,719	1,399,741	4,197,588	3,912,734
1,284,759	1,911,623	1,126,977	881,107	1,541,679	1,470,168
246,955	250,953	241,259	195,559	279,945	229,965
7,954,735	8,728,034	7,665,646	9,354,087	8,833,372	7,631,480
4,104,448	5,262,950	5,220,863	5,148,422	4,244,506	4,125,548
1,408,366	1,820,549	1,319,620	974,516	1,218,435	1,218,035
3,900,154	4,754,355	4,102,166	4,152,167	4,650,576	4,652,290
1,016,725	1,071,053	924,494	339,087	981,923	815,861
3,307,896	3,581,396	4,532,975	4,430,913	4,312,147	4,933,230
101,574,052	100,235,063	86,259,429	59,714,260	83,771,965	81,378,374
\$ 1,038,301	\$ 1,093,067	\$ 1,064,801	\$ 1,210,803	\$ 1,140,710	\$ 920,340
119,086	168,123	160,813	91,581	93,827	102,003
33,947	133,886	198,913	143,336	318,107	166,004
121,061	201,101	180,766	181,174	6,324	192,430
23,801,884	21,488,087	18,858,329	18,618,327	18,491,315	16,825,958
-	10,000	-	-	-	-
25,114,279	23,094,264	20,463,622	20,245,221	20,050,283	18,206,735
\$ (76,459,773)	\$ (77,140,799)	\$ (65,795,807)	\$ (39,469,039)	\$ (63,721,682)	\$ (63,171,639)
\$ 26,923,235	\$ 29,055,686	\$ 27,001,888	\$ 25,569,322	\$ 23,847,638	\$ 31,620,677
6,347,050	5,897,518	6,332,979	5,749,167	4,702,755	5,567,012
1,318,112	1,171,828	852,630	-	-	-
342,617	426,150	408,573	304,482	270,512	341,335
546,981	780,361	838,284	679,322	677,978	886,632
39,493,556	39,726,233	41,326,796	41,150,784	41,547,296	38,775,910
74,388	937,211	1,037,675	601,370	449,200	448,314
1,035,015	330,614	586,855	675,757	379,368	479,274
76,080,954	78,325,601	78,385,680	74,730,204	71,874,747	78,119,154
-	495,313	-	-	-	-
\$ (378,819)	\$ 1,680,115	\$ 12,589,873	\$ 35,261,165	\$ 8,153,065	\$ 14,947,515

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

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
SCHEDULE 3

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
General Fund:				
Nonspendable	\$ 80,076	\$ 127,391	\$ 54,457	\$ 51,313
Assigned	1,055,380	4,563,692	595,526	1,552,625
Unassigned (deficit)	<u>31,877,647</u>	<u>22,274,771</u>	<u>20,552,630</u>	<u>17,624,360</u>
Total general fund	<u>\$ 33,013,103</u>	<u>\$ 26,965,854</u>	<u>\$ 21,202,613</u>	<u>\$ 19,228,298</u>
All Other Governmental Funds:				
Nonspendable	\$ 7,124	\$ 225,729	\$ 227,052	\$ 7,068
Restricted	24,610,010	21,466,839	20,268,576	18,805,292
Committed	3,899,543	2,929,229	1,830,367	2,046,416
Unassigned (deficit)	<u>(3,645,921)</u>	<u>(202,138)</u>	<u>(557,213)</u>	<u>(997,302)</u>
Total all other governmental funds	<u>\$ 24,870,756</u>	<u>\$ 24,419,659</u>	<u>\$ 21,768,782</u>	<u>\$ 19,861,474</u>
Total governmental funds	<u>\$ 57,883,859</u>	<u>\$ 51,385,513</u>	<u>\$ 42,971,395</u>	<u>\$ 39,089,772</u>

Source: School District financial records.

2021	2020	2019	2018	2017	2016
\$ 53,577	\$ 62,979	\$ 78,057	\$ 72,529	\$ 80,022	\$ -
1,821,610	707,460	1,319,384	2,380,537	807,257	389,829
17,236,766	16,566,904	16,337,777	14,315,435	13,770,208	8,794,259
<u>\$ 19,111,953</u>	<u>\$ 17,337,343</u>	<u>\$ 17,735,218</u>	<u>\$ 16,768,501</u>	<u>\$ 14,657,487</u>	<u>\$ 9,184,088</u>
\$ 6,837	\$ 8,376	\$ 11,605	\$ 10,285	\$ 12,187	\$ -
16,429,838	22,470,790	25,028,068	19,288,470	39,450,727	58,695,362
102,159	1,045,803	308,585	504,601	478,358	293,040
(61,971)	(152,009)	(73,424)	(233,544)	(78,942)	(31,238)
<u>\$ 16,476,863</u>	<u>\$ 23,372,960</u>	<u>\$ 25,274,834</u>	<u>\$ 19,569,812</u>	<u>\$ 39,862,330</u>	<u>\$ 58,957,164</u>
<u>\$ 35,588,816</u>	<u>\$ 40,710,303</u>	<u>\$ 43,010,052</u>	<u>\$ 36,338,313</u>	<u>\$ 54,519,817</u>	<u>\$ 68,141,252</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

	2025	2024	2023	2022
Revenues				
Property taxes	\$ 44,694,875	\$ 37,455,159	\$ 37,528,953	\$ 38,219,445
Intergovernmental	74,082,436	75,531,816	71,140,756	60,935,744
Investment earnings	2,913,982	2,366,545	882,211	(519,088)
Tuition and fees	1,569,836	1,881,916	1,259,954	1,200,092
Extracurricular	356,828	318,698	309,626	279,043
Rental income	3,617	39,700	108,845	103,610
Charges for services	267,158	252,523	289,066	212,322
Contributions and donations	301,234	175,823	462,099	162,180
Payment in lieu of taxes	1,046,775	2,031,774	1,017,551	879,789
Miscellaneous	136,634	645,383	293,355	283,157
Classroom materials and fees	-	-	-	-
Transportation fees	-	-	-	-
Contract services	-	-	-	-
Total revenues	125,373,375	120,699,337	113,292,416	101,756,294
Expenditures				
Current:				
Instruction	58,687,612	57,404,062	58,082,599	55,854,661
Support services:				
Pupil	8,756,326	8,394,256	8,094,598	7,342,034
Instructional staff	3,080,731	3,621,783	3,153,616	3,075,974
Board of education	63,117	70,473	41,483	55,913
Administration	6,021,759	5,992,026	5,973,488	4,992,933
Fiscal	1,935,115	1,376,777	1,322,201	1,382,395
Business	293,231	267,443	259,997	267,997
Operations and maintenance	8,462,353	9,617,266	8,473,979	5,851,235
Pupil transportation	7,526,252	7,339,525	6,955,757	5,585,245
Central	1,744,943	1,943,604	2,430,347	1,349,566
Operation of non-instructional services	5,635,332	5,285,452	5,260,084	4,554,765
Extracurricular activities	1,474,134	1,379,124	1,218,139	1,098,072
Facilities acquisition and construction	9,107,148	1,529,045	172,272	2,123,745
Capital outlay	52,925	323,359	16,054	752,708
Debt service:				
Principal retirement	4,709,261	4,614,547	4,411,952	3,857,303
Interest and fiscal charges	3,377,715	3,449,836	3,568,325	3,627,072
Bond issuance costs	-	-	-	-
Accretion on capital appreciation bonds	-	-	-	-
Total expenditures	120,927,954	112,608,578	109,434,891	101,771,618
Excess of revenues over (under) expenditures	4,445,421	8,090,759	3,857,525	(15,324)
Other Financing Sources (Uses)				
Sale of capital assets	-	-	8,044	23,572
Insurance recoveries	-	-	-	-
Notes issued - finance purchase	2,000,000	-	-	2,740,000
Transfers in	3,586,263	1,001,019	828,904	804,082
Transfers (out)	(3,586,263)	(1,001,019)	(828,904)	(804,082)
Lease and SBITA transactions	52,925	323,359	16,054	752,708
Payments to refunding bond escrow agent	-	-	-	-
Premium on the sale of refunding bonds	-	-	-	-
Issuance of bonds	-	-	-	-
Total other financing sources (uses)	2,052,925	323,359	24,098	3,516,280
Special item:				
Sale of land	-	-	-	-
Net change in fund balances	\$ 6,498,346	\$ 8,414,118	\$ 3,881,623	\$ 3,500,956
Capital expenditures	\$ 10,119,237	\$ 5,620,912	\$ 2,787,633	\$ 3,129,727
Debt service as a percentage of noncapital expenditures	7.30%	7.54%	7.48%	7.59%

Source: School District financial records.

2021	2020	2019	2018	2017	2016
\$ 36,907,932	\$ 34,183,962	\$ 35,286,016	\$ 33,550,397	\$ 28,927,911	\$ 37,002,240
62,994,506	60,578,731	61,876,532	69,187,640	84,822,828	64,399,778
80,373	960,670	1,046,631	629,440	457,155	463,164
930,131	956,520	968,877	1,087,728	1,022,553	769,292
132,903	258,325	275,876	220,375	225,693	243,929
105,290	107,227	73,271	48,484	24,401	56,871
140,776	137,558	187,555	146,632	160,457	166,004
193,052	244,250	225,592	405,375	326,547	391,749
543,864	794,382	831,135	683,589	666,839	886,632
1,003,237	245,538	463,027	369,535	123,796	147,764
-	16,212	23,829	42,048	43,426	43,605
-	-	4,000	600	7,707	-
-	108,187	68,372	78,522	71,536	97,832
103,032,064	98,591,562	101,330,713	106,450,365	116,880,849	104,668,860
61,677,565	56,674,541	55,212,174	52,713,757	47,102,572	47,528,539
5,728,353	5,299,333	5,236,988	4,899,530	4,237,609	3,944,123
2,335,379	2,476,211	2,679,219	3,222,634	2,764,612	2,877,401
60,413	42,149	58,039	53,264	70,196	58,127
4,923,781	5,140,020	4,928,396	4,522,993	4,340,891	3,949,199
1,237,876	1,883,428	1,244,596	1,288,837	1,558,948	1,460,099
229,470	242,459	284,876	282,184	272,019	245,965
5,052,697	6,469,312	6,460,842	7,249,962	6,324,072	6,000,716
4,096,335	5,139,206	5,209,784	5,113,558	4,301,151	4,049,294
1,332,081	1,748,207	1,381,889	1,170,187	1,166,324	992,204
3,821,910	4,673,325	4,625,060	4,541,623	4,765,732	4,627,836
949,732	1,009,082	1,100,101	1,058,361	1,001,261	838,178
-	-	-	-	-	-
9,671,886	4,268,008	9,040,932	31,759,935	45,880,282	4,716,122
3,475,000	2,954,298	1,274,862	2,534,515	2,428,067	3,338,619
3,668,936	3,606,252	4,402,653	4,263,524	4,330,759	5,032,301
-	457,709	144,440	-	-	243,537
-	-	1,380,000	-	-	-
108,261,414	102,083,540	104,664,851	124,674,864	130,544,495	89,902,260
(5,229,350)	(3,491,978)	(3,334,138)	(18,224,499)	(13,663,646)	14,766,600
7,863	24,915	9,236	42,995	42,211	6,419
100,000	-	-	-	-	-
-	-	-	-	-	-
735,817	1,013,579	981,919	1,246,291	1,204,479	1,079,247
(735,817)	(1,013,579)	(981,919)	(1,246,291)	(1,204,479)	(1,079,247)
-	-	-	-	-	-
-	(46,733,384)	-	-	-	(26,510,643)
-	5,001,093	136,641	-	-	1,269,181
-	42,190,000	9,860,000	-	-	25,485,000
107,863	482,624	10,005,877	42,995	42,211	249,957
-	600,000	-	-	-	-
\$ (5,121,487)	\$ (2,409,354)	\$ 6,671,739	\$ (18,181,504)	\$ (13,621,435)	\$ 15,016,557
\$ 10,696,086	\$ 4,971,832	\$ 10,170,648	\$ 31,538,729	\$ 45,731,277	\$ 6,394,237
7.32%	6.76%	7.47%	7.30%	7.97%	10.02%

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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

Tax Year	Real Property Assessed Value	Public Utilities Personal Assessed Value	Total Assessed Value	Total Estimated Actual Value	Total Direct Rate	Ratio
2024	\$ 1,024,583,680	\$ 118,176,510	\$ 1,142,760,190	\$ 3,380,947,308	\$ 44.36	33.80%
2023	999,035,260	111,517,710	1,110,552,970	3,285,659,675	44.36	33.80%
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%

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	
	Voted		Permanent Improvement (3)	Unvoted	Total	Butler County	Warren County
	General	Bond					
2024	\$ 31.94	\$ 7.00	\$ 2.40	\$ 3.02	\$44.36	\$ 9.72	\$ 7.78
2023	31.94	7.00	2.40	3.02	44.36	9.28	7.78
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

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.

Overlapping Rates

Franklin Township (1)		Turtlecreek Township (2)		City of Middletown		Butler County Joint Vocational School		Metroparks	Midpointe Library	Total Overlapping Rates	Total Overlapping and Direct Rates				
\$	3.87	\$	9.12	\$	6.90	\$	1.93	\$	0.70	\$	0.75	\$	40.77	\$	85.13
	3.87		9.12		6.63		1.93		0.70		0.75		40.06		84.42
	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

**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		
2024	\$ 45,474,054	\$ 43,331,821	95.29%	\$ 1,815,634	\$ 45,147,455	99.28%	\$1,300,437	2.86%
2023	44,668,944	42,776,892	95.76%	2,041,114	44,818,006	100.33%	1,033,517	2.31%
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%

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

2024			
Taxpayer		Assessed Value	Percentage of Total Assessed Value
Duke Energy Ohio Inc.	1	\$ 80,510,660	7.05%
NTE Ohio LLC	2	17,290,670	1.51%
Cleveland Cliffs Corporation	3	11,127,870	0.97%
Compartir LLC	4	5,620,740	0.49%
Texas Eastern Transmission Corporation	5	5,556,650	0.49%
Bavarian Woods	6	4,780,090	0.42%
6898 Hamilton Middletown Road	7	4,602,060	0.40%
Dynegy Dicks Creek LLC	8	4,600,320	0.40%
Precision Strip, Inc.	9	4,388,270	0.38%
Olde Towne properties II LLC	10	3,826,050	0.33%
		<u>\$ 142,303,380</u>	<u>12.45%</u>
Total Assessed Valuation		<u>\$ 1,142,760,190</u>	

2015			
Taxpayer		Assessed Value	Percentage of Total Assessed Value
Duke Energy Ohio Inc.	1	\$ 45,685,310	6.91%
AK Steel Corporation	2	10,057,860	1.52%
Rockies Express Pipeline	3	4,456,610	0.67%
Boymel Sam	4	3,955,660	0.60%
Middletown Coke	5	3,149,200	0.48%
Precision Strip, Inc.	6	2,757,040	0.42%
Bavarian Woods	7	2,186,690	0.33%
Liberty Retirement Properties	8	2,104,050	0.32%
HEP CSTCC Ohio	9	2,030,000	0.31%
Chaka-Chak LLC	10	1,963,260	0.30%
Total		<u>\$ 78,345,680</u>	<u>11.85%</u>
Total Assessed Valuation		<u>\$ 660,959,030</u>	

Source: Butler County Auditor's Office

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

OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
SCHEDULE 9

Governmental Activities (a)							
Fiscal Year	Construction Bond	Refunding Bonds	Long-Term Capital Notes	Notes Payable Financed Purchase	Leases Payable	SBITAs Payable	Total Primary Government
2025	\$ 8,918,724	\$ 78,986,885	\$ 275,000	\$ 3,925,000	\$ 891,668	\$ 95,365	\$ 93,092,642
2024	10,070,709	82,112,901	335,000	2,185,000	1,109,404	168,965	95,981,979
2023	10,466,414	85,765,978	395,000	2,440,000	1,247,070	237,487	100,551,949
2022	10,882,119	89,343,081	450,000	2,695,000	1,454,631	-	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

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 2025 is calendar year 2024).

Ratio of Total Debt to Estimated Actual Value (d)	Percentage of Personal Income (b)	Total Debt Per Capita (b)	Total Bonded Debt	Less: Restricted for Debt Service	Net Bond Debt	Ratio of Net Bonded Debt to Estimated Actual Value (d)	Net General Bonded Debt Per Capita (b)
2.75%	6.08%	\$ 1,780	\$ 88,000,974	\$5,167,042	\$82,833,932	2.45%	\$ 1,584
2.92%	7.39%	1,864	92,352,575	2,987,798	89,364,777	2.72%	1,735
3.97%	7.74%	1,963	96,469,879	2,611,079	93,858,800	3.71%	1,832
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

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

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2025
SCHEDULE 10

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Direct and Overlapping Debt
Overlapping Debt:			
Butler County	\$ 16,615,470	7.89%	\$ 1,310,961
City of Middletown	28,780,000	95.98%	27,623,044
Butler Technology & Career Center	5,818,000	7.28%	423,550
Subtotal, Overlapping Debt	51,213,470		29,357,555
District Direct Debt	93,092,642	100.00%	93,092,642
Total Direct and Overlapping Debt	144,306,112		122,450,197

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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Assessed Valuation of District (1)	<u>\$ 1,142,760,190</u>	<u>\$ 1,110,552,970</u>	<u>\$ 855,907,730</u>	<u>\$ 860,721,750</u>
<u>Overall direct debt limit</u>				
Direct debt limitation				
9% of assessed valuation	102,848,417	99,949,767	77,031,696	77,464,958
Amount available in				
bond retirement fund	11,491,121	9,472,626	9,256,417	8,679,793
Gross indebtedness (2)	<u>32,595,000</u>	<u>36,795,000</u>	<u>38,880,000</u>	<u>41,735,000</u>
Legal margin				
within 9% limitation	<u>\$ 81,744,538</u>	<u>\$ 72,627,393</u>	<u>\$ 47,408,113</u>	<u>\$ 44,409,751</u>
Total net debt applicable				
to the limit as a				
percentage of the limit	20.52%	27.34%	38.46%	42.67%
Unvoted direct debt limitation				
Unvoted debt limitation				
0.1% of assessed valuation	<u>\$ 1,142,760</u>	<u>\$ 1,110,553</u>	<u>\$ 855,908</u>	<u>\$ 860,722</u>

Source: School District financial records

(1) - Assessed values are on a calendar year basis (i.e. fiscal year 2025 is calendar year 2024)

(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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>\$ 846,764,380</u>	<u>\$ 746,114,460</u>	<u>\$ 705,899,080</u>	<u>\$ 703,504,800</u>	<u>\$ 663,359,260</u>	<u>\$ 660,959,030</u>
76,208,794	67,150,301	63,530,917	63,315,432	59,702,333	59,486,313
7,302,289	5,798,846	6,201,282	4,990,614	4,344,381	5,141,164
<u>44,495,000</u>	<u>46,925,000</u>	<u>49,290,000</u>	<u>50,245,000</u>	<u>50,935,000</u>	<u>53,215,000</u>
<u><u>\$ 39,016,083</u></u>	<u><u>\$ 26,024,147</u></u>	<u><u>\$ 20,442,199</u></u>	<u><u>\$ 18,061,046</u></u>	<u><u>\$ 13,111,714</u></u>	<u><u>\$ 11,412,477</u></u>
48.80%	61.24%	67.82%	71.47%	78.04%	80.81%
<u><u>\$ 846,764</u></u>	<u><u>\$ 746,114</u></u>	<u><u>\$ 705,899</u></u>	<u><u>\$ 703,505</u></u>	<u><u>\$ 663,359</u></u>	<u><u>\$ 660,959</u></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>
2024	52,291	\$ 1,530,505	\$ 29,269	4.7%
2023	51,500	1,299,268	25,229	3.2%
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%

Sources:

(1) - Information is taken from the City of Middletown annual comprehensive financial report as it encompasses over 90% 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

2024

Major Employers	Number of Employees	Percentage of Total Employment
Cleveland Cliffs Steel Co. (formerly AK Steel)	2,724	11.54%
Atrium Medical Center	1,690	7.16%
Middletown City Schools	958	4.06%
Intelycare Inc	597	2.53%
Wal-Mart Associates Inc	527	2.23%
PAC Worldwide Corp	524	2.22%
Staffmark Investment LLC	480	2.03%
City of Middletown	456	1.93%
Kroger	440	1.86%
Onesource Employee Management	438	1.86%
	<u>8,834</u>	
Total City Employment	<u>23,600</u>	

2015

Employer	Number of Employees	Percentage of Total Employment
AK Steel	2,483	12.80%
Atrium Medical Center	1,872	9.65%
CM Temporary Services, Inc.	1,590	8.20%
Triumphant Return Rehab, LLC	942	4.86%
Middletown City School District	832	4.29%
Crown Services 36 LLC	761	3.92%
Belflex Staffing Network, LLC	733	3.78%
Kroger Limited Partnership	687	3.54%
CBS Temporary Services, LLC	646	3.33%
Miami University	624	3.22%
	<u>11,170</u>	
Total City Employment	<u>19,400</u>	

Source: City of Middletown annual comprehensive financial report for December 31, 2024.

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

FULL TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS
SCHEDULE 14

<u>Type</u>	<u>2025</u>	<u>2024</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>
Instruction										
Classroom teachers	312.00	313.00	349.00	360.00	331.70	305.00	308.59	311.58	315.65	306.00
Special education teachers and tutors	114.00	110.00	112.00	95.80	97.80	99.00	95.80	103.35	91.01	77.48
Special education aides and attendants	106.00	109.00	142.00	136.00	96.00	87.00	80.00	70.00	61.00	64.00
Total Instruction	<u>532.00</u>	<u>532.00</u>	<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>
Support Services										
Support personnel										
Librarians, nurses, counselors, visiting teachers	37.00	34.00	35.00	45.00	64.50	49.00	49.00	48.00	42.95	46.12
Principals	17.00	18.00	16.00	17.00	19.00	17.00	17.00	17.00	17.00	15.00
Central office administration	16.00	15.00	16.00	12.00	12.00	13.00	14.00	14.00	11.20	13.00
Secretaries and clerical	34.00	34.00	34.00	39.00	39.00	37.00	39.00	39.00	38.00	38.00
Custodial	38.00	44.00	43.00	44.00	36.00	-	-	-	-	-
Maintenance and mechanics	12.00	12.00	11.00	12.00	11.00	-	-	-	-	-
Total Support Services	<u>154.00</u>	<u>157.00</u>	<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>
Total	<u>686.00</u>	<u>689.00</u>	<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>

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

Fiscal Year	Enrollment	Operating Expenditures (1)	Cost per pupil (2)	Percent Change	Expenses (3)	Cost per pupil (4)
2025	5,989	\$ 103,680,905	\$ 17,312	-2.05%	\$ 110,222,947	18,404
2024	5,810	102,691,791	17,675	5.79%	107,467,244	18,497
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

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

Percent Change	Teaching Staff	Pupil/Teacher Ratio	of Free or Reduced Lunches
-0.50%	532	11.26	100.00%
3.48%	505	11.50	100.00%
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%
-9.90%	432	15.27	100.00%

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

SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
SCHEDULE 16

School	2025	2024	2023	2022	2021
Elementary Schools					
Amanda Elementary (1961)					
Square feet	66,970	66,970	66,970	66,970	66,970
Capacity (students)	510	510	510	510	510
Enrollment	347	347	379	394	324
Percent of Capacity (1)	68%	68%	74%	77%	64%
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	341	341	375	262	213
Percent of Capacity (1)	86%	86%	94%	66%	54%
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	395	395	387	374	303
Percent of Capacity (1)	70%	70%	68%	66%	53%
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	409	409	435	433	307
Percent of Capacity (1)	71%	71%	76%	75%	53%
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	495	495	447	432	352
Percent of Capacity (1)	79%	79%	72%	69%	56%
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	387	387	401	378	300
Percent of Capacity (1)	78%	78%	81%	76%	60%
Site Acreage	37	37	37	37	37
Rosa Parks Elementary (2007)					
Square feet	90,626	90,626	90,626	90,626	60,923
Capacity (students)	944	944	944	944	651
Enrollment	556	556	556	581	392
Percent of Capacity (1)	59%	59%	59%	62%	60%
Site Acreage	8	8	8	8	8
New Wildwood Elementary (1959) (2) (2008)					
Square feet	60,923	60,923	60,923	60,923	60,923
Capacity (students)	630	630	630	630	630
Enrollment	407	407	416	440	403
Percent of Capacity (1)	65%	65%	66%	70%	64%
Site Acreage	4	4	4	4	4

2020	2019	2018	2017	2016
66,970	66,970	66,970	66,970	66,970
567	567	510	553	553
431	414	420	410	426
76%	73%	82%	74%	77%
17	17	17	17	17
42,000	42,000	42,000	42,000	42,000
398	398	398	400	400
347	342	354	325	326
87%	86%	89%	81%	82%
7	7	7	7	7
59,970	59,970	59,970	59,970	59,970
567	567	567	525	525
422	457	482	461	458
74%	81%	85%	88%	87%
12	12	12	12	12
60,923	60,923	60,923	60,923	60,923
575	575	575	575	575
487	471	476	439	458
85%	82%	83%	76%	80%
5	5	5	5	5
60,923	60,923	60,923	60,923	60,923
624	624	624	575	575
481	459	486	531	518
77%	74%	78%	92%	90%
5	5	5	5	5
59,970	59,970	59,970	59,970	59,970
498	498	498	525	525
424	472	455	472	457
85%	455	91%	90%	87%
37	37	37	37	37
60,923	60,923	60,923	60,923	60,923
651	651	651	575	575
541	569	578	590	555
83%	87%	89%	103%	97%
8	8	8	8	8
60,923	60,923	60,923	60,923	60,923
630	630	630	575	575
543	568	556	563	540
86%	90%	88%	98%	94%
4	4	4	4	4

(Continued)

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

SCHOOL BUILDING INFORMATION (CONTINUED)
LAST TEN FISCAL YEARS
SCHEDULE 16

School	2025	2024	2023	2022	2021
Middle Schools					
Steven Vail Middle (1923)					
Square feet	(4)	(4)	(4)	(4)	(4)
Capacity (students)	(4)	(4)	(4)	(4)	(4)
Enrollment	(4)	(4)	(4)	(4)	(4)
Percent of Capacity (1)	(4)	(4)	(4)	(4)	(4)
Site Acreage	(4)	(4)	(4)	(4)	(4)
Square feet	133,719	133,719	133,719	133,719	133,719
Capacity (students)	1,435	1,435	1,435	1,435	1,435
Enrollment	916	916	954	984	755
Percent of Capacity (1)	64%	64%	66%	69%	53%
Site Acreage	3	3	3	3	3
High Schools					
Middletown High (1969)(2018)(3)					
Square feet	311,052	311,052	311,052	311,052	311,052
Capacity (students)	1,800	1,800	1,800	1,800	1,800
Enrollment	1,557	1,557	1,711	1,552	1,231
Percent of Capacity (1)	87%	87%	95%	86%	68%
Site Acreage	8	8	8	8	8

Source: District records

(1) - Enrollment divided by Capacity.

(2) - Annexed 1993.

(3) - High School Renovated in 2017-2018, Manchester torn down in 2018.

(4) - Steven Val Middle School was demolished during fiscal year 2020.

(5) - Middletown Middle School opened in 2019-2020 school year.

2020	2019	2018	2017	2016
(4)	221,160	221,160	221,160	221,160
(4)	1,435	1,435	1,435	1,435
(4)	936	966	865	895
(4)	65%	67%	60%	62%
(4)	3	3	3	3
133,719	(5)	(5)	(5)	(5)
900	(5)	(5)	(5)	(5)
993	(5)	(5)	(5)	(5)
110%	(5)	(5)	(5)	(5)
3	(5)	(5)	(5)	(5)
224,000	224,000	224,000	363,627	363,627
1,800	1,800	1,800	2,178	2,178
1,401	1,348	1,388	1,430	1,447
78%	75%	77%	66%	66%
5	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 3/12/2026

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

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