

MIDDLETOWN CITY SCHOOL DISTRICT

Single Audit Reports

Year Ended June 30, 2019

OHIO AUDITOR OF STATE
KEITH FABER



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

Board of Education
Middletown City School District
1 Donham Plaza, 4th Floor
Middletown, OH 45042-1932

We have reviewed the *Independent Auditors' Report* of the Middletown City School District, Butler County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2018 through June 30, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

February 7, 2020

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MIDDLETOWN CITY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

<u>Federal Grantor/Program Title</u>	<u>Pass-Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Federal Revenues</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture:</u> (Passed through Ohio Department of Education)				
Child Nutrition Cluster:				
<i>Non-Cash Assistance (Food Distribution)</i>				
National School Lunch Program	2019	10.555	\$ 119,330	119,330
<i>Cash Assistance</i>				
School Breakfast Program	2019	10.553	857,842	857,842
National School Lunch Program	2019	10.555	2,710,189	2,710,189
<i>Cash Assistance Subtotal</i>			<u>3,568,031</u>	<u>3,568,031</u>
Child Nutrition Cluster Total			<u>3,687,361</u>	<u>3,687,361</u>
Total U.S. Department of Agriculture			<u>3,687,361</u>	<u>3,687,361</u>
<u>U.S. Department of Education:</u> (Passed through Ohio Department of Education)				
Title I:				
Title I Grants to Local Educational Agencies (2018)	S010A180035	84.010	748,108	512,070
Title I Grants to Local Educational Agencies (2019)	S010A180035	84.010	2,780,767	2,937,567
Title I School Improvement Sub A	2018	84.010	10,972	-
Title I School Improvement 1003	2018	84.010	32,693	18,482
Title I School Improvement 1003	2019	84.010	8,043	12,273
Title I Total			<u>3,580,583</u>	<u>3,480,392</u>
Special Education Cluster:				
Special Education - Grants to States (2018)	H027A180111	84.027	440,121	296,735
Special Education - Grants to States (2019)	H027A180111	84.027	1,700,667	1,782,082
Special Education - Grants to States	2019	84.027	27,988	27,988
Special Education - Preschool Grants (2019)	H173A180119	84.173	30,513	30,513
Special Education - Preschool Grants (Preschool Restoration)	H173180119	84.173	19,629	19,629
Special Education Cluster Total			<u>2,218,918</u>	<u>2,156,947</u>
English Language Acquisition Grants (2018)	S365A170035	84.365	8,299	6,465
English Language Acquisition Grants (2019)	S365A180035	84.365	34,312	36,447
English Language Acquisition Grants (Immigrant) (2018)	S365A170035	84.365	1,110	1,110
English Language Acquisition Grants (Immigrant) (2019)	S365A180035	84.365	2,288	2,288
			<u>46,009</u>	<u>46,310</u>
Supporting Effective Instruction State Grants	S367A180034	84.367	232,735	158,853
Supporting Effective Instruction State Grants	S367A180034	84.367	297,534	334,776
Supporting Effective Instruction State Grants	2019	84.367	9,000	9,807
			<u>539,269</u>	<u>503,436</u>
Student Support and Academic Enrichment Program (2018)	S424A180036	84.424	39,124	22,637
Student Support and Academic Enrichment Program (2019)	S424A180036	84.424	76,527	84,035
			<u>115,651</u>	<u>106,672</u>
Disaster Recovery Assistance for Education	2019	84.938	254,250	254,250
Total U.S. Department of Education			<u>6,754,680</u>	<u>6,548,007</u>
Total Federal Awards			<u>\$ 10,442,041</u>	<u>10,235,368</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Middletown City School District (the "School District") under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - FOOD DISTRIBUTION

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

NOTE D - CHILD NUTRITION CLUSTER

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

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

To the Board of Education
Middletown City School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Middletown City School District (the "School District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 18, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 School 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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 18, 2019

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

To the Board of Education
Middletown City School District:

Report on Compliance for Each Major Federal Program

We have audited Middletown City School District's ("School District") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2019. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We issued our report thereon dated December 18, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 18, 2019

MIDDLETOWN CITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Noncompliance material to the financial statements noted?	none

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Type of auditors’ report issued on compliance for major programs:	unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	none

Identification of major programs:

Child Nutrition Cluster:
CFDA 10.553 – School Breakfast Program
CFDA 10.555 – National School Lunch Program

Dollar threshold to distinguish between Type A and Type B Programs:	\$750,000
Auditee qualified as low-risk auditee?	yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Schedule of Prior Audit Findings

None



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MIDDLETOWN CITY SCHOOL DISTRICT BUTLER COUNTY, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE
FISCAL YEAR ENDED JUNE 30, 2019**

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

OF THE

MIDDLETOWN CITY
SCHOOL DISTRICT

BUTLER COUNTY, OHIO

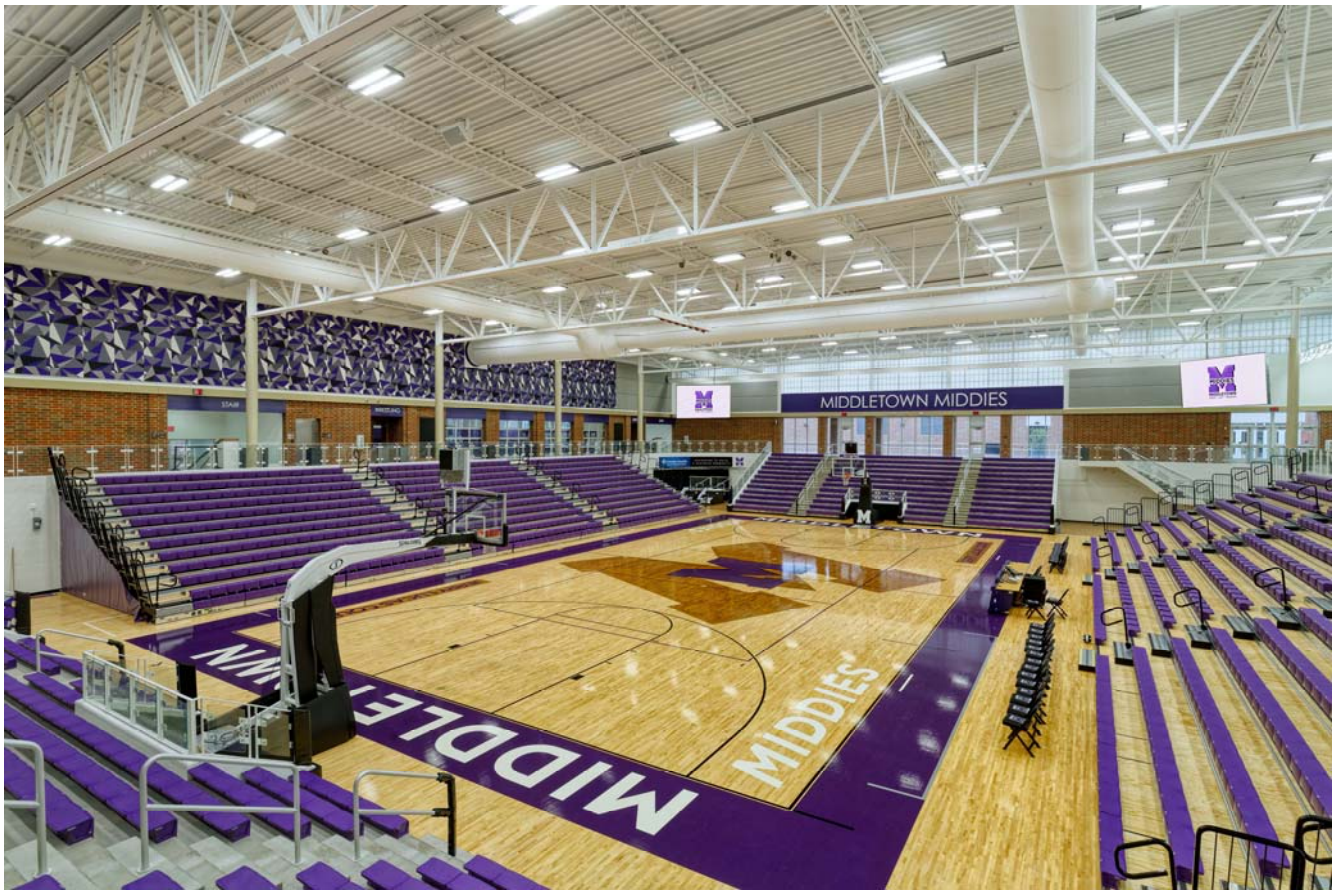
FOR THE

FISCAL YEAR ENDED JUNE 30, 2019

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

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INTRODUCTORY SECTION



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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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*Middletown
City Schools*

Office of the Treasurer

ONE DONHAM PLAZA
4th FLOOR
MIDDLETOWN, OHIO 45042

www.middletowncityschools.com

December 18, 2019

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

The Comprehensive Annual Financial Report [CAFR] of the Middletown City School District (the “District”) for the fiscal year ended June 30, 2019, is hereby submitted. This report, prepared by the Treasurer's office, includes an opinion from our auditor, Clark, Schaefer, Hackett & Co., and conforms to generally accepted accounting principles [GAAP] as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. This report will provide the residents of the Middletown City School District with comprehensive financial data in a format that will enable them to gain an understanding of the District's financial affairs. Copies will be available upon request to taxpayers, financial rating services, banking institutions and other interested parties.

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

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

The District receives pass through grants from the State and distributes these grants to parochial/private schools located within the District. This activity is included in the entity as the Auxiliary Services Special Revenue Fund because of the District's administrative involvement in the program. The parochial/private school served is 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 58 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 promising with unemployment rates at 4.0 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 48,861 residents. The tax base of the District is comprised of a unique blend of residential, commercial, and industrial property, with 42% of the tax revenue of the District paid by business and industry.

During the 2018-19 school year, the District had 6,537 students enrolled in 7 elementary schools, one sixth grade center, one middle schools serving grades 7-8 and one comprehensive high school for grades 9-12 including an alternative program. 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. 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 2020 is 6,355.

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, 2019, were as follows:

Board Member	Began Service	Term Expires	Profession
Mrs. Cathie Mulligan	January, 2018	December, 2021	Retired Administrator/Educator
Dr. Chris Urso	January, 2016	December, 2019	College Professor
Ms. Michelle Novak	January, 2016	December, 2019	Nonprofit Development Consultant
Mrs. Anita Scheibert	January, 2016	December, 2019	Educator
Mr. Todd Moore	January, 2016	December, 2021	Senior Director

The Superintendent is the Chief Executive Officer of the District, responsible directly to the Board for all educational and support operations. Mr. Marlon Styles Jr. was appointed Superintendent in July 2017. Prior to his appointment, Mr. Styles served as Director of Instructional Leadership in Lakota Local Schools, Butler County and was a high school principal in Wyoming City Schools and Mount Healthy City Schools prior to that. Mr. Styles holds a Masters Degree in Educational Administration from the University of Cincinnati and has 19 years of experience in education to which 15 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 18 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 620 full and part-time staff members during the 2018-19 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, 2017 and expires June 30, 2020. 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, 2017 through June 30, 2020, 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 three-year strategic plan beginning in the 2018-2019 school year that has four main pillars: Instructional Excellence, Valuing Diversity, Student and Family Wellness, Communication and Community Engagement. Major action work is unfolding under each of these pillars in year one of the strategic plan.

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

The second pillar, Valuing Diversity is being led through the Human Resources Department with innovative practices around preparing teachers as Urban Educators. This is a unique district and preparing educators that are supported and equipped to meet the needs of 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 student meet each day.

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

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

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

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

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

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

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

Currently, the remaining \$10,000,000 unused bond passage of 2014 will be used to add classroom space to Rosa Parks Elementary to relieve space issues from the other 6 elementary buildings. This new facility will be planned to educate up to 350 students in approximately 35,000 square feet with creative and innovative instruction design.

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

RELEVANT FINANCIAL POLICIES

In June of 2006, the State legislature passed House Bill 66. House Bill 66 phases out the tax on tangible personal property of general business, telephone and telecommunications companies, and railroads. The tax on general business and railroad property began being phased out in 2007 and was eliminated in 2009. The tax on telephone and telecommunication property began being phased out in 2009 and was eliminated in 2011. The tax is being phased out by reducing the assessment rate on the property each year. The District was reimbursed fully for the lost revenue through May 2013; in the following six years, the reimbursements will be phased out according to current state law. Under the new leadership of Ohio Governor DeWine HB166 was passed for the current biennium budget. This budget froze school funding at fiscal year 2019 levels while adopting a student wellness and success funding model. This funding is on a per pupil bases and will generate an additional \$1,400,000 and 2,500,000 for each year of this budget. No guarantees are in the budget to continue this funding beyond these two years. In August 2015, the Middletown City School District's Board of Education worked with the district's treasurer to pass a General Fund Cash Reserve Policy benchmarking a minimum 10% cash reserve, and the District met this policy by June 30, 2017. The forecast continues to see increased carryover while initiating needed textbook adoptions, technology and set-asides for building maintenance and repairs.

FINANCIAL INFORMATION

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

INTERNAL ACCOUNTING AND BUDGETARY CONTROL

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

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

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

Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The County Auditor must certify that the Board's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates.

All 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 Clark, Schaefer, Hackett & Co. performed the audit for the fiscal year ended June 30, 2019. 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 to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

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 Comprehensive Annual 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, 2018. The District believes that the Comprehensive Annual Financial Report for fiscal year June 30, 2019, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

Ohio Auditor of State Award with Distinction

The Ohio Auditor awards is presented for excellence in financial reporting related to the District's published Comprehensive Annual Financial Reports and compliance with applicable laws for the fiscal year ending 2018. This exemplary reporting serves as the standard for clean, accountable government, representing the highest level of service to Ohioans. The District has received this award for two consecutive years.

ACKNOWLEDGEMENTS

The preparation of the 2019 Comprehensive Annual 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 Comprehensive Annual 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, 2019**

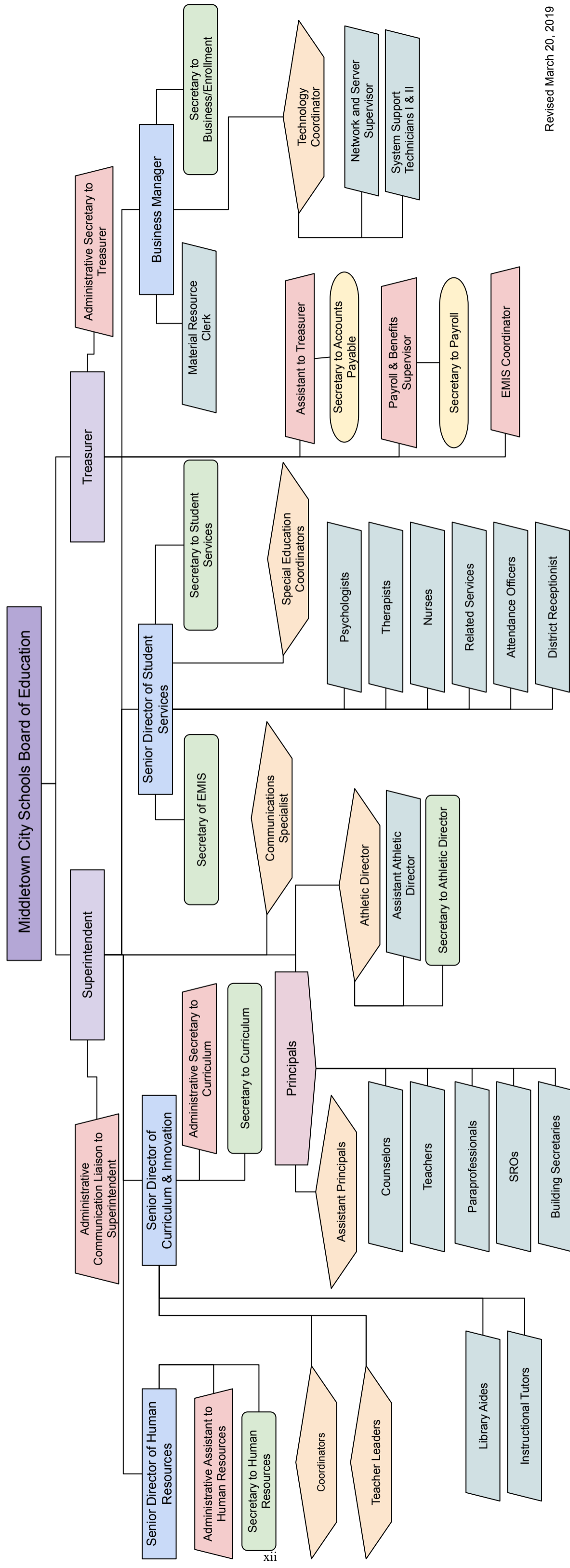
BOARD OF EDUCATION

President	Dr. Chris Urso
Vice President	Mr. Todd Moore
Board Member	Mrs. Anita Scheibert
Board Member	Ms. Michelle Novak
Board Member	Mrs. Cathie Mulligan

ADMINISTRATIVE OFFICIALS

Superintendent	Mr. Marlon Styles
Treasurer	Mr. Randall Bertram
Director of Human Resources & Instructional Leadership	Ms. Deborah Houser
Director of Curriculum & Instruction	Mrs. Frances Morrison
Director of Special Education	Mrs. Deborah Sander
Curriculum Coordinator - Special Ed.	Mrs. Dana Miller
Curriculum Coordinator - Special Ed.	Mr. Kevin Casey
Curriculum Coordinator K-5	Ms. Kelly Wilham
Curriculum Coordinator 6-12	Mrs. Robyn Jordan
Director of Athletics	Mr. Aaron Zupka
Legal Counsel	Don Crain, Esq. - Frost, Brown & Todd, Attorneys at Law

Middletown City Schools - Organizational Chart 2018-2019





Government Finance Officers Association

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

Presented to

**Middletown City School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO



**ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**

**The Certificate of Excellence in Financial Reporting
is presented to**

Middletown City School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2018.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'Tom Wohlleber'.

Tom Wohlleber, CSR
President

A handwritten signature in black ink, reading 'Siobhán McMahon'.

Siobhán McMahon, CAE
Chief Operating Officer

FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Middletown City School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Middletown City School District (the School District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Middletown City School District as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2019, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the School 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 School District's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
December 18, 2019

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2019. 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 2019 are as follows:

- In total, net position of governmental activities increased \$12,589,873 which represents a 211.23% increase from June 30, 2018's net position.
- General revenues accounted for \$78,385,680 in revenue or 79.30% all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$20,463,622 or 20.70%.
- The District had \$86,259,429 in expenses related to governmental activities; \$20,463,622 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 \$78,385,680 were adequate to provide for these programs.
- The District has three major funds which include the general fund, the bond retirement fund and the building fund. The general fund had \$79,125,703 in revenues and other financing sources and \$78,158,986 in expenditures and other financing uses. The general fund's fund balance increased \$966,717 from \$16,768,501 to \$17,735,218.
- The bond retirement fund had \$8,250,813 in revenues and other financing sources and \$7,040,145 in expenditures. The bond retirement fund's fund balance increased \$1,210,668 from \$4,990,614 to \$6,201,282.
- The building fund had \$10,074,086 in revenues and other financing sources and \$1,526,838 in expenditures. The building fund's fund balance increased \$8,547,248 from \$2,278,610 to \$10,825,858.

Using this Comprehensive Annual Financial Report (CAFR)

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 bond retirement fund and the building fund.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

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 2019?" The statement of net position and the statement of activities answer this question. These statements include *all assets, all 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.

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

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

The District's statement of net position and statement of activities can be found on pages 19-20 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 14. 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 bond retirement fund and the building fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 21-24 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for some of its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in an agency fund. The District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 25 and 26. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 27-65 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's general fund budgetary information, net pension liability, net OPEB liability/asset and contributions. The required supplementary information can be found on pages 68-88 of this report.

The District as a Whole

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

The table below provides a summary of the District's net position at June 30, 2019 and June 30, 2018.

	Net Position		
	Governmental Activities <u>2019</u>	Governmental Activities <u>2018</u>	Percent Change
<u>Assets</u>			
Current and other assets	\$ 90,462,205	\$ 92,886,038	(2.61) %
Net OPEB asset	4,130,615	-	100.00 %
Capital assets, net	<u>146,963,915</u>	<u>141,298,225</u>	4.01 %
Total assets	<u>241,556,735</u>	<u>234,184,263</u>	3.15 %
<u>Deferred Outflows of Resources</u>			
Unamortized deferred loss on debt refunding	19,499	21,059	(7.41) %
Pension	21,060,608	21,331,304	(1.27) %
OPEB	<u>1,569,800</u>	<u>710,328</u>	121.00 %
Total deferred outflows of resources	<u>22,649,907</u>	<u>22,062,691</u>	2.66 %
<u>Liabilities</u>			
Current liabilities	10,051,204	12,896,016	(22.06) %
Long-term liabilities:			
Due within one year	3,039,612	2,293,292	32.54 %
Due in more than one year:			
Net pension liability	70,603,288	70,965,883	(0.51) %
Net OPEB liability	6,901,663	15,802,093	(56.32) %
Other amounts	<u>107,589,568</u>	<u>100,600,343</u>	6.95 %
Total liabilities	<u>198,185,335</u>	<u>202,557,627</u>	(2.16) %
<u>Deferred Inflows of Resources</u>			
Property taxes and PILOTs levied for next year	31,494,835	35,446,462	(11.15) %
Unamortized deferred gain on debt refunding	410,020	465,304	(11.88) %
Pension	8,305,315	9,615,430	(13.63) %
OPEB	<u>7,260,878</u>	<u>2,201,745</u>	229.78 %
Total deferred inflows of resources	<u>47,471,048</u>	<u>47,728,941</u>	(0.54) %
<u>Net Position</u>			
Net investment in capital assets	54,041,883	50,497,647	7.02 %
Restricted	12,433,449	13,787,431	(9.82) %
Unrestricted (deficit)	<u>(47,925,073)</u>	<u>(58,324,692)</u>	17.83 %
Total net position	<u>\$ 18,550,259</u>	<u>\$ 5,960,386</u>	211.23 %

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability/asset*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability/asset are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2019, the District's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$18,550,259. Net position increased \$12,589,873 from June 30, 2018's net position.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

Assets of the District increased \$7,372,472 or 3.15%. Current assets decreased \$2,423,833 or 2.61%. The most significant decreases were in the areas of property taxes receivable. The District also reported a net OPEB asset related to the State Teachers Retirement System (STRS) which occurred due to a switch at the pension system level. At year-end, capital assets represented 60.84% of total assets. Capital assets include land, buildings and improvements, equipment and construction in progress. Net investment in capital assets at June 30, 2019 and June 30, 2018, were \$54,041,883 and \$50,497,647, respectively. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

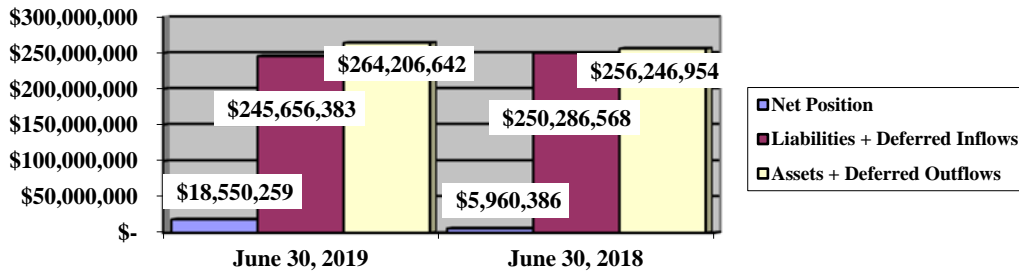
The capital assets increased due to current year additions of \$10,170,648 exceeding current year depreciation of \$3,795,377 and disposals of \$709,581, net of accumulated depreciation. The District major capital asset addition was construction in progress related to the District's building project.

Liabilities of the District decreased \$4,372,292 or 2.16%. Current liabilities decreased \$2,844,812 or 22.06% due to a decrease in contracts and retainage payable. Long-term liabilities decreased \$1,527,480. This decrease is mainly due to the decrease in net OPEB liability of \$8,900,430. The net OPEB liability decrease was a result of overall decrease in net OPEB liability for both the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS). This was counter partially by an increase in general obligation bonds outstanding due to the District issuing debt during the year.

A portion of the District's net position, \$12,433,449, represents resources that are subject to external restriction on how they may be used. Of the restricted net position, \$5,348,333 is restricted for capital projects. This amount is related to the District's State share of its Ohio Facilities Construction Commission (OFCC) project that has been unspent thus far. The remaining balance of unrestricted net position is (\$47,925,073).

The graph below shows the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2019 and June 30, 2018.

Governmental Activities



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

The table below shows the change in net position for fiscal years 2019 and 2018.

	Governmental Activities <u>2019</u>	Governmental Activities <u>2018</u>	<u>Percentage Change</u>
<u>Revenues</u>			
Program revenues:			
Charges for services and sales	\$ 1,605,293	\$ 1,626,894	(1.33) %
Operating grants and contributions	18,858,329	18,618,327	1.29 %
General revenues:			
Taxes	34,596,070	31,622,971	9.40 %
Payment in lieu of taxes	838,284	679,322	23.40 %
Grants and entitlements not restricted	41,326,796	41,150,784	0.43 %
Investment earnings	1,037,675	601,370	72.55 %
Other	<u>586,855</u>	<u>675,757</u>	(13.16) %
Total revenues	<u>98,849,302</u>	<u>94,975,425</u>	4.08 %
<u>Expenses</u>			
Program expenses:			
Instruction:			
Regular	22,850,665	7,241,362	215.56 %
Special	9,525,213	3,913,313	143.41 %
Vocational	110,409	38,781	184.70 %
Adult/continuing	1,743	-	100.00 %
Other	17,607,408	16,812,983	4.73 %
Support services:			
Pupil	4,726,955	3,271,201	44.50 %
Instructional staff	2,184,377	1,521,814	43.54 %
Board of education	52,940	39,207	35.03 %
Administration	4,065,719	1,399,741	190.46 %
Fiscal	1,126,977	881,107	27.90 %
Business	241,259	195,559	23.37 %
Operations and maintenance	7,665,646	9,354,087	(18.05) %
Pupil transportation	5,220,863	5,148,422	1.41 %
Central	1,319,620	974,516	35.41 %
Operations of non-instructional services	4,102,166	4,152,167	(1.20) %
Extracurricular activities	924,494	339,087	172.64 %
Interest and fiscal charges	<u>4,532,975</u>	<u>4,430,913</u>	2.30 %
Total expenses	<u>86,259,429</u>	<u>59,714,260</u>	44.45 %
Change in net position	12,589,873	35,261,165	(64.30) %
Net position, beginning of year	<u>5,960,386</u>	<u>(29,300,779)</u>	120.34
Net position, end of year	<u>\$ 18,550,259</u>	<u>\$ 5,960,386</u>	211.23 %

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

Governmental Activities

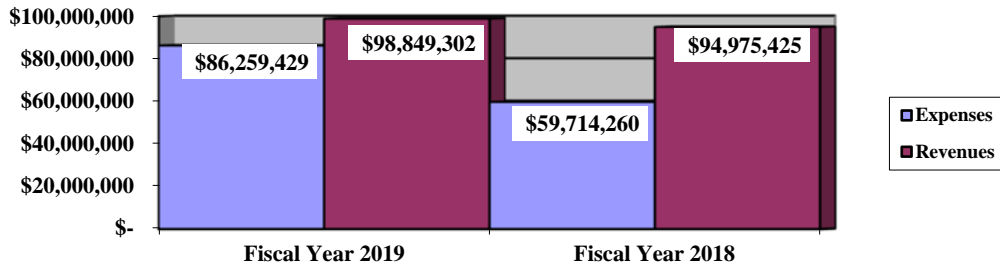
Net position of the District's governmental activities increased \$12,589,873 in fiscal year 2019 and increased \$35,261,165 in fiscal year 2018. Total governmental expenses of \$86,259,429 were offset by program revenues of \$20,463,622 and general revenues of \$78,385,680 during fiscal year 2019. Program revenues supported 23.72% of the total governmental expenses during fiscal year 2019.

Revenues of the District increased \$3,873,877 or 4.08%. The most significant increase was in the area of property taxes. Property taxes increased \$2,973,099 or 9.40% due to better overall collections of property taxes during the fiscal year and fluctuations in the amount of tax collected and available for advance at fiscal year-end by the Butler County Auditor. Tax advances available are recorded as revenue under GAAP. The amount of tax advances available at June 30, 2019, 2018 and 2017 was \$2,906,247, \$1,278,776 and \$1,230,297, respectively. The amount of tax advance available at year-end can vary depending upon when the county auditor distributes tax bills.

Overall, expenses of the governmental activities increased \$26,545,169 or 44.45%. This increase is primarily the result of the STRS indefinitely suspending the Cost of Living Adjustment ("COLA") and the School Employee Retirement System (SERS) lowering the COLA from 3.00% to 2.50% in fiscal year 2018. These benefit changes caused a decrease to the net pension liability reported at June 30, 2018 and the subsequent expenses reported for fiscal year 2018 when compared to fiscal year 2017.

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2019 and 2018.

Governmental Activities - Revenues and Expenses



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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

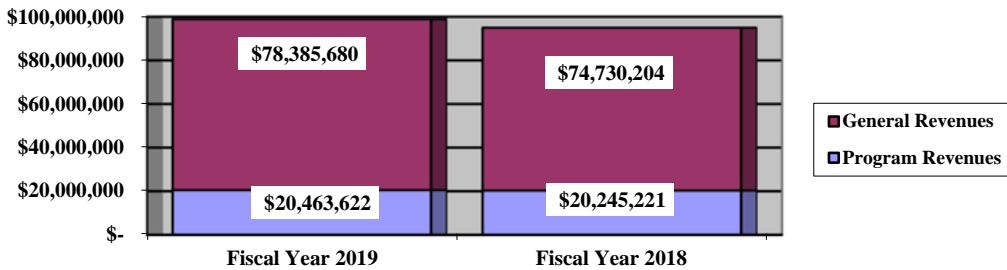
Governmental Activities

	Total Cost of Services 2019	Net Cost of Services 2019	Total Cost of Services 2018	Net Cost of Services 2018
Program expenses				
Instruction:				
Regular	\$ 22,850,665	\$ 21,731,355	\$ 7,241,362	\$ 5,925,742
Special	9,525,213	(663,454)	3,913,313	(6,110,778)
Vocational	110,409	(355,092)	38,781	(353,021)
Adult/continuing	1,743	1,743	-	-
Other	17,607,408	17,607,408	16,812,983	16,812,983
Support services:				
Pupil	4,726,955	4,361,860	3,271,201	2,968,646
Instructional staff	2,184,377	(61,680)	1,521,814	(506,704)
Board of education	52,940	52,940	39,207	39,207
Administration	4,065,719	3,724,595	1,399,741	1,014,337
Fiscal	1,126,977	1,126,977	881,107	731,188
Business	241,259	241,259	195,559	195,559
Operations and maintenance	7,665,646	7,585,581	9,354,087	9,301,427
Pupil transportation	5,220,863	4,639,165	5,148,422	4,956,423
Central	1,319,620	1,318,345	974,516	970,204
Operations of non-instructional services	4,102,166	(770,671)	4,152,167	(1,029,119)
Extracurricular activities	924,494	722,501	339,087	122,032
Interest and fiscal charges	4,532,975	4,532,975	4,430,913	4,430,913
Total	\$ 86,259,429	\$ 65,795,807	\$ 59,714,260	\$ 39,469,039

The dependence upon tax and other general revenues for governmental activities is apparent, 76.50% of instruction activities were supported through taxes and other general revenues during fiscal year 2019. For all governmental activities, general revenue support was 76.28% in fiscal year 2019. 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 2019 and 2018.

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, 2019
(UNAUDITED)

The District's Funds

The District's governmental funds (as presented on the balance sheet on page 21) reported a combined fund balance of \$43,010,052, which is greater than last year's total of \$36,338,313. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2019 and 2018.

	Fund Balance <u>June 30, 2019</u>	Fund Balance <u>June 30, 2018</u>	<u>Change</u>	Percentage <u>Change</u>
General	\$ 17,735,218	\$ 16,768,501	\$ 966,717	5.77 %
Bond retirement	6,201,282	4,990,614	1,210,668	24.26 %
Building	10,825,858	2,278,610	8,547,248	375.11 %
Other Governmental	<u>8,247,694</u>	<u>12,300,588</u>	<u>(4,052,894)</u>	(32.95) %
Total	<u>\$ 43,010,052</u>	<u>\$ 36,338,313</u>	<u>\$ 6,671,739</u>	18.36 %

General Fund

The general fund increased \$966,717 during fiscal year 2019.

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

	2019 <u>Amount</u>	2018 <u>Amount</u>	<u>Change</u>	Percentage <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 27,652,237	\$ 27,483,827	\$ 168,410	0.61 %
Payment in lieu of taxes	806,506	683,589	122,917	17.98 %
Earnings on investments	659,223	263,325	395,898	150.35 %
Intergovernmental	48,169,425	46,955,810	1,213,615	2.58 %
Other revenues	<u>1,829,076</u>	<u>1,981,040</u>	<u>(151,964)</u>	(7.67) %
Total	<u>\$ 79,116,467</u>	<u>\$ 77,367,591</u>	<u>\$ 1,748,876</u>	2.26 %
<u>Expenditures</u>				
Instruction	\$ 51,916,476	\$ 49,140,784	\$ 2,775,692	5.65 %
Support services	24,321,748	24,253,283	68,465	0.28 %
Operation of				
non-instructional services	48,166	38,759	9,407	24.27 %
Extracurricular activities	83,771	84,516	(745)	(0.88) %
Facilities acquisition and const.	567,633	266,240	301,393	113.20 %
Debt service	<u>239,273</u>	<u>267,548</u>	<u>(28,275)</u>	(10.57) %
Total	<u>\$ 77,177,067</u>	<u>\$ 74,051,130</u>	<u>\$ 3,125,937</u>	4.22 %

Revenues of the general fund increased \$1,748,876 or 2.26%. Intergovernmental revenue increased 2.58% due to increases in State foundation funding related to a new State budget that provided more funding for the District. Earnings on investments increased due to better interest rates earned on investments.

Expenditures of the general fund increased \$3,125,937 or 4.22%. The most significant increase was in the area of instruction. Instruction increased \$2,775,692 due to increases in spending on regular teachers for salaries and benefits.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

Bond Retirement Fund

The bond retirement fund had \$8,250,813 in revenues and other financing sources and \$7,040,145 in expenditures. The bond retirement fund's fund balance increased \$1,210,668 from \$4,990,614 to \$6,201,282. This increase is primarily the result of property tax collections exceeding principal and interest payments on bonds.

Building Fund

The building fund had \$10,074,086 in revenues and other financing sources and \$1,526,838 in expenditures. The building fund's fund balance increased \$8,547,248 from \$2,278,610 to \$10,825,858. The increase is due to the District issuing debt during the year that remained unspent.

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 \$77,818,485 were increased to \$78,138,711 in the final budget. The District increased its many various revenue categories but decreased expected property taxes. Actual revenues and other financing sources increased \$156,396 to \$78,295,107. This increase from the final budget resulted from increased actual other local revenue and State foundation revenues.

General fund original appropriations (appropriated expenditures plus other financing uses) were \$79,686,324 and were increased to \$80,376,260 in the final budget. The District primarily reallocated appropriations between various functions and increased the budget related to other instruction. These reclassifications were necessary to better associate the appropriation's activity with its function. Actual expenditures and other uses of \$78,301,229 were \$2,075,031 lower than final appropriations due to the District's conservative budget practices in all of the various functional expenditures.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2019, the District had \$146,963,915 invested in land, construction in progress, buildings and improvements and equipment. This entire amount is reported in governmental activities.

The following table shows June 30, 2019 balances compared to June 30, 2018.

Capital Assets at June 30 (Net of Depreciation)		
<u>Governmental Activities</u>		
	<u>2019</u>	<u>2018</u>
Land	\$ 1,527,633	\$ 1,527,633
Construction in progress	1,665,572	83,325,852
Buildings and improvements	142,627,641	55,404,377
Equipment	<u>1,143,069</u>	<u>1,040,363</u>
Total	<u>\$ 146,963,915</u>	<u>\$ 141,298,225</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

The capital assets increased \$5,665,690. The capital assets increased due to current year additions of \$10,170,648, current year depreciation of \$3,795,377 and current year disposals of \$709,581, net of accumulated depreciation.

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

Debt Administration

At June 30, 2019, the District had \$109,138,816 in general obligation bonds and House Bill (HB) 264 debt outstanding. Of this total, \$2,954,298 is due within one year and \$106,184,518 is due in greater than one year.

The following table summarizes the bonds, notes and capital lease obligations outstanding.

Outstanding Debt, at Year End

	<u>Governmental Activities 2019</u>	<u>Governmental Activities 2018</u>
General obligation bonds and HB 264 debt	\$ 102,864,298	\$ 95,247,639
Premiums	6,274,518	6,503,579
Capital lease obligations	<u>-</u>	<u>26,544</u>
Total	<u>\$ 109,138,816</u>	<u>\$ 101,777,762</u>

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

For the Future

Middletown City Schools is experiencing a movement known as the Middie Modernization Movement that began two years ago with the arrival of Mr. Marlon Styles, Superintendent. With the completion of the District's three-year strategic plan, new middle school, completely renovated high school, a focus on elite leadership, a younger staff replacing many retirees, our District has seen the culture and climate of the District completely transform. The culture of #MiddieRising is at the heartbeat of our passion and is getting stronger every day. This transformation has resulted in local and national awards (2019 ISTE Distinguished District Award), improving report card results (Graduate Rate now 91%), and an increase in student enrollment. Middletown is driving a student-centered, future ready, technology rich educational experience for all students. Middletown is becoming the place to be with excellent facilities, tremendous and positive staff, state of the art programs, modernized technology experiences, and highly respected culture of innovation.

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 \$24.1 million in fiscal year 2017 with an expected growth of 2% annually. All operating levies are continuous. The Board also implemented a cash carryover policy in 2015 to require a minimum of 10% cash carryover of operating expenditures to which the District obtained June 30, 2016 with a cash balance of \$8,064,274. The District more than doubled their cash carryover to \$17,244,650 June 30, 2017, \$20,492,140 June 30, 2018 and again increased it to \$21,121,657 June 30, 2019 to end with 27.76% above fiscal year 2018 expenditures.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

The District's efforts at cost savings and increased revenues have started to show as the ending cash balance as reported on the District's five year forecast in fiscal year 2016, 2017, 2018 and 2019 was \$8,064,274, \$17,244,650, \$20,492,140 and \$21,121,657 respectfully, and the forecast for fiscal year 2020 is showing an increased ending balance of \$22,327,311 with deficit spending beginning in 2021 resulting in a forecasted ending balance of \$8,243,492 fiscal year 2023, which still maintains carryover in excess of board policy requirements. The District's revenue is forecasted to increase steadily due to increased state aide for the next five fiscal years and through increased tax collections.

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

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.

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

STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 32,840,166
Cash in segregated accounts	575,857
Receivables:	
Property taxes	35,624,268
Payment in lieu of taxes	814,624
Accounts	15,511
Accrued interest	47,638
Intergovernmental	6,348,613
Prepayments	89,662
Inventory held for resale	13,315
Restricted cash and investments with trustee	14,092,551
Net OPEB asset	4,130,615
Capital assets:	
Nondepreciable capital assets	3,193,205
Depreciable capital assets, net	143,770,710
Capital assets, net	146,963,915
Total assets	241,556,735
 Deferred outflows of resources:	
Unamortized deferred loss on debt refunding	19,499
Pension	21,060,608
OPEB	1,569,800
Total deferred outflows of resources	22,649,907
 Liabilities:	
Accounts payable	1,317,557
Contracts payable	152,037
Retainage payable	575,857
Accrued wages and benefits payable	6,000,625
Intergovernmental payable	105,763
Pension and postemployment benefits payable	1,154,512
Accrued interest payable	369,436
Unearned revenue	375,417
Long-term liabilities:	
Due within one year	3,039,612
Due in more than one year:	
Net pension liability	70,603,288
Net OPEB liability	6,901,663
Other amounts due in more than one year	107,589,568
Total liabilities	198,185,335
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year	30,694,232
Payment in lieu of taxes levied for the next fiscal year	800,603
Unamortized deferred gain on refunding	410,020
Pension	8,305,315
OPEB	7,260,878
Total deferred inflows of resources	47,471,048
 Net position:	
Net investment in capital assets	54,041,883
Restricted for:	
Capital projects	5,348,333
Classroom facilities maintenance	1,207,199
Debt service	1,583,805
Locally funded programs	101,375
State funded programs	62,123
Federally funded programs	1,657,526
Food service operations	2,473,088
Unrestricted (deficit)	(47,925,073)
Total net position	\$ 18,550,259

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, 2019

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 22,850,665	\$ 994,526	\$ 124,784	\$ (21,731,355)
Special	9,525,213	70,275	10,118,392	663,454
Vocational	110,409	-	465,501	355,092
Adult/continuing.	1,743	-	-	(1,743)
Other	17,607,408	-	-	(17,607,408)
Support services:				
Pupil.	4,726,955	86,794	278,301	(4,361,860)
Instructional staff	2,184,377	-	2,246,057	61,680
Board of education	52,940	-	-	(52,940)
Administration.	4,065,719	-	341,124	(3,724,595)
Fiscal.	1,126,977	-	-	(1,126,977)
Business.	241,259	-	-	(241,259)
Operations and maintenance	7,665,646	70,019	10,046	(7,585,581)
Pupil transportation.	5,220,863	4,000	577,698	(4,639,165)
Central	1,319,620	-	1,275	(1,318,345)
Operation of non-instructional services:				
Other non-instructional services	869,738	11,855	895,527	37,644
Food service operations	3,232,428	187,058	3,778,397	733,027
Extracurricular activities.	924,494	180,766	21,227	(722,501)
Interest and fiscal charges	4,532,975	-	-	(4,532,975)
Total governmental activities	\$ 86,259,429	\$ 1,605,293	\$ 18,858,329	(65,795,807)
General revenues:				
Property taxes levied for:				
General purposes				27,001,888
Debt service.				6,332,979
Classroom facilities maintenance				408,573
Capital projects				852,630
Payments in lieu of taxes.				838,284
Grants and entitlements not restricted to specific programs				41,326,796
Investment earnings				1,037,675
Miscellaneous				586,855
Total general revenues				78,385,680
Change in net position				12,589,873
Net position at beginning of year				5,960,386
Net position at end of year.				\$ 18,550,259

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General	Bond Retirement	Building	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and investments	\$ 22,994,001	\$ 5,370,530	\$ -	\$ 4,475,635	\$ 32,840,166
Cash in segregated accounts	-	-	-	575,857	575,857
Receivables:					
Property taxes	27,706,520	6,142,408	-	1,775,340	35,624,268
Payment in lieu of taxes	814,624	-	-	-	814,624
Accounts	14,671	-	-	840	15,511
Accrued interest	46,194	-	1,125	319	47,638
Interfund loans	745,769	-	-	-	745,769
Intergovernmental	217,147	-	-	6,131,466	6,348,613
Prepayments	78,057	-	-	11,605	89,662
Inventory held for resale	-	-	-	13,315	13,315
Restricted assets:					
Equity in pooled cash and investments	-	-	10,972,560	3,119,991	14,092,551
Total assets	<u>\$ 52,616,983</u>	<u>\$ 11,512,938</u>	<u>\$ 10,973,685</u>	<u>\$ 16,104,368</u>	<u>\$ 91,207,974</u>
Liabilities:					
Accounts payable	\$ 1,110,290	\$ -	\$ -	\$ 207,267	\$ 1,317,557
Contracts payable	-	-	146,904	5,133	152,037
Retainage payable	-	-	-	575,857	575,857
Accrued wages and benefits payable	5,407,283	-	-	593,342	6,000,625
Compensated absences payable	67,212	-	-	-	67,212
Intergovernmental payable	90,436	-	-	15,327	105,763
Pension and postemployment benefits payable	1,015,764	-	-	138,748	1,154,512
Interfund loans payable	-	-	-	745,769	745,769
Unearned revenue	375,417	-	-	-	375,417
Total liabilities	<u>8,066,402</u>	<u>-</u>	<u>146,904</u>	<u>2,281,443</u>	<u>10,494,749</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	24,249,185	4,971,275	-	1,473,772	30,694,232
Payment in lieu of taxes levied for the next fiscal year	800,603	-	-	-	800,603
Delinquent property tax revenue not available	1,594,511	340,381	-	88,897	2,023,789
Intergovernmental revenue not available	146,014	-	-	4,012,300	4,158,314
Accrued interest not available	11,029	-	923	262	12,214
Delinquent PILOTs not available	14,021	-	-	-	14,021
Total deferred inflows of resources	<u>26,815,363</u>	<u>5,311,656</u>	<u>923</u>	<u>5,575,231</u>	<u>37,703,173</u>
Fund balances:					
Nonspendable:					
Prepayments	78,057	-	-	11,605	89,662
Restricted:					
Debt service	-	6,201,282	-	-	6,201,282
Capital improvements	-	-	10,825,858	4,136,178	14,962,036
Classroom facilities maintenance	-	-	-	1,118,302	1,118,302
Food service operations	-	-	-	2,473,088	2,473,088
Non-public schools	-	-	-	27,904	27,904
Targeted academic assistance	-	-	-	87,821	87,821
Extracurricular activities	-	-	-	3,771	3,771
Other purposes	-	-	-	153,864	153,864
Committed:					
Capital improvements	-	-	-	308,585	308,585
Assigned:					
Student instruction	263,046	-	-	-	263,046
Student and staff support	367,745	-	-	-	367,745
Operation of non-instructional	542	-	-	-	542
Facilities acquisition and construction	5,619	-	-	-	5,619
Subsequent year's appropriations	680,178	-	-	-	680,178
Other purposes	2,254	-	-	-	2,254
Unassigned (deficit)	16,337,777	-	-	(73,424)	16,264,353
Total fund balances	<u>17,735,218</u>	<u>6,201,282</u>	<u>10,825,858</u>	<u>8,247,694</u>	<u>43,010,052</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 52,616,983</u>	<u>\$ 11,512,938</u>	<u>\$ 10,973,685</u>	<u>\$ 16,104,368</u>	<u>\$ 91,207,974</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, 2019

Total governmental fund balances		\$	43,010,052
<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.			146,963,915
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.			
Property taxes receivable	\$	2,023,789	
Payment in lieu of taxes receivable		14,021	
Accrued interest receivable		12,214	
Intergovernmental receivable		4,158,314	
Total		6,208,338	6,208,338
Unamortized premiums on bonds issued are not recognized in the funds.			(6,274,518)
Unamortized amounts on refundings are not recognized in the funds.			
Unamortized deferred loss on refunding		19,499	
Unamortized deferred gain on refunding		(410,020)	
Total		(390,521)	(390,521)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(369,436)
The net pension liability is not due and payable in the current period; therefore, the liability and the related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows of resources - pension		21,060,608	
Deferred inflows of resources - pension		(8,305,315)	
Net pension liability		(70,603,288)	
Total		(57,847,995)	(57,847,995)
The net OPEB liability/asset is not due and payable in the current period; therefore, the liability/asset and the related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows of resources - OPEB		1,569,800	
Deferred inflows of resources - OPEB		(7,260,878)	
Net OPEB asset		4,130,615	
Net OPEB liability		(6,901,663)	
Total		(8,462,126)	(8,462,126)
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 payable		(102,125,000)	
Compensated absences		(1,423,152)	
Energy conservation notes payable		(739,298)	
Total		(104,287,450)	(104,287,450)
Net position of governmental activities		\$	18,550,259

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, 2019

	<u>General</u>	<u>Bond Retirement</u>	<u>Building</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
From local sources:					
Property taxes	\$ 27,652,237	\$ 6,448,726	\$ -	\$ 1,185,053	\$ 35,286,016
Payment in lieu of taxes	806,506	24,629	-	-	831,135
Tuition	968,877	-	-	-	968,877
Transportation fees	4,000	-	-	-	4,000
Earnings on investments	659,223	-	210,726	176,682	1,046,631
Charges for services	-	-	-	187,555	187,555
Extracurricular	105,291	-	-	170,585	275,876
Classroom materials and fees	23,829	-	-	-	23,829
Rental income	68,339	-	-	4,932	73,271
Contributions and donations	144,285	-	-	81,307	225,592
Contract services	68,372	-	-	-	68,372
Other local revenues	446,083	-	-	16,944	463,027
Intergovernmental - state	47,571,539	1,498,518	-	2,136,388	51,206,445
Intergovernmental - federal	597,886	-	-	10,072,201	10,670,087
Total revenues	<u>79,116,467</u>	<u>7,971,873</u>	<u>210,726</u>	<u>14,031,647</u>	<u>101,330,713</u>
Expenditures:					
Current:					
Instruction:					
Regular	25,715,140	-	-	71,970	25,787,110
Special	8,466,242	-	-	3,223,728	11,689,970
Vocational	127,686	-	-	-	127,686
Other	17,607,408	-	-	-	17,607,408
Support services:					
Pupil	4,985,574	-	-	251,414	5,236,988
Instructional staff	578,731	-	-	2,100,488	2,679,219
Board of education	58,039	-	-	-	58,039
Administration	4,542,753	-	-	385,643	4,928,396
Fiscal	1,149,527	77,463	-	17,606	1,244,596
Business	284,876	-	-	-	284,876
Operations and maintenance	6,430,149	-	-	30,693	6,460,842
Pupil transportation	4,910,876	-	-	298,908	5,209,784
Central	1,381,223	-	-	666	1,381,889
Operation of non-instructional services:					
Other non-instructional services	48,166	-	-	917,106	965,272
Food service operations	-	-	-	3,659,788	3,659,788
Extracurricular activities	83,771	-	-	1,016,330	1,100,101
Facilities acquisition and construction	567,633	-	1,526,838	6,946,461	9,040,932
Debt service:					
Principal retirement	199,862	1,075,000	-	-	1,274,862
Interest and fiscal charges	39,411	4,363,242	-	-	4,402,653
Bond issuance costs	-	144,440	-	-	144,440
Accretion on capital appreciation bonds	-	1,380,000	-	-	1,380,000
Total expenditures	<u>77,177,067</u>	<u>7,040,145</u>	<u>1,526,838</u>	<u>18,920,801</u>	<u>104,664,851</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,939,400</u>	<u>931,728</u>	<u>(1,316,112)</u>	<u>(4,889,154)</u>	<u>(3,334,138)</u>
Other financing sources (uses):					
Premium on bonds issued	-	136,641	-	-	136,641
Issuance of bonds	-	-	9,860,000	-	9,860,000
Sale of capital assets	9,236	-	-	-	9,236
Transfers in	-	142,299	3,360	836,260	981,919
Transfers (out)	(981,919)	-	-	-	(981,919)
Total other financing sources (uses)	<u>(972,683)</u>	<u>278,940</u>	<u>9,863,360</u>	<u>836,260</u>	<u>10,005,877</u>
Net change in fund balances	966,717	1,210,668	8,547,248	(4,052,894)	6,671,739
Fund balances at beginning of year	<u>16,768,501</u>	<u>4,990,614</u>	<u>2,278,610</u>	<u>12,300,588</u>	<u>36,338,313</u>
Fund balances at end of year	<u>\$ 17,735,218</u>	<u>\$ 6,201,282</u>	<u>\$ 10,825,858</u>	<u>\$ 8,247,694</u>	<u>\$ 43,010,052</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, 2019

Net change in fund balances - total governmental funds	\$	6,671,739
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 10,170,648	
Current year depreciation	<u>(3,795,377)</u>	
Total		6,375,271
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(709,581)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(689,946)	
Payment in lieu of taxes	7,149	
Earnings on investments	5,393	
Intergovernmental	<u>(1,657,993)</u>	
Total		(2,335,397)
Repayment of bond, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
General obligation bonds	1,075,000	
Accretion on capital appreciation bonds	1,380,000	
Energy conservation bonds and notes payable	173,318	
Capital leases	<u>26,544</u>	
Total		2,654,862
Issuances of bonds and premiums 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.		
Bonds	(9,860,000)	
Premiums	<u>(136,641)</u>	
Total		(9,996,641)
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	(20,331)	
Accreted interest on capital appreciation bonds	(384,977)	
Amortization of bond premiums	365,702	
Amortization of deferred losses	(1,560)	
Amortization of deferred gains	<u>55,284</u>	
Total		14,118
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension		5,645,406
OPEB		211,208
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability/net OPEB liability/asset are reported as pension expense/OPEB expense statement of activities.		
Pension		(4,243,392)
OPEB		8,620,176
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>(317,896)</u>
Change in net position of governmental activities	\$	<u>12,589,873</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and investments	\$ 28,092	\$ 81,513
Total assets.	<u>28,092</u>	<u>\$ 81,513</u>
Liabilities:		
Undistributed monies	-	\$ 81,513
Total liabilities	<u>-</u>	<u>\$ 81,513</u>
Net position:		
Held in trust for scholarships	<u>28,092</u>	
Total net position.	<u>\$ 28,092</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Private-Purpose Trust
	Scholarship
Additions:	
Gifts and contributions	\$ 8,354
Deductions:	
Scholarships awarded	5,036
Change in net position	3,318
Net position at beginning of year.	24,774
Net position at end of year	\$ 28,092

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, 2019

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 135 classified personnel and 485 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, 2019

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 \$364,679 for services provided during the year. Financial information can be obtained from Mr. Michael Crumley, who serves as Director, at 3607 Hamilton-Middletown Rd., Hamilton, Ohio 45011.

The Butler Technology and Career Development Center

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

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

Butler Health Plan (BHP)

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

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. Fiduciary funds are not included in government-wide statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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.

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. The various funds of the District are grouped into the categories governmental and fiduciary.

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.

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.

Building Fund - 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's only trust fund is a private purpose trust which accounts for scholarship programs for students which uses the economic resources measurement focus. The District has one agency fund that has no measurement focus. The student activity fund accounts for assets and liabilities generated by student managed activities.

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. Fiduciary funds also use the 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, See Notes 12 and 13 for deferred outflows of resources related the District's net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources until that time. For the District, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance fiscal year 2020 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. For the District 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.

For the District, See Notes 12 and 13 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is 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 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.

During fiscal year 2019, the District invested in Federal Farm Credit bank (FFCB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal Home Loan Bank (FHLB) discount notes, Federal Home Loan Bank (FHLB) securities, negotiable certificates of deposit, commercial paper, U.S. government money market mutual funds, a repurchase agreement and the State Treasury Asset Reserve of Ohio (STAR Ohio).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

During fiscal year 2019, 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 its 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 a NAV per share that approximates fair value.

For the fiscal year 2019, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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 2019 amounted to \$659,223, which includes \$213,168 assigned from other funds. The food service, classroom facilities maintenance and auxiliary services special revenue funds and permanent improvement fund also received interest of \$13,296, \$6,800, \$1,053 and \$2,497, respectively. The building fund and construction fund received interest of \$210,726 and \$153,036, 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 prepaid items 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

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

Depreciation 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

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

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

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2019 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments. The entire compensated absence liability is reported on the government-wide financial statements.

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

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include the unspent bond proceeds held with the trustee for construction purposes.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

R. 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.

S. 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.

T. Minimum Fund Balance Policy

The District Board requires in the general fund a minimum of 10% cash carryover of operating expenditures to which the District obtained as of June 30, 2019. This amount is included as part of the unassigned balance in the District's general fund.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2019, the District has implemented GASB Statement No. 83, "Certain Asset Retirement Obligations" and GASB Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the District.

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statement of the District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2019 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Title VI-B Grant	\$ 69,640
Miscellaneous federal grants	1,072

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality;
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;
5. 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;

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

6. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days and two-hundred-seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate note interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the 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. 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 investments".

B. Deposits with Financial Institutions

At June 30, 2019, the carrying amount of all District deposits was \$9,955,645 and the bank balance of all District deposits was \$10,184,075. Of the bank balance, \$500,000 was covered by the FDIC and \$9,684,075 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of June 30, 2019, the District had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement <u>Value</u>	Investment Maturities				
		6 months or <u>less</u>	7 to 12 <u>months</u>	13 to 18 <u>months</u>	19 to 24 <u>months</u>	Greater than <u>24 months</u>
<i>Fair Value:</i>						
FFCB	\$ 1,144,961	\$ -	\$ 1,000,010	\$ -	\$ -	\$ 144,951
FHLMC	1,878,795	-	1,497,670	-	-	381,125
FHLB DN	699,916	699,916	-	-	-	-
FHLB	2,598,076	-	-	2,598,076	-	-
Negotiable CDs	3,252,252	-	-	-	247,169	3,005,083
Commercial paper	11,329,758	9,828,531	1,501,227	-	-	-
U.S. Government money market	1,358,270	1,358,270	-	-	-	-
Repurchase agreement	3,277,809	3,277,809	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	<u>12,121,247</u>	<u>12,121,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 37,661,084</u>	<u>\$ 27,285,773</u>	<u>\$ 3,998,907</u>	<u>\$ 2,598,076</u>	<u>\$ 247,169</u>	<u>\$ 3,531,159</u>

The weighted average of maturity of investments is 0.56 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 federal agency securities (FFCB, FHLMC, FHLB DN, FHLB), negotiable CD's, commercial paper and repurchase agreements are valued using pricing sources provided by the investment manager (Level 2 inputs).

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

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

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 and federal agency securities that underline the repurchase agreement 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.

**MIDDLETOWN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2019:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Fair Value:</i>		
FFCB	\$ 1,144,961	3.04
FHLMC	1,878,795	4.99
FHLB DN	699,916	1.86
FHLB	2,598,076	6.90
Negotiable CDs	3,252,252	8.64
Commercial paper	11,329,758	30.07
U.S. Government money market	1,358,270	3.61
Repurchase agreement	3,277,809	8.70
<i>Amortized Cost:</i>		
STAR Ohio	<u>12,121,247</u>	<u>32.19</u>
Total	<u>\$ 37,661,084</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, 2019:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 9,955,645
Investments	37,661,084
Cash on hand	<u>1,450</u>
Total	<u>\$ 47,618,179</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 47,508,574
Private purpose trust funds	28,092
Agency funds	<u>81,513</u>
Total	<u>\$ 47,618,179</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund transfers for the year ended June 30, 2019, consisted of the following, as reported on the fund statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Bond retirement fund	\$ 142,299
Building fund	3,360
Nonmajor governmental funds	<u>836,260</u>
Total	<u>\$ 981,919</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

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, 2019, as reported on the fund statement:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 745,769</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.

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 2019 represents collections of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after April 1, 2018, on the assessed value listed as of January 1, 2018, 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 2019 represents collections of calendar year 2018 taxes. Public utility real and tangible personal property taxes received in calendar year 2019 became a lien December 31, 2017, were levied after April 1, 2018 and are collected in 2019 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, 2019, are available to finance fiscal year 2019 operations. The amount available for advance at June 30, 2019, \$1,862,824 in the general fund, \$830,752 in the bond retirement fund, \$168,074 in the permanent improvement fund (a nonmajor governmental fund) and \$44,597 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount available for advance at June 30, 2018, \$1,043,107 in the general fund, \$225,331 in the bond retirement fund and \$10,338 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

**MIDDLETOWN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 6 - PROPERTY TAXES - (Continued)

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2019 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

The assessed values upon which the fiscal year 2019 taxes were collected are:

	2018 Second		2019 First	
	Half Collections		Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 641,556,630	91.19	\$ 639,907,020	90.65
Public utility personal	<u>61,948,170</u>	<u>8.81</u>	<u>65,992,060</u>	<u>9.35</u>
Total	<u>\$ 703,504,800</u>	<u>100.00</u>	<u>\$ 705,899,080</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
General	\$44.65		\$42.68	
Debt service	9.00		9.00	
Permanent improvement	-		1.90	
Classroom facilities maint.	0.50		0.50	

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 7 - RECEIVABLES

Receivables at June 30, 2019 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.

Governmental activities:

Property taxes	\$ 35,624,268
Payment in lieu of taxes	814,624
Accounts	15,511
Accrued interest	47,638
Intergovernmental:	
State foundation adjustments	59,851
Miscellaneous intergovernmental amounts	16,731
Ohio Facilities Construction Commission (OFCC)	3,418,122
Title VI-B	636,359
School Improvement Stimulus A	15,483
Title III	53,711
Title II-A	291,938
Title I	1,561,501
Title IV-A	141,395
IDEA preschool grant	7,508
Bureau of Workers' Compensation	<u>146,014</u>
Total	<u>\$ 42,850,654</u>

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019 was as follows.

	Balance <u>06/30/18</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/19</u>
<u>Governmental activities:</u>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,527,633	\$ -	\$ -	\$ 1,527,633
Construction in progress	<u>83,325,852</u>	<u>8,873,313</u>	<u>(90,533,593)</u>	<u>1,665,572</u>
<i>Total capital assets, not being depreciated</i>	<u>84,853,485</u>	<u>8,873,313</u>	<u>(90,533,593)</u>	<u>3,193,205</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	87,739,843	91,378,130	(6,480,399)	172,637,574
Equipment	<u>15,346,927</u>	<u>452,798</u>	<u>(3,583,018)</u>	<u>12,216,707</u>
<i>Total capital assets, being depreciated</i>	<u>103,086,770</u>	<u>91,830,928</u>	<u>(10,063,417)</u>	<u>184,854,281</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(32,335,466)	(3,549,491)	5,875,024	(30,009,933)
Equipment	<u>(14,306,564)</u>	<u>(245,886)</u>	<u>3,478,812</u>	<u>(11,073,638)</u>
<i>Total accumulated depreciation</i>	<u>(46,642,030)</u>	<u>(3,795,377)</u>	<u>9,353,836</u>	<u>(41,083,571)</u>
Total capital assets, net	<u>\$ 141,298,225</u>	<u>\$ 96,908,864</u>	<u>\$ (91,243,174)</u>	<u>\$ 146,963,915</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 1,945,858
Special	4,255
<u>Support services:</u>	
Instructional staff	44,490
Administration	3,599
Fiscal	980
Business	1,292
Operations and maintenance	1,696,803
Pupil transportation	14,807
Central	25,764
<u>Operation of non-instructional services:</u>	
Other non-instructional services	10,957
Food service operations	22,890
Extracurricular activities	<u>23,682</u>
Total depreciation expense	<u>\$ 3,795,377</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, 2019

NOTE 9 - LONG-TERM OBLIGATIONS

A. During fiscal year 2019, the following changes in governmental activities long-term obligations.

	Balance 6/30/18	Additions	Deductions	Balance 6/30/19	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	1,450,931	-	(107,472)	1,343,459	-
2015 general obligation bonds	43,095,000	-	(120,000)	42,975,000	235,000
Premium on 2015 general obligation bonds	4,035,288	-	(132,667)	3,902,621	-
2016 refunding bonds:					
Current interest and term	23,760,000	-	-	23,760,000	2,365,000
Capital appreciation bonds	955,000	-	(955,000)	-	-
Accreted interest on CABs	995,023	384,977	(1,380,000)	-	-
Premium on 2016 refunding bonds	1,017,360	-	(120,874)	896,486	-
2018 general obligation bonds	-	9,860,000	-	9,860,000	175,000
Premium on 2018 general obligation bonds	-	136,641	(4,689)	131,952	-
Total general obligation bonds	<u>100,838,602</u>	<u>10,381,618</u>	<u>(2,820,702)</u>	<u>108,399,518</u>	<u>2,775,000</u>
House Bill (HB) 264 notes					
HB 264 energy conservation note	252,616	-	(123,318)	129,298	129,298
2014 HB 264 energy conservation note	660,000	-	(50,000)	610,000	50,000
Total HB 264 notes	<u>912,616</u>	<u>-</u>	<u>(173,318)</u>	<u>739,298</u>	<u>179,298</u>
Other long-term obligations:					
Capital leases	26,544	-	(26,544)	-	-
Net pension liability	70,965,883	-	(362,595)	70,603,288	-
Net OPEB liability	15,802,093	413,742	(9,314,172)	6,901,663	-
Compensated absences	1,115,873	419,400	(44,909)	1,490,364	85,314
Total other long-term obligations	<u>87,910,393</u>	<u>833,142</u>	<u>(9,748,220)</u>	<u>78,995,315</u>	<u>85,314</u>
Total Long-Term Obligations	<u>\$ 189,661,611</u>	<u>\$ 11,214,760</u>	<u>\$ (12,742,240)</u>	<u>\$ 188,134,131</u>	<u>\$ 3,039,612</u>

General obligation bonds will be paid from the debt service fund and the HB264 energy conservation notes will be paid from the general fund. Capital lease obligations 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.

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.

**MIDDLETOWN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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, 2019, \$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 September 2004, the District issued \$1,421,541 in notes that was used for energy conservation within the District. The interest rate is 4.85% with the maturity date of September 22, 2019. The first payment on the notes was September 22, 2005.

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 2022. The first payment on the notes was made in fiscal year 2015.

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. The combined series has an interest rate of 5.23%. At June 30, 2019, there were \$2,478,997 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, 2019 was \$23,515,000.

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, 2019, there were \$9,532,750 in unspent bond proceeds.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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

Fiscal Year Ending June 30	General Obligation Bonds		HB 264 Bonds & Notes	
	Principal	Interest	Principal	Interest
2020	\$ 2,775,000	\$ 4,497,508	\$ 179,298	\$ 23,071
2021	2,840,000	4,442,278	55,000	15,051
2022	3,060,000	4,377,367	55,000	13,500
2023	3,130,000	4,304,192	55,000	18,763
2024	3,205,000	4,222,843	60,000	15,913
2025 - 2029	22,310,000	19,221,404	335,000	33,489
2030 - 2034	23,545,000	13,030,122	-	-
2035 - 2039	10,045,000	9,426,931	-	-
2040 - 2044	12,790,000	6,612,899	-	-
2045 - 2049	18,425,000	2,561,345	-	-
Total	<u>\$ 102,125,000</u>	<u>\$ 72,696,889</u>	<u>\$ 739,298</u>	<u>\$ 119,787</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, 2019, are a voted debt margin of \$20,442,199 and an unvoted debt margin of \$705,899. During a prior fiscal year, the District issued \$45 million of voted general obligation bonds. Since the bonds are a voted bond issue, the \$42,975,000 balance at June 30, 2019 has been excluded from the legal debt margin calculation.

NOTE 10 - CAPITAL LEASES

In prior years, the District entered into a capital lease for copiers.

The lease meets the criteria of capital leases as defined by accounting standards, which defines a capital lease generally as one that transfers benefits and risks of ownership to the lessee. Capital lease payments for the computers and copiers will be made from the general fund.

The equipment lease for fiscal year 2014 does qualify for capitalization resulting in \$248,273 being reported on the statement of net position. This amount represents the present value of the future minimum lease payments at the time of acquisition. Depreciation expense of \$24,827 was recognized during fiscal year 2019. Accumulated depreciation as of June 30, 2019 was \$248,273. At June 30, 2019, there were no further obligations outstanding.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 11 - 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.

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 Assurant Life.

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 12 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

**MIDDLETOWN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in 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 non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit; or 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.

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the state of a COLA for future retirees.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% 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% for plan members and 14% 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, 2019, the allocation to pension, death benefits, and Medicare B was 13.5%. The remaining 0.5% of the employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$1,295,969 for fiscal year 2019. Of this amount, \$216,931 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS Ohio, 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 Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. 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. 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. For fiscal year 2019, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2019 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$4,349,437 for fiscal year 2019. Of this amount, \$751,008 is reported as due to other governments/intergovernmental payable/pension and postemployment benefits payable.

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

The net pension liability was measured as of June 30, 2018, 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 projected 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	0.238606800%	0.238725080%	
Proportion of the net pension liability current measurement date	<u>0.245890600%</u>	<u>0.257055250%</u>	
Change in proportionate share	<u>0.007283800%</u>	<u>0.018330170%</u>	
Proportionate share of the net pension liability	\$ 14,082,610	\$ 56,520,678	\$ 70,603,288
Pension expense	\$ 940,581	\$ 3,302,811	\$ 4,243,392

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 772,340	\$ 1,304,669	\$ 2,077,009
Changes of assumptions	318,015	10,016,531	10,334,546
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	302,596	2,701,051	3,003,647
Contributions subsequent to the measurement date	<u>1,295,969</u>	<u>4,349,437</u>	<u>5,645,406</u>
Total deferred outflows of resources	<u>\$ 2,688,920</u>	<u>\$ 18,371,688</u>	<u>\$ 21,060,608</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 369,114	\$ 369,114
Net difference between projected and actual earnings on pension plan investments	390,187	3,427,353	3,817,540
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>442,612</u>	<u>3,676,049</u>	<u>4,118,661</u>
Total deferred inflows of resources	<u>\$ 832,799</u>	<u>\$ 7,472,516</u>	<u>\$ 8,305,315</u>

\$5,645,406 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 year ending June 30, 2020.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2020	\$ 986,414	\$ 2,697,887	\$ 3,684,301
2021	155,557	2,984,077	3,139,634
2022	(462,151)	925,759	463,608
2023	<u>(119,668)</u>	<u>(57,988)</u>	<u>(177,656)</u>
Total	<u>\$ 560,152</u>	<u>\$ 6,549,735</u>	<u>\$ 7,109,887</u>

**MIDDLETOWN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 - 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 termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2018, are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement
Investment rate of return	7.50% net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2018, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the 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.

The most recent experience study was completed for the five year period ended June 30, 2015.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 19,836,418	\$ 14,082,610	\$ 9,258,427

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation are presented below:

	July 1, 2018
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.0%, effective July 1, 2017

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

For the July 1, 2018, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

<u>Asset Class</u>	<u>Target Allocation**</u>	<u>Long Term Expected Real Rate of Return *</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include 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.

**The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not 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, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

**MIDDLETOWN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
- The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net pension liability	\$ 82,541,010	\$ 56,520,678	\$ 34,497,997

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

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

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 OPEB are financed; however, the District does receive the benefit of employees' services in exchange for compensation including OPEB.

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

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

**MIDDLETOWN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

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

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 fiscal year 2019, 0.5% of covered payroll was made to 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 2019, this amount was \$21,600. 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 2019, the District's surcharge obligation was \$163,209.

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 \$211,208 for fiscal year 2019. Of this amount, \$171,243 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2019, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability/asset was measured as of June 30, 2018, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. 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 prior measurement date	0.241749500%	0.238725080%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.248774000%</u>	<u>0.257055250%</u>	
Change in proportionate share	<u>0.007024500%</u>	<u>0.018330170%</u>	
Proportionate share of the net OPEB liability	\$ 6,901,663	\$ -	\$ 6,901,663
Proportionate share of the net OPEB asset	\$ -	\$ (4,130,615)	\$ (4,130,615)
OPEB expense	\$ 248,432	\$ (8,868,608)	\$ (8,620,176)

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 112,660	\$ 482,463	\$ 595,123
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	110,267	653,202	763,469
Contributions subsequent to the measurement date	<u>211,208</u>	<u>-</u>	<u>211,208</u>
Total deferred outflows of resources	<u>\$ 434,135</u>	<u>\$ 1,135,665</u>	<u>\$ 1,569,800</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 240,663	\$ 240,663
Net difference between projected and actual earnings on OPEB plan investments	10,354	471,888	482,242
Changes of assumptions	620,061	5,628,291	6,248,352
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>198,265</u>	<u>91,356</u>	<u>289,621</u>
Total deferred inflows of resources	<u>\$ 828,680</u>	<u>\$ 6,432,198</u>	<u>\$ 7,260,878</u>

\$211,208 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 year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2019	\$ (344,623)	\$ (958,277)	\$ (1,302,900)
2020	(262,492)	(958,277)	(1,220,769)
2021	(2,420)	(958,277)	(960,697)
2022	1,987	(851,109)	(849,122)
2023	1,271	(813,513)	(812,242)
2024	<u>524</u>	<u>(757,080)</u>	<u>(756,556)</u>
Total	<u>\$ (605,753)</u>	<u>\$ (5,296,533)</u>	<u>\$ (5,902,286)</u>

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

**MIDDLETOWN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2018, are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.62%
Prior measurement date	3.56%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.70%
Prior measurement date	3.63%
Medical trend assumption:	
Medicare	5.375 to 4.75%
Pre-Medicare	7.25 to 4.75%

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120% of male rates and 110% of female rates. RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. 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 log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

**MIDDLETOWN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70%. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62%, as of June 30, 2018 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.56% was used as of June 30, 2017. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.70%) and higher (4.70%) than the current discount rate (3.70%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.25% decreasing to 3.75%) and higher (8.25% decreasing to 5.75%) than the current rate.

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
District's proportionate share of the net OPEB liability	\$ 8,374,625	\$ 6,901,663	\$ 5,735,352
	1% Decrease (6.25 % decreasing to 3.75 %)	Current Trend Rate (7.25 % decreasing to 4.75 %)	1% Increase (8.25 % decreasing to 5.75 %)
District's proportionate share of the net OPEB liability	\$ 5,568,376	\$ 6,901,663	\$ 8,667,174

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation, compared with July 1, 2017, are presented below:

	July 1, 2018		July 1, 2017
	Initial	Ultimate	
Inflation	2.50%		2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation
Payroll increases	3.00%		3.00%
Cost-of-living adjustments (COLA)	0.00%		0.00%, effective July 1, 2017
Discounted rate of return	7.45%		N/A
Blended discount rate of return	N/A		4.13%
Health care cost trends			6 to 11% initial, 4.50% ultimate
Medical			
Pre-Medicare	6.00%	4.00%	
Medicare	5.00%	4.00%	
Prescription Drug			
Pre-Medicare	8.00%	4.00%	
Medicare	-5.23%	4.00%	

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

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

Actuarial assumptions used in the June 30, 2018, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Assumption Changes Since the Prior Measurement Date - 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). Valuation year per capita health care costs were updated.

Benefit Term Changes Since the Prior Measurement Date - The subsidy multiplier for non-Medicare benefit recipients was increased from 1.90% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 13 - DEFINED BENEFIT OPEB 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	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include 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.

** The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

Discount Rate - The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2018. A discount rate used to measure the total OPEB liability was 4.13% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2018.

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, 2018, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
	District's proportionate share of the net OPEB asset	\$ 3,540,324	\$ 4,130,615
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 4,598,721	\$ 4,130,615	\$ 3,655,218

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 14 - 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, 2019, 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. School District Funding

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2018-2019 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school districts, which can extend past the fiscal year end. ODE's final FTE adjustments did not have a material impact on the District's financial statements.

NOTE 15 - 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, 2018	\$ -
Current year set-aside requirement	1,139,116
Current year offsets	(328,701)
Prior year offset from bond proceeds	<u>(810,415)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2020	<u>\$ -</u>
Set-aside reserve balance June 30, 2019	<u>\$ -</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 15 - SET-ASIDES - (Continued)

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 \$118,195,571 remaining from debt proceeds that will be available in future fiscal years as a capital improvements offset.

NOTE 16 - 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>Year-End Encumbrances</u>
General	\$ 652,192
Building	524,413
Bond retirement	3,500
Nonmajor governmental	<u>1,944,673</u>
Total	<u>\$ 3,124,778</u>

NOTE 17 - CONTRACTUAL COMMITMENTS

As of June 30, 2019, the District had the following contractual commitments outstanding:

<u>Vendor</u>	<u>Total Contract</u>	<u>Amount Paid</u>	<u>Remaining Commitment June 30, 2019</u>
Fanning Howey Assoc.	<u>\$ 4,058,362</u>	<u>\$ (3,589,028)</u>	<u>\$ 469,334</u>

NOTE 18 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

The City of Middletown provides tax abatements through two programs - Enterprise Zone Agreements and Community Reinvestment Area (CRA) Agreements. Under the agreements, various businesses receive the abatement of property taxes to bring jobs and economic development to the City. The agreement affects the property tax receipts collected and distributed to the District. Under the agreements, the District property taxes were reduced by \$249,134 during fiscal year 2019.

NOTE 19 - SUBSEQUENT EVENT

In December 2019, the District issued \$42,190,000 in General Obligation Unlimited Tax Refunding Bonds for the purpose of advance refunding \$42,190,000 of the 2015 General Obligation Bonds. The bonds consist of \$7,440,000 in current interest serial bonds, \$33,885,000 in current interest term bonds and \$865,000 in capital appreciation bonds. The current interest serial and term bonds carry interest rates ranging from 2.831% - 3.25% and the capital appreciation bonds carry approximate equivalent interest rates of 16.58% - 16.97%. The final maturity date of the bonds is December 1, 2048.

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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, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 27,515,585	\$ 26,820,000	\$ 26,832,518	\$ 12,518
Payment in lieu of taxes.	686,637	801,261	806,506	5,245
Tuition.	1,197,855	968,000	968,876	876
Transportation fees.	601	4,000	4,000	-
Earnings on investments	240,573	545,000	545,476	476
Extracurricular.	5,012	5,200	5,195	(5)
Classroom materials and fees	39,825	25,510	25,213	(297)
Rental income	48,115	20,800	18,756	(2,044)
Contributions and donations	50,621	140,000	144,224	4,224
Contract services.	82,697	68,500	69,207	707
Other local revenues	183,588	75,620	327,837	252,217
Intergovernmental - state	46,109,906	46,584,000	46,582,547	(1,453)
Intergovernmental - federal	155,370	625,000	800,527	175,527
Total revenues	76,316,385	76,682,891	77,130,882	447,991
Expenditures:				
Current:				
Instruction:				
Regular	25,493,278	26,184,651	25,612,684	571,967
Special.	8,114,264	8,484,920	8,376,007	108,913
Vocational.	111,641	125,324	124,942	382
Other.	17,648,700	17,929,852	17,707,790	222,062
Support services:				
Pupil.	4,722,747	4,837,904	4,768,083	69,821
Instructional staff	569,787	701,398	582,232	119,166
Board of education	56,638	54,379	55,901	(1,522)
Administration.	4,357,536	4,589,773	4,514,695	75,078
Fiscal	1,133,172	1,169,509	1,153,626	15,883
Business	299,507	286,749	269,190	17,559
Operations and maintenance.	7,155,016	6,764,694	6,618,756	145,938
Pupil transportation	4,620,780	4,929,725	4,870,075	59,650
Central.	1,339,271	1,432,272	1,390,702	41,570
Other operation of non-instructional services	30,177	47,472	28,663	18,809
Extracurricular activities.	90,156	88,442	83,905	4,537
Facilities acquisition and construction	1,943,654	909,698	339,454	570,244
Debt service:				
Principal	-	173,318	173,318	-
Interest and fiscal charges.	-	39,177	39,177	-
Total expenditures	77,686,324	78,749,257	76,709,200	2,040,057
Excess (deficiency) of revenues over (under) expenditures.	(1,369,939)	(2,066,366)	421,682	2,488,048
Other financing sources (uses):				
Refund of prior year's expenditures	750,000	168,000	131,279	(36,721)
Refund of prior year's receipts.	-	(10,000)	(10,000)	-
Transfers in	-	285,000	30,654	(254,346)
Transfers (out).	(1,250,000)	(857,003)	(836,260)	20,743
Advances in.	750,000	994,420	994,420	-
Advances (out)	(750,000)	(760,000)	(745,769)	14,231
Sale of capital assets	2,100	8,400	7,872	(528)
Total other financing sources (uses)	(497,900)	(171,183)	(427,804)	(256,621)
Net change in fund balance	(1,867,839)	(2,237,549)	(6,122)	2,231,427
Fund balance at beginning of year	18,115,858	18,115,858	18,115,858	-
Prior year encumbrances appropriated	2,376,260	2,376,260	2,376,260	-
Fund balance at end of year	\$ 18,624,279	\$ 18,254,569	\$ 20,485,996	\$ 2,231,427

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net pension liability	0.24589060%	0.23860680%	0.25307420%	0.25062120%
District's proportionate share of the net pension liability	\$ 14,082,610	\$ 14,256,229	\$ 18,522,696	\$ 14,300,689
District's covered payroll	\$ 8,257,481	\$ 7,748,207	\$ 8,169,900	\$ 6,936,912
District's proportionate share of the net pension liability as a percentage of its covered payroll	170.54%	183.99%	226.72%	206.15%
Plan fiduciary net position as a percentage of the total pension liability	71.36%	69.50%	62.98%	69.16%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>
0.25872000%	0.25872000%
\$ 13,093,672	\$ 15,385,248
\$ 6,725,440	\$ 6,851,857
194.69%	224.54%
71.70%	65.52%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST SIX FISCAL YEARS			
	2019	2018	2017	2016
District's proportion of the net pension liability	0.25705525%	0.23872508%	0.24111659%	0.25476835%
District's proportionate share of the net pension liability	\$ 56,520,678	\$ 56,709,654	\$ 80,708,991	\$ 70,410,520
District's covered payroll	\$ 29,742,829	\$ 28,499,043	\$ 25,306,564	\$ 26,896,300
District's proportionate share of the net pension liability as a percentage of its covered payroll	190.03%	198.99%	318.93%	261.79%
Plan fiduciary net position as a percentage of the total pension liability	77.31%	75.30%	66.80%	72.10%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>
0.28770674%	0.28770674%
\$ 69,980,236	\$ 83,359,998
\$ 30,217,564	\$ 30,267,971
231.59%	275.41%
74.70%	69.30%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 1,295,969	\$ 1,114,760	\$ 1,084,749	\$ 1,143,786
Contributions in relation to the contractually required contribution	<u>(1,295,969)</u>	<u>(1,114,760)</u>	<u>(1,084,749)</u>	<u>(1,143,786)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 9,599,770	\$ 8,257,481	\$ 7,748,207	\$ 8,169,900
Contributions as a percentage of covered payroll	13.50%	13.50%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 914,285	\$ 932,146	\$ 948,297	\$ 711,941	\$ 1,043,279	\$ 1,090,340
<u>(914,285)</u>	<u>(932,146)</u>	<u>(948,297)</u>	<u>(711,941)</u>	<u>(1,043,279)</u>	<u>(1,090,340)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,936,912	\$ 6,725,440	\$ 6,851,857	\$ 5,293,242	\$ 8,299,753	\$ 8,052,733
13.18%	13.86%	13.84%	13.45%	12.57%	13.54%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 4,349,437	\$ 4,163,996	\$ 3,989,866	\$ 3,542,919
Contributions in relation to the contractually required contribution	<u>(4,349,437)</u>	<u>(4,163,996)</u>	<u>(3,989,866)</u>	<u>(3,542,919)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 31,067,407	\$ 29,742,829	\$ 28,499,043	\$ 25,306,564
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 3,765,482	\$ 4,230,459	\$ 4,237,516	\$ 4,277,136	\$ 4,668,933	\$ 4,798,681
<u>(3,765,482)</u>	<u>(4,230,459)</u>	<u>(4,237,516)</u>	<u>(4,277,136)</u>	<u>(4,668,933)</u>	<u>(4,798,681)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 26,896,300	\$ 32,541,992	\$ 32,596,277	\$ 32,901,046	\$ 35,914,869	\$ 36,912,931
14.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.24877400%	0.24174950%	0.25565619%
District's proportionate share of the net OPEB liability	\$ 6,901,663	\$ 6,487,921	\$ 7,287,147
District's covered payroll	\$ 8,257,481	\$ 7,748,207	\$ 8,169,900
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	83.58%	83.73%	89.20%
Plan fiduciary net position as a percentage of the total OPEB liability	13.57%	12.46%	11.49%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability/asset	0.25705525%	0.23872508%	0.24111659%
District's proportionate share of the net OPEB liability/(asset)	\$ (4,130,615)	\$ 9,314,172	\$ 12,894,978
District's covered payroll	\$ 29,742,829	\$ 28,499,043	\$ 25,306,564
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	13.89%	32.68%	50.96%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	176.00%	47.10%	37.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 211,208	\$ 172,656	\$ 129,996	\$ 125,902
Contributions in relation to the contractually required contribution	<u>(211,208)</u>	<u>(172,656)</u>	<u>(129,996)</u>	<u>(125,902)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 9,599,770	\$ 8,257,481	\$ 7,748,207	\$ 8,169,900
Contributions as a percentage of covered payroll	2.20%	2.09%	1.68%	1.54%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 176,824	\$ 131,084	\$ 133,496	\$ 162,455	\$ 256,125	\$ 165,066
<u>(176,824)</u>	<u>(131,084)</u>	<u>(133,496)</u>	<u>(162,455)</u>	<u>(256,125)</u>	<u>(165,066)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,936,912	\$ 6,725,440	\$ 6,851,857	\$ 5,293,242	\$ 8,299,753	\$ 8,052,733
2.55%	1.95%	1.95%	3.07%	3.09%	2.05%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 31,067,407	\$ 29,742,829	\$ 28,499,043	\$ 25,306,564
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ -	\$ 290,027	\$ 317,004	\$ 324,043	\$ 360,004	\$ 372,900
-	(290,027)	(317,004)	(324,043)	(360,004)	(372,900)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 26,896,300	\$ 32,541,992	\$ 32,596,277	\$ 32,901,046	\$ 35,914,869	\$ 36,912,931
0.00%	1.00%	1.00%	1.00%	1.00%	1.00%

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 - BUDGETARY PROCESS

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

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

Tax Budget:

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

Estimated Resources:

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

Appropriations:

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

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 - BUDGETARY PROCESS – (Continued)

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

Encumbrances:

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

Lapsing of Appropriations:

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

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

The schedule of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is 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);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 - BUDGETARY PROCESS - (Continued)

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

Net Change in Fund Balance

	General fund
Budget basis	\$ (6,122)
Net adjustment for revenue accruals	812,386
Net adjustment for expenditure accruals	(928,828)
Net adjustment for other sources/uses	(369,930)
Funds budgeted elsewhere	823,573
Adjustment for encumbrances	<u>635,638</u>
GAAP basis	<u>\$ 966,717</u>

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

NOTE 2 - REQUIRED SUPPLEMENTARY INFORMATION FOR THE DISTRICT'S NET PENSION LIABILITY

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. 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%. There were no changes in benefit terms from the amounts previously reported for fiscal year 2019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. 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 years 2018-2019.

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 - REQUIRED SUPPLEMENTARY INFORMATION FOR THE DISTRICT'S NET PENSION LIABILITY - (Continued)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. 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.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. 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.

NOTE 3 - REQUIRED SUPPLEMENTARY INFORMATION FOR THE DISTRICT'S NET OPEB LIABILITY/ASSET

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) 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 rate 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 (i) 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, 2019

NOTE 3 - REQUIRED SUPPLEMENTARY INFORMATION FOR THE DISTRICT'S NET OPEB LIABILITY/ASSET - (Continued)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption 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 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 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.

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 and 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.

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.

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPOTLIGHT & NEEDIEST KIDS & MEDICAID RESERVE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Contributions and donations	\$ 17	\$ 2,717	\$ 3,675	\$ 958
Other local revenues	5	776	1,050	274
Intergovernmental - State	4,393	711,895	962,814	250,919
Total revenues	4,415	715,389	967,539	252,150
Expenditures:				
Current:				
Support services:				
Pupil	50,165	160,165	4,014	156,151
Total expenditures	50,165	160,165	4,014	156,151
Excess (deficiency) of revenues over (under) expenditures	(45,750)	555,224	963,525	408,301
Other financing uses:				
Transfers out	-	(145,659)	(145,659)	-
Total other financing uses	-	(145,659)	(145,659)	-
Net change in fund balance	(45,750)	409,565	817,866	408,301
Fund balance at beginning of year	812,912	812,912	812,912	-
Prior year encumbrances appropriated	165	165	165	-
Fund balance at end of year	\$ 767,327	\$ 1,222,642	\$ 1,630,943	\$ 408,301

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL ROTARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Extracurricular.	\$ -	\$ -	\$ 210	\$ 210
Contributions and donations.	2,009	2,922	2,911	(11)
Total revenues	<u>2,009</u>	<u>2,922</u>	<u>3,121</u>	<u>199</u>
Expenditures:				
Current:				
Instruction:				
Special.	3,619	5,540	4,118	1,422
Total expenditures	<u>3,619</u>	<u>5,540</u>	<u>4,118</u>	<u>1,422</u>
Net change in fund balance	(1,610)	(2,618)	(997)	1,621
Fund balance at beginning of year	<u>2,618</u>	<u>2,618</u>	<u>2,618</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,008</u>	<u>\$ -</u>	<u>\$ 1,621</u>	<u>\$ 1,621</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PUBLIC SCHOOL SUPPORT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Extracurricular.	\$ 79,072	\$ 198,822	\$ 100,316	\$ (98,506)
Contributions and donations	2,361	5,937	2,975	(2,962)
Other local revenues.	54,104	136,042	68,172	(67,870)
Total revenues	135,537	340,801	171,463	(169,338)
Expenditures:				
Current:				
Instruction:				
Support services:				
Pupil.	267,037	170,218	158,928	11,290
Operations and maintenance.	3,360	2,142	2,000	142
Operation of non-instructional services	33,695	21,478	20,053	1,425
Extracurricular activities.	1,377	878	820	58
Total expenditures	305,469	194,716	181,801	12,915
Excess (deficiency) of revenues over (under) expenditures.	(169,932)	146,085	(10,338)	(156,423)
Other financing sources:				
Refund of prior year expenditure	-	-	32	32
Sale of capital assets	-	1,364	1,364	-
Total other financing sources	-	1,364	1,396	32
Net change in fund balance	(169,932)	147,449	(8,942)	(156,391)
Fund balance at beginning of year	103,064	103,064	103,064	-
Prior year encumbrances appropriated	9,716	9,716	9,716	-
Fund balance (deficit) at end of year.	\$ (57,152)	\$ 260,229	\$ 103,838	\$ (156,391)

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
BOND RETIREMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Property taxes	\$ 4,698,313	\$ 5,843,306	\$ 5,843,307	\$ 1
Intergovernmental - intermediate	19,803	24,629	24,629	-
Intergovernmental - state	1,204,884	1,498,518	1,498,518	-
Total revenues	<u>5,923,000</u>	<u>7,366,453</u>	<u>7,366,454</u>	<u>1</u>
Expenditures:				
Current:				
Support services:				
Fiscal	76,966	82,762	80,965	1,797
Debt service:				
Principal	1,021,912	1,098,863	1,075,000	23,863
Interest and fiscal charges	4,147,764	4,460,096	4,363,242	96,854
Bond issuance costs	137,307	147,646	144,440	3,206
Accretion on capital appreciation bonds	1,311,849	1,410,633	1,380,000	30,633
Total expenditures	<u>6,695,798</u>	<u>7,200,000</u>	<u>7,043,647</u>	<u>156,353</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(772,798)</u>	<u>166,453</u>	<u>322,807</u>	<u>156,354</u>
Other financing sources:				
Transfers in	-	142,299	142,299	-
Premiums on bonds issued.	-	-	136,641	136,641
Total other financing sources	<u>-</u>	<u>142,299</u>	<u>278,940</u>	<u>136,641</u>
Net change in fund balance	<u>(772,798)</u>	<u>308,752</u>	<u>601,747</u>	<u>292,995</u>
Fund balance at beginning of year	<u>4,765,283</u>	<u>4,765,283</u>	<u>4,765,283</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,992,485</u>	<u>\$ 5,074,035</u>	<u>\$ 5,367,030</u>	<u>\$ 292,995</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
BUILDING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Earnings on investments.	\$ 103,000	\$ 232,205	\$ 95,566	\$ (136,639)
Total revenues	<u>103,000</u>	<u>232,205</u>	<u>95,566</u>	<u>(136,639)</u>
Expenditures:				
Support services:				
Fiscal	201	874	180	694
Facilities acquisition and construction.	3,030,102	13,168,479	2,711,417	10,457,062
Total expenditures	<u>3,030,303</u>	<u>13,169,353</u>	<u>2,711,597</u>	<u>10,457,756</u>
Excess of expenditures over revenues.	<u>(2,927,303)</u>	<u>(12,937,148)</u>	<u>(2,616,031)</u>	<u>10,321,117</u>
Other financing sources:				
Transfers in	-	3,360	3,360	-
Refund of prior year expenditure	-	6,501	6,501	-
Bond proceeds	-	9,860,000	9,860,000	-
Total other financing sources	<u>-</u>	<u>9,869,861</u>	<u>9,869,861</u>	<u>-</u>
Net change in fund balance	(2,927,303)	(3,067,287)	7,253,830	10,321,117
Fund balance at beginning of year	1,436,984	1,436,984	1,436,984	-
Prior year encumbrances appropriated	1,630,303	1,630,303	1,630,303	-
Fund balance at end of year	<u>\$ 139,984</u>	<u>\$ -</u>	<u>\$ 10,321,117</u>	<u>\$ 10,321,117</u>

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and investments	\$ 4,335,124	\$ 140,511	\$ 4,475,635
Cash in segregated accounts.	-	575,857	575,857
Receivables:			
Property taxes	390,860	1,384,480	1,775,340
Accounts.	840	-	840
Accrued interest	-	319	319
Intergovernmental	2,713,344	3,418,122	6,131,466
Prepayments.	11,605	-	11,605
Inventory held for resale	13,315	-	13,315
Resitricted assets:			
Equity in pooled cash and investments.	-	3,119,991	3,119,991
Total assets.	\$ 7,465,088	\$ 8,639,280	\$ 16,104,368
Liabilities:			
Accounts payable.	\$ 207,267	\$ -	\$ 207,267
Contracts payable.	-	5,133	5,133
Retainage payable	-	575,857	575,857
Accrued wages and benefits	593,342	-	593,342
Intergovernmental payable	15,327	-	15,327
Pension and postemployment benefits payable	138,748	-	138,748
Interfund loans payable	745,769	-	745,769
Total liabilities.	1,700,453	580,990	2,281,443
Deferred inflows of resources:			
Property taxes levied for the next year.	257,366	1,216,406	1,473,772
Delinquent property tax revenue not available	88,897	-	88,897
Intergovernmental revenue not available	1,615,441	2,396,859	4,012,300
Accrued interest not available	-	262	262
Total deferred inflows of resources.	1,961,704	3,613,527	5,575,231
Fund balances:			
Nonspendable:			
Prepayments	11,605	-	11,605
Restricted:			
Capital improvements	-	4,136,178	4,136,178
Classroom facilities maintenance	1,118,302	-	1,118,302
Food service operations	2,473,088	-	2,473,088
Non-public schools	27,904	-	27,904
Targeted academic assistance	87,821	-	87,821
Extracurricular activities	3,771	-	3,771
Other puposes	153,864	-	153,864
Committed:			
Capital improvements	-	308,585	308,585
Unassigned (deficit)	(73,424)	-	(73,424)
Total fund balances	3,802,931	4,444,763	8,247,694
Total liabilities, deferred inflows, and fund balances .	\$ 7,465,088	\$ 8,639,280	\$ 16,104,368

**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, 2019

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
From local sources:			
Property taxes	\$ 332,423	\$ 852,630	\$ 1,185,053
Earnings on investments	21,149	155,533	176,682
Charges for services	187,555	-	187,555
Extracurricular	170,585	-	170,585
Rental income	4,932	-	4,932
Contributions and donations	81,307	-	81,307
Other local revenues	16,944	-	16,944
Intergovernmental - state	1,047,365	1,089,023	2,136,388
Intergovernmental - federal	10,072,201	-	10,072,201
Total revenues	<u>11,934,461</u>	<u>2,097,186</u>	<u>14,031,647</u>
Expenditures:			
Current:			
Instruction:			
Regular	71,970	-	71,970
Special	3,223,728	-	3,223,728
Support services:			
Pupil	251,414	-	251,414
Instructional staff	2,100,488	-	2,100,488
Administration	385,643	-	385,643
Fiscal	15,934	1,672	17,606
Operations and maintenance	9,731	20,962	30,693
Pupil transportation	298,908	-	298,908
Central	666	-	666
Operation of non-instructional services:			
Other non-instructional services	917,106	-	917,106
Food service operations	3,659,788	-	3,659,788
Extracurricular activities	1,016,330	-	1,016,330
Facilities acquisition and construction	224,952	6,721,509	6,946,461
Total expenditures	<u>12,176,658</u>	<u>6,744,143</u>	<u>18,920,801</u>
Excess of expenditures over revenues	<u>(242,197)</u>	<u>(4,646,957)</u>	<u>(4,889,154)</u>
Other financing sources:			
Transfers in	836,260	-	836,260
Total other financing sources	<u>836,260</u>	<u>-</u>	<u>836,260</u>
Net change in fund balances	594,063	(4,646,957)	(4,052,894)
Fund balances			
at beginning of year	3,208,868	9,091,720	12,300,588
Fund balances at end of year	<u>\$ 3,802,931</u>	<u>\$ 4,444,763</u>	<u>\$ 8,247,694</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.

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.

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.

Alternative Schools

A fund used to account for alternative educational programs for existing and new at-risk and delinquent youth. Programs shall be focused on youth in one or more of the following categories: those who have been expelled or suspended, those who have dropped out of school or who are at risk of dropping out of school, those who are habitually truant or disruptive, or those on probation or on parole from a Department of Youth Services' facility.

Miscellaneous State Grants

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

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

Nonmajor Special Revenue Funds (Continued)

Title VI-B Grant

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

School Improvement Stimulus A Grant

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

Title III Grant

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

Title I Grant

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

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.

Improving Teacher Quality 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.

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.

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	<u>Food Service</u>	<u>Other Grants</u>	<u>Classroom Facilities Maintenance</u>	<u>District Managed Activities</u>
Assets:				
Equity in pooled cash and investments	\$ 2,460,351	\$ 122,738	\$ 1,095,824	\$ 31,447
Receivables:				
Property taxes	-	-	390,860	-
Accounts	22	500	-	300
Due from other governments				
Prepayments	-	-	-	1,720
Inventory held for resale	13,315	-	-	-
Total assets.	<u>\$ 2,473,688</u>	<u>\$ 123,238</u>	<u>\$ 1,486,684</u>	<u>\$ 33,467</u>
Liabilities:				
Accounts payable.	\$ 600	\$ 6,663	\$ 22,119	\$ 8,754
Accrued wages and benefits	-	639	-	11,878
Intergovernmental payable	-	3	-	846
Pension and postemployment benefits payable	-	58	-	6,498
Interfund loans payable	-	14,500	-	-
Total liabilities.	<u>600</u>	<u>21,863</u>	<u>22,119</u>	<u>27,976</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year.	-	-	257,366	-
Delinquent property tax revenue not available	-	-	88,897	-
Intergovernmental revenue not available.	-	-	-	-
Total deferred inflows of resources.	<u>-</u>	<u>-</u>	<u>346,263</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Prepayments	-	-	-	1,720
Restricted:				
Classroom facilities maintenance	-	-	1,118,302	-
Food service operations	2,473,088	-	-	-
Non-public schools	-	-	-	-
Targeted academic assistance	-	-	-	-
Extracurricular activities	-	-	-	3,771
Other puposes	-	101,375	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances (deficit)	<u>2,473,088</u>	<u>101,375</u>	<u>1,118,302</u>	<u>5,491</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 2,473,688</u>	<u>\$ 123,238</u>	<u>\$ 1,486,684</u>	<u>\$ 33,467</u>

Auxiliary Services	Data Communications Grant	Miscellaneous State Grants	Title VI-B Grant	School Improvement Stimulus A Grant	Title III Grant	Title I Grant
\$ 99,782	\$ 17,000	\$ 33,764	\$ 56,973	\$ 2,488	\$ 19,203	\$ 342,775
-	-	-	-	-	-	-
-	-	-	-	18	-	-
719	-	-	636,359	15,483	53,711	1,561,501
-	-	-	2,636	-	86	5,774
-	-	-	-	-	-	-
<u>\$ 100,501</u>	<u>\$ 17,000</u>	<u>\$ 33,764</u>	<u>\$ 695,968</u>	<u>\$ 17,989</u>	<u>\$ 73,000</u>	<u>\$ 1,910,050</u>
\$ 5,104	\$ -	\$ -	\$ 1,340	\$ 159	\$ 11,591	\$ 121,333
55,109	-	-	194,112	275	5,483	315,254
5,127	-	-	5,298	4	79	3,843
6,538	-	-	77,522	848	3,210	42,670
-	-	-	126,289	6,718	19,636	488,248
<u>71,878</u>	<u>-</u>	<u>-</u>	<u>404,561</u>	<u>8,004</u>	<u>39,999</u>	<u>971,348</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	361,047	6,170	31,190	861,701
-	-	-	<u>361,047</u>	<u>6,170</u>	<u>31,190</u>	<u>861,701</u>
719	-	-	2,636	-	86	5,774
-	-	-	-	-	-	-
-	-	-	-	-	-	-
27,904	-	-	-	-	-	-
-	-	-	-	3,815	-	71,227
-	-	-	-	-	-	-
-	17,000	33,764	-	-	1,725	-
-	-	-	(72,276)	-	-	-
<u>28,623</u>	<u>17,000</u>	<u>33,764</u>	<u>(69,640)</u>	<u>3,815</u>	<u>1,811</u>	<u>77,001</u>
<u>\$ 100,501</u>	<u>\$ 17,000</u>	<u>\$ 33,764</u>	<u>\$ 695,968</u>	<u>\$ 17,989</u>	<u>\$ 73,000</u>	<u>\$ 1,910,050</u>

(Continued)

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2019

	EHA Preschool Grant	Improving Teacher Quality Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
Assets:				
Equity in pooled cash and investments	\$ 4,409	\$ 34,613	\$ 13,757	\$ 4,335,124
Receivables:				
Property taxes	-	-	-	390,860
Accounts	-	-	-	840
Due from other governments	7,508	297,387	141,395	2,713,344
Prepayments	-	594	76	11,605
Inventory held for resale	-	-	-	13,315
Total assets	<u>\$ 11,917</u>	<u>\$ 332,594</u>	<u>\$ 155,228</u>	<u>\$ 7,465,088</u>
Liabilities:				
Accounts payable	\$ 4,400	\$ 20,238	\$ 4,966	\$ 207,267
Accrued wages and benefits	-	1,790	8,802	593,342
Intergovernmental payable	-	19	108	15,327
Pension and postemployment benefits payable	-	366	1,038	138,748
Interfund loans payable	4,409	67,236	18,733	745,769
Total liabilities	<u>8,809</u>	<u>89,649</u>	<u>33,647</u>	<u>1,700,453</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	-	-	-	257,366
Delinquent property tax revenue not available	-	-	-	88,897
Intergovernmental revenue not available	3,108	229,572	122,653	1,615,441
Total deferred inflows of resources	<u>3,108</u>	<u>229,572</u>	<u>122,653</u>	<u>1,961,704</u>
Fund balances:				
Nonspendable:				
Prepayments	-	594	76	11,605
Restricted:				
Classroom facilities maintenance	-	-	-	1,118,302
Food service operations	-	-	-	2,473,088
Non-public schools	-	-	-	27,904
Targeted academic assistance	-	12,779	-	87,821
Extracurricular activities	-	-	-	3,771
Other purposes	-	-	-	153,864
Unassigned (deficit)	-	-	(1,148)	(73,424)
Total fund balances (deficit)	<u>-</u>	<u>13,373</u>	<u>(1,072)</u>	<u>3,802,931</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 11,917</u>	<u>\$ 332,594</u>	<u>\$ 155,228</u>	<u>\$ 7,465,088</u>

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**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, 2019

	<u>Food Service</u>	<u>Other Grants</u>	<u>Classroom Facilities Maintenance</u>	<u>District Managed Activities</u>
Revenues:				
From local sources:				
Property taxes	\$ -	\$ -	\$ 332,423	\$ -
Earnings on investments	13,296	-	6,800	-
Charges for services	187,555	-	-	-
Extracurricular	-	-	-	170,585
Rental income	-	-	-	4,932
Contributions and donations	2,000	62,424	-	16,883
Other local revenues	-	12,600	-	4,344
Intergovernmental - state	-	-	30,537	-
Intergovernmental - federal	3,773,147	-	-	-
Total revenues.	<u>3,975,998</u>	<u>75,024</u>	<u>369,760</u>	<u>196,744</u>
Expenditures:				
Current:				
Instruction:				
Regular.	-	31,658	-	-
Special	-	11	-	-
Support services:				
Pupil	-	5,960	-	-
Instructional staff.	-	821	-	-
Administration	-	-	-	-
Fiscal.	-	-	15,934	-
Operations and maintenance	9,731	-	-	-
Pupil transportation	-	-	-	-
Central	-	666	-	-
Operation of non-instructional services:				
Other non-instructional services	-	75	-	-
Food service operations	3,659,788	-	-	-
Extracurricular activities	-	-	-	1,016,330
Facilities acquisition and construction.	-	14,805	210,147	-
Total expenditures	<u>3,669,519</u>	<u>53,996</u>	<u>226,081</u>	<u>1,016,330</u>
Excess (deficiency) of revenues over (under) expenditures	<u>306,479</u>	<u>21,028</u>	<u>143,679</u>	<u>(819,586)</u>
Other financing sources:				
Transfers in.	-	7,003	-	829,257
Total other financing sources.	<u>-</u>	<u>7,003</u>	<u>-</u>	<u>829,257</u>
Change in fund balance	306,479	28,031	143,679	9,671
Fund balances (deficit)				
at beginning of year	2,166,609	73,344	974,623	(4,180)
Fund balances (deficit) at end of year	<u>\$ 2,473,088</u>	<u>\$ 101,375</u>	<u>\$ 1,118,302</u>	<u>\$ 5,491</u>

<u>Auxiliary Services</u>	<u>Public Preschool Grant</u>	<u>Data Communications Grant</u>	<u>Alternative Schools</u>	<u>Miscellaneous State Grants</u>	<u>Title VI-B Grant</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,053	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
651,064	280,000	18,000	-	58,764	-
-	-	-	-	-	1,998,290
<u>652,117</u>	<u>280,000</u>	<u>18,000</u>	<u>-</u>	<u>58,764</u>	<u>1,998,290</u>
-	-	-	-	-	1,380
-	280,000	-	-	30,710	1,213,226
-	-	-	-	-	196,258
-	-	10,000	-	25,000	56,043
-	-	-	-	-	338,539
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	170,615
-	-	-	-	-	-
687,632	-	-	-	-	56,841
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>687,632</u>	<u>280,000</u>	<u>10,000</u>	<u>-</u>	<u>55,710</u>	<u>2,032,902</u>
<u>(35,515)</u>	<u>-</u>	<u>8,000</u>	<u>-</u>	<u>3,054</u>	<u>(34,612)</u>
-	-	-	-	-	-
-	-	-	-	-	-
(35,515)	-	8,000	-	3,054	(34,612)
64,138	-	9,000	-	30,710	(35,028)
<u>\$ 28,623</u>	<u>\$ -</u>	<u>\$ 17,000</u>	<u>\$ -</u>	<u>\$ 33,764</u>	<u>\$ (69,640)</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, 2019

	School Improvement Stimulus A Grant	Title III Grant	Title I Grant	EHA Preschool Grant
Revenues:				
From local sources:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-
Charges for services	-	-	-	-
Extracurricular	-	-	-	-
Rental income	-	-	-	-
Contributions and donations	-	-	-	-
Other local revenues	-	-	-	-
Intergovernmental - state	-	-	-	-
Intergovernmental - federal	22,871	59,775	3,654,593	54,542
Total revenues.	<u>22,871</u>	<u>59,775</u>	<u>3,654,593</u>	<u>54,542</u>
Expenditures:				
Current:				
Instruction:				
Regular.	-	13,924	-	-
Special	11,249	334	1,627,138	50,067
Support services:				
Pupil	-	96	-	-
Instructional staff.	5,299	4,000	1,787,938	4,475
Administration	-	-	47,104	-
Fiscal.	-	-	-	-
Operations and maintenance	-	-	-	-
Pupil transportation	-	-	128,293	-
Central	-	-	-	-
Operation of non-instructional services:				
Other non-instructional services	-	39,012	106,855	-
Food service operations	-	-	-	-
Extracurricular activities	-	-	-	-
Facilities acquisition and construction.	-	-	-	-
Total expenditures	<u>16,548</u>	<u>57,366</u>	<u>3,697,328</u>	<u>54,542</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,323</u>	<u>2,409</u>	<u>(42,735)</u>	<u>-</u>
Other financing sources:				
Transfers in.	-	-	-	-
Total other financing sources.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	6,323	2,409	(42,735)	-
Fund balances (deficit)				
at beginning of year	(2,508)	(598)	119,736	-
Fund balances (deficit) at end of year	<u>\$ 3,815</u>	<u>\$ 1,811</u>	<u>\$ 77,001</u>	<u>\$ -</u>

Improving Teacher Quality Grant	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ 332,423
-	-	21,149
-	-	187,555
-	-	170,585
-	-	4,932
-	-	81,307
-	-	16,944
9,000	-	1,047,365
399,644	109,339	10,072,201
<u>408,644</u>	<u>109,339</u>	<u>11,934,461</u>
-	25,008	71,970
8,129	2,864	3,223,728
-	49,100	251,414
180,684	26,228	2,100,488
-	-	385,643
-	-	15,934
-	-	9,731
-	-	298,908
-	-	666
18,752	7,939	917,106
-	-	3,659,788
-	-	1,016,330
-	-	224,952
<u>207,565</u>	<u>111,139</u>	<u>12,176,658</u>
<u>201,079</u>	<u>(1,800)</u>	<u>(242,197)</u>
-	-	836,260
-	-	836,260
201,079	(1,800)	594,063
(187,706)	728	3,208,868
<u>\$ 13,373</u>	<u>\$ (1,072)</u>	<u>\$ 3,802,931</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOOD SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Earnings on investments.	\$ 16,069	\$ 14,000	\$ 13,147	\$ (853)
Charges for services.	217,507	189,500	187,533	(1,967)
Contributions and donations	2,296	2,000	2,000	-
Intergovernmental - Federal	4,097,628	3,570,000	3,653,817	83,817
Total revenues	<u>4,333,500</u>	<u>3,775,500</u>	<u>3,856,497</u>	<u>80,997</u>
Expenditures:				
Current:				
Support services:				
Fiscal	111,169	137,271	100,000	37,271
Operations and maintenance.	12,105	14,947	10,889	4,058
Operation of non-instructional services:				
Food service operations	4,677,047	5,775,184	4,207,153	1,568,031
Total expenditures	<u>4,800,321</u>	<u>5,927,402</u>	<u>4,318,042</u>	<u>1,609,360</u>
Net change in fund balance	(466,821)	(2,151,902)	(461,545)	1,690,357
Fund balance at beginning of year	2,051,581	2,051,581	2,051,581	-
Prior year encumbrances appropriated	100,321	100,321	100,321	-
Fund balance at end of year	<u>\$ 1,685,081</u>	<u>\$ -</u>	<u>\$ 1,690,357</u>	<u>\$ 1,690,357</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
OTHER GRANTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Contributions and donations	\$ 64,797	\$ 69,314	\$ 61,924	\$ (7,390)
Other local revenues	13,185	14,104	12,600	(1,504)
Total revenues	<u>77,982</u>	<u>83,418</u>	<u>74,524</u>	<u>(8,894)</u>
Expenditures:				
Current:				
Instruction:				
Regular	52,132	106,211	42,754	63,457
Special	13	27	11	16
Support Services:				
Pupil	8,204	16,714	6,728	9,986
Instructional staff	1,001	2,040	821	1,219
Central	1,290	2,628	1,058	1,570
Operation of non-instructional services	91	186	75	111
Facilities acquisition and construction	17,680	36,022	14,500	21,522
Total expenditures	<u>80,411</u>	<u>163,828</u>	<u>65,947</u>	<u>97,881</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,429)</u>	<u>(80,410)</u>	<u>8,577</u>	<u>88,987</u>
Other financing sources:				
Transfers in	-	7,003	7,003	-
Advances in	-	-	14,500	14,500
Refund of prior year expenditure	-	49	123	74
Total other financing sources	<u>-</u>	<u>7,052</u>	<u>21,626</u>	<u>14,574</u>
Net change in fund balance	(2,429)	(73,358)	30,203	103,561
Fund balance at beginning of year	65,933	65,933	65,933	-
Prior year encumbrances appropriated	7,425	7,425	7,425	-
Fund balance at end of year	<u>\$ 70,929</u>	<u>\$ -</u>	<u>\$ 103,561</u>	<u>\$ 103,561</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CLASSROOM FACILITIES MAINTENANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Property taxes	\$ 286,392	\$ 298,164	\$ 298,165	\$ 1
Earnings on investments.	6,277	6,535	6,535	-
Intergovernmental - state	29,331	30,537	30,537	-
Total revenues	322,000	335,236	335,237	1
Expenditures:				
Current:				
Support Services:				
Fiscal	23,601	50,115	15,934	34,181
Operations and maintenance.	14,812	31,451	10,000	21,451
Facilities acquisition and construction.	577,746	1,226,789	390,058	836,731
Total expenditures	616,159	1,308,355	415,992	892,363
 Net change in fund balance	 (294,159)	 (973,119)	 (80,755)	 892,364
 Fund balance at beginning of year	 856,960	 856,960	 856,960	 -
Prior year encumbrances appropriated	116,159	116,159	116,159	-
Fund balance at end of year	\$ 678,960	\$ -	\$ 892,364	\$ 892,364

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DISTRICT MANAGED ACTIVITIES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Extracurricular.	\$ 820,540	\$ 215,663	\$ 170,713	\$ (44,950)
Contributions and donations	81,147	21,328	16,883	(4,445)
Rental income	23,707	6,231	4,932	(1,299)
Other local revenues.	20,880	5,488	4,344	(1,144)
Total revenues	946,275	248,710	196,872	(51,838)
Expenditures:				
Current:				
Extracurricular activities.	1,004,579	1,037,930	1,030,097	7,833
Total expenditures	1,004,579	1,037,930	1,030,097	7,833
Excess of expenditures over revenues.	(58,304)	(789,220)	(833,225)	(44,005)
Other financing sources:				
Transfers in	2,360	770,000	829,257	59,257
Refund of prior year expenditure	3,216	3,216	2,225	(991)
Total other financing sources	5,576	773,216	831,482	58,266
Net change in fund balance	(52,728)	(16,004)	(1,743)	14,261
Fund balance at beginning of year	11,425	11,425	11,425	-
Prior year encumbrances appropriated	4,579	4,579	4,579	-
Fund balance (deficit) at end of year	\$ (36,724)	\$ -	\$ 14,261	\$ 14,261

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
AUXILIARY SERVICES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Earnings on investments.	\$ 1,137	\$ 1,093	\$ 1,093	\$ -
Intergovernmental - state	677,308	651,064	651,064	-
Total revenues	<u>678,445</u>	<u>652,157</u>	<u>652,157</u>	<u>-</u>
Expenditures:				
Operation of non-instructional services	1,244,151	819,175	749,995	69,180
Total expenditures	<u>1,244,151</u>	<u>819,175</u>	<u>749,995</u>	<u>69,180</u>
Excess of expenditures over revenues	<u>(565,706)</u>	<u>(167,018)</u>	<u>(97,838)</u>	<u>69,180</u>
Other financing sources (uses):				
Transfers in	-	-	661	661
Transfers out	-	-	(661)	(661)
Refund of prior year expenditure	-	1,004	1,004	-
Total other financing sources (uses)	<u>-</u>	<u>1,004</u>	<u>1,004</u>	<u>-</u>
Net change in fund balance	(565,706)	(166,014)	(96,834)	69,180
Fund balance at beginning of year	105,700	105,700	105,700	-
Prior year encumbrances appropriated	60,314	60,314	60,314	-
Fund balance (deficit) at end of year.	<u>\$ (399,692)</u>	<u>\$ -</u>	<u>\$ 69,180</u>	<u>\$ 69,180</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PUBLIC SCHOOL PRESCHOOL GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental - state	\$ 280,000	\$ 280,000	\$ 280,000	\$ -
Total revenues	<u>280,000</u>	<u>280,000</u>	<u>280,000</u>	<u>-</u>
Expenditures:				
Current:				
Instruction:				
Special.	280,000	280,000	280,000	-
Total expenditures	<u>280,000</u>	<u>280,000</u>	<u>280,000</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<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)
DATA COMMUNICATION GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental - state	\$ 18,000	\$ 45,000	\$ 18,000	\$ (27,000)
Total revenues	<u>18,000</u>	<u>45,000</u>	<u>18,000</u>	<u>(27,000)</u>
Expenditures:				
Current:				
Support services:				
Instructional staff	9,000	54,000	26,977	27,023
Total expenditures	<u>9,000</u>	<u>54,000</u>	<u>26,977</u>	<u>27,023</u>
Net change in fund balance	9,000	(9,000)	(8,977)	23
Fund balance at beginning of year	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>-</u>
Fund balance at end of year	<u>\$ 18,000</u>	<u>\$ -</u>	<u>\$ 23</u>	<u>\$ 23</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALTERNATIVE SCHOOLS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental - state	\$ 11,058	\$ -	\$ -	\$ -
Total revenues	<u>11,058</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	11,058	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 11,058</u></u>	<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)
MISCELLANEOUS STATE GRANTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental - state	\$ 29,286	\$ 62,354	\$ 62,354	\$ -
Total revenues	29,286	62,354	62,354	-
Expenditures:				
Current:				
Instruction:				
Special.	7,915	7,830	3,590	4,240
Support services:				
Instructional staff	55,117	54,524	25,000	29,524
Total expenditures	63,032	62,354	28,590	33,764
Excess (deficiency) of revenues over (under) expenditures	(33,746)	-	33,764	33,764
Other financing uses:				
Transfers out	-	(30,654)	(30,654)	-
Advances out	-	(3,689)	(3,689)	-
Total other financing uses	-	(34,343)	(34,343)	-
Net change in fund balance	(33,746)	(34,343)	(579)	33,764
Fund balance at beginning of year	30,654	30,654	30,654	-
Prior year encumbrances appropriated	3,689	3,689	3,689	-
Fund balance at end of year	<u>\$ 597</u>	<u>\$ -</u>	<u>\$ 33,764</u>	<u>\$ 33,764</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE VI-B FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental - federal	\$ 2,783,540	\$ 2,777,147	\$ 2,140,788	\$ (636,359)
Total revenues	<u>2,783,540</u>	<u>2,777,147</u>	<u>2,140,788</u>	<u>(636,359)</u>
Expenditures:				
Current:				
Instruction:				
Regular	14,613	17,069	13,728	3,341
Special	1,336,434	1,561,006	1,255,485	305,521
Support services:				
Pupil	242,019	282,688	227,360	55,328
Instructional staff	68,660	80,197	64,501	15,696
Administration	359,886	420,361	338,088	82,273
Pupil transportation	181,616	212,134	170,615	41,519
Operation of non-instructional services	61,987	72,403	58,232	14,171
Total expenditures	<u>2,265,215</u>	<u>2,645,858</u>	<u>2,128,009</u>	<u>517,849</u>
Excess of revenues over expenditures	<u>518,325</u>	<u>131,289</u>	<u>12,779</u>	<u>(118,510)</u>
Other financing sources (uses):				
Advances in	-	-	126,290	126,290
Advances out	-	(320,580)	(320,580)	-
Refund of prior year expenditure	-	-	4,317	4,317
Total other financing sources (uses)	<u>-</u>	<u>(320,580)</u>	<u>(189,973)</u>	<u>130,607</u>
Net change in fund balance	518,325	(189,291)	(177,194)	12,097
Fund balance at beginning of year	1	1	1	-
Prior year encumbrances appropriated	189,291	189,291	189,291	-
Fund balance at end of year	<u><u>\$ 707,617</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 12,098</u></u>	<u><u>\$ 12,097</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)
SCHOOL IMPROVEMENT STIMULUS A FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental - federal	\$ 217,162	\$ 67,191	\$ 51,709	\$ (15,482)
Total revenues	<u>217,162</u>	<u>67,191</u>	<u>51,709</u>	<u>(15,482)</u>
Expenditures:				
Current:				
Instruction:				
Special	19,353	20,523	16,241	4,282
Support Services:				
Instructional staff	20,260	21,485	17,003	4,482
Total expenditures	<u>39,613</u>	<u>42,008</u>	<u>33,244</u>	<u>8,764</u>
Excess of revenues over expenditures.	<u>177,549</u>	<u>25,183</u>	<u>18,465</u>	<u>(6,718)</u>
Other financing sources (uses):				
Advances in.	-	-	6,718	6,718
Advances out	-	(32,398)	(32,398)	-
Total other financing sources (uses)	<u>-</u>	<u>(32,398)</u>	<u>(25,680)</u>	<u>6,718</u>
Net change in fund balance	177,549	(7,215)	(7,215)	-
Fund balance at beginning of year	2,264	2,264	2,264	-
Prior year encumbrances appropriated	4,951	4,951	4,951	-
Fund balance at end of year	<u>\$ 184,764</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)
TITLE III FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental - federal	\$ 153,558	\$ 99,718	\$ 46,007	\$ (53,711)
Total revenues	<u>153,558</u>	<u>99,718</u>	<u>46,007</u>	<u>(53,711)</u>
Expenditures:				
Current:				
Instruction:				
Regular	13,767	22,963	14,747	14,747
Special	704	1,174	754	420
Other	5,601	9,343	6,000	3,343
Support services:				
Pupil	89	149	96	53
Instructional staff	3,734	6,228	4,000	2,228
Operation of non-instructional services	35,808	59,729	38,359	21,370
Total expenditures	<u>59,703</u>	<u>99,586</u>	<u>63,956</u>	<u>35,630</u>
Excess (deficiency) of revenues over (under) expenditures	<u>93,855</u>	<u>132</u>	<u>(17,949)</u>	<u>(18,081)</u>
Other financing sources (uses):				
Advances in	-	-	19,636	19,636
Advances out	-	(3,071)	(3,071)	-
Refund of prior year expenditure	-	-	147	147
Total other financing sources (uses)	<u>-</u>	<u>(3,071)</u>	<u>16,712</u>	<u>19,783</u>
Net change in fund balance	93,855	(2,939)	(1,237)	1,702
Fund balance at beginning of year	1,575	1,575	1,575	-
Prior year encumbrances appropriated	1,364	1,364	1,364	-
Fund balance at end of year	<u>\$ 96,794</u>	<u>\$ -</u>	<u>\$ 1,702</u>	<u>\$ 1,702</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE I FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental - federal	\$ 5,614,893	\$ 5,099,376	\$ 3,528,875	\$ (1,570,501)
Total revenues	<u>5,614,893</u>	<u>5,099,376</u>	<u>3,528,875</u>	<u>(1,570,501)</u>
Expenditures:				
Current:				
Instruction:				
Special.	2,027,171	2,363,772	1,837,925	525,847
Support services:				
Instructional staff	1,817,160	2,118,890	1,647,520	471,370
Administration.	50,425	58,798	45,718	13,080
Pupil transportation	167,387	195,181	151,761	43,420
Operation of non-instructional services	118,363	138,017	107,314	30,703
Total expenditures	<u>4,180,506</u>	<u>4,874,658</u>	<u>3,790,238</u>	<u>1,084,420</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>1,434,387</u>	<u>224,718</u>	<u>(261,363)</u>	<u>(486,081)</u>
Other financing sources (uses):				
Advances in.	-	-	488,248	488,248
Advances out	-	(418,600)	(418,600)	-
Refund of prior year expenditure	-	-	9,160	9,160
Total other financing sources (uses)	<u>-</u>	<u>(418,600)</u>	<u>78,808</u>	<u>497,408</u>
Net change in fund balance	1,434,387	(193,882)	(182,555)	11,327
Fund balance at beginning of year	5,580	5,580	5,580	-
Prior year encumbrances appropriated	188,302	188,302	188,302	-
Fund balance at end of year	<u>\$ 1,628,269</u>	<u>\$ -</u>	<u>\$ 11,327</u>	<u>\$ 11,327</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EHA PRESCHOOL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental - federal	\$ 36,744	\$ 57,650	\$ 50,142	\$ (7,508)
Total revenues	<u>36,744</u>	<u>57,650</u>	<u>50,142</u>	<u>(7,508)</u>
Expenditures:				
Current:				
Instruction:				
Special.	28,262	52,921	50,076	2,845
Support services:				
Instructional staff	<u>2,525</u>	<u>4,729</u>	<u>4,475</u>	<u>254</u>
Total expenditures	<u>30,787</u>	<u>57,650</u>	<u>54,551</u>	<u>3,099</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>5,957</u>	<u>-</u>	<u>(4,409)</u>	<u>(4,409)</u>
Other financing sources:				
Advances in.	-	-	4,409	4,409
Total other financing sources	<u>-</u>	<u>-</u>	<u>4,409</u>	<u>4,409</u>
Net change in fund balance	5,957	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 5,957</u></u>	<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)
IMPROVING TEACHER QUALITY GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental - state	\$ 17,129	\$ 13,872	\$ 9,000	\$ (4,872)
Intergovernmental - federal	1,009,233	817,336	530,269	(287,067)
Total revenues	<u>1,026,362</u>	<u>831,208</u>	<u>539,269</u>	<u>(291,939)</u>
Expenditures:				
Current:				
Instruction:				
Regular	17,819	20,685	14,821	5,864
Special	9,773	11,345	8,129	3,216
Support services:				
Instructional staff	606,946	704,550	504,820	199,730
Operation of non-instructional services	22,545	26,171	18,752	7,419
Total expenditures	<u>657,083</u>	<u>762,751</u>	<u>546,522</u>	<u>216,229</u>
Excess (deficiency) of revenues over (under) expenditures	<u>369,279</u>	<u>68,457</u>	<u>(7,253)</u>	<u>(75,710)</u>
Other financing sources (uses):				
Advances in	-	-	67,236	67,236
Advances out	-	(183,390)	(183,390)	-
Refund of prior year expenditure	-	425	1,874	1,449
Total other financing sources (uses)	<u>-</u>	<u>(182,965)</u>	<u>(114,280)</u>	<u>68,685</u>
Net change in fund balance	369,279	(114,508)	(121,533)	(7,025)
Fund balance at beginning of year	4,428	4,428	4,428	-
Prior year encumbrances appropriated	110,080	110,080	110,080	-
Fund balance (deficit) at end of year	<u>\$ 483,787</u>	<u>\$ -</u>	<u>\$ (7,025)</u>	<u>\$ (7,025)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MISCELLANEOUS FEDERAL GRANTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental - federal	\$ 73,367	\$ 266,124	\$ 115,652	\$ (150,472)
Total revenues	<u>73,367</u>	<u>266,124</u>	<u>115,652</u>	<u>(150,472)</u>
Expenditures:				
Current:				
Instruction:				
Regular	63,166	57,388	26,798	30,590
Special	7,248	6,585	3,075	3,510
Other	14,143	12,849	6,000	6,849
Support services:				
Pupil	113,288	102,925	48,062	54,863
Instructional staff	61,000	55,420	25,879	29,541
Operation of non-instructional services	18,713	17,001	7,939	9,062
Total expenditures	<u>277,558</u>	<u>252,168</u>	<u>117,753</u>	<u>134,415</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(204,191)</u>	<u>13,956</u>	<u>(2,101)</u>	<u>(16,057)</u>
Other financing sources (uses):				
Transfers out	-	(254,250)	(254,250)	-
Advances in	-	-	18,733	18,733
Advances out	-	(32,693)	(32,693)	-
Refund of prior year expenditure	-	254,250	254,250	-
Total other financing sources (uses)	<u>-</u>	<u>(32,693)</u>	<u>(13,960)</u>	<u>18,733</u>
Net change in fund balance	(204,191)	(18,737)	(16,061)	2,676
Fund balance at beginning of year	2,677	2,677	2,677	-
Prior year encumbrances appropriated	16,061	16,061	16,061	-
Fund balance (deficit) at end of year	<u>\$ (185,453)</u>	<u>\$ 1</u>	<u>\$ 2,677</u>	<u>\$ 2,676</u>

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

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2019

	<u>Permanent Improvement</u>	<u>Construction</u>	<u>Total Nonmajor Capital Projects</u>
Assets:			
Equity in pooled cash and investments	\$ 140,511	\$ -	\$ 140,511
Cash in segregated accounts	-	575,857	575,857
Receivables:			
Property taxes	1,384,480	-	1,384,480
Accrued interest	-	319	319
Intergovernmental	-	3,418,122	3,418,122
Restricted assets:			
Equity in pooled cash and investments	-	3,119,991	3,119,991
Total assets.	<u>\$ 1,524,991</u>	<u>\$ 7,114,289</u>	<u>\$ 8,639,280</u>
Liabilities:			
Contracts payable.	\$ -	\$ 5,133	\$ 5,133
Retainage payable.	-	575,857	575,857
Total liabilities.	<u>-</u>	<u>580,990</u>	<u>580,990</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	1,216,406	-	1,216,406
Intergovernmental revenue not available	-	2,396,859	2,396,859
Accrued interest not available	-	262	262
Total deferred inflows of resources	<u>1,216,406</u>	<u>2,397,121</u>	<u>3,613,527</u>
Fund balances:			
Restricted:			
Capital improvements	-	4,136,178	4,136,178
Committed:			
Capital improvements	308,585	-	308,585
Total fund balances	<u>308,585</u>	<u>4,136,178</u>	<u>4,444,763</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,524,991</u>	<u>\$ 7,114,289</u>	<u>\$ 8,639,280</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, 2019

	<u>Permanent Improvement</u>	<u>Construction</u>	<u>Total Nonmajor Capital Projects</u>
Revenues:			
From local sources:			
Property taxes	\$ 852,630	\$ -	\$ 852,630
Earnings on investments	2,497	153,036	155,533
Intergovernmental - state	67,760	1,021,263	1,089,023
Total revenues.	<u>922,887</u>	<u>1,174,299</u>	<u>2,097,186</u>
Expenditures:			
Current:			
Support services:			
Fiscal.	1,672	-	1,672
Operations and maintenance	20,962	-	20,962
Facilities acquisition and construction	1,096,269	5,625,240	6,721,509
Total expenditures	<u>1,118,903</u>	<u>5,625,240</u>	<u>6,744,143</u>
Net change in fund balances.	(196,016)	(4,450,941)	(4,646,957)
Fund balances at beginning of year	<u>504,601</u>	<u>8,587,119</u>	<u>9,091,720</u>
Fund balances at end of year	<u>\$ 308,585</u>	<u>\$ 4,136,178</u>	<u>\$ 4,444,763</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PERMANENT IMPROVEMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
From local sources:				
Taxes	\$ 453,650	\$ 684,555	\$ 684,555	\$ -
Earnings on investments.	1,746	2,634	2,634	-
Intergovernmental - intermediate	44,904	67,760	67,760	-
Total revenues	500,300	754,949	754,949	-
Expenditures:				
Current:				
Support services:				
Fiscal	1,359	1,747	1,672	75
Operations and maintenance.	17,585	22,611	21,644	967
Facilities acquisition and construction.	960,451	1,234,965	1,182,158	52,807
Total expenditures	979,395	1,259,323	1,205,474	53,849
Net change in fund balance	(479,095)	(504,374)	(450,525)	53,849
Fund balance at beginning of year	424,979	424,979	424,979	-
Prior year encumbrances appropriated	79,395	79,395	79,395	-
Fund balance at end of year	\$ 25,279	\$ -	\$ 53,849	\$ 53,849

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CONSTRUCTION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Earnings on investments.	\$ 619,750	\$ 176,986	\$ 176,986	\$ -
Intergovernmental - state	15,660,751	4,472,341	-	(4,472,341)
Total revenues	<u>16,280,501</u>	<u>4,649,327</u>	<u>176,986</u>	<u>(4,472,341)</u>
Expenditures:				
Current:				
Support services:				
Fiscal	565	575	318	257
Facilities acquisition and construction.	15,435,251	15,703,032	8,684,046	7,018,986
Total expenditures	<u>15,435,816</u>	<u>15,703,607</u>	<u>8,684,364</u>	<u>7,019,243</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>844,685</u>	<u>(11,054,280)</u>	<u>(8,507,378)</u>	<u>2,546,902</u>
Other financing sources:				
Refund of prior year expenditure	-	76,025	76,025	-
Total other financing sources	<u>-</u>	<u>76,025</u>	<u>76,025</u>	<u>-</u>
Net change in fund balance	844,685	(10,978,255)	(8,431,353)	2,546,902
Fund balance at beginning of year.	3,742,439	3,742,439	3,742,439	-
Prior year encumbrances appropriated	7,235,816	7,235,816	7,235,816	-
Fund balance at end of year	<u>\$ 11,822,940</u>	<u>\$ -</u>	<u>\$ 2,546,902</u>	<u>\$ 2,546,902</u>

**MIDDLETOWN CITY SCHOOL DISTRICT
COMBINING STATEMENTS - FIDUCIARY FUNDS**

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results of operations.

AGENCY FUND

Student Managed Activities Fund

To account for assets and liabilities generated by student managed activities.

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

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Beginning Balance July 1, 2018	Additions	Deletions	Ending Balance June 30, 2019
Student Activity				
Assets:				
Equity in pooled cash and investments	\$ 84,355	\$ 32,854	\$ 35,696	\$ 81,513
Total assets	<u>\$ 84,355</u>	<u>\$ 32,854</u>	<u>\$ 35,696</u>	<u>\$ 81,513</u>
Liabilities:				
Accounts payable	\$ 6,903	\$ -	\$ 6,903	\$ -
Undistributed monies	77,452	32,854	28,793	81,513
Total liabilities.	<u>\$ 84,355</u>	<u>\$ 32,854</u>	<u>\$ 35,696</u>	<u>\$ 81,513</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 comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
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.	132-141
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	142-147
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.	148-153
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.	154-155
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.	156-167

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>2019</u>	<u>2018</u>	<u>2017 (1)</u>	<u>2016</u>
Governmental activities				
Net investment in capital assets	\$ 54,041,883	\$ 50,497,647	\$ 33,418,675	\$ 8,826,190
Restricted	12,433,449	13,787,431	29,002,067	51,446,955
Unrestricted (deficit)	(47,925,073)	(58,324,692)	(91,721,521)	(77,674,860)
Total governmental activities net position	<u>\$ 18,550,259</u>	<u>\$ 5,960,386</u>	<u>\$ (29,300,779)</u>	<u>\$ (17,401,715)</u>

Source: School District financial records.

(1) Amounts have been restated as previously reported.

2015	2014	2013	2012	2011	2010
\$ 3,847,066	\$ 3,003,649	\$ 6,234,371	\$ 8,239,520	\$ 8,243,758	\$ 6,999,059
54,147,596	3,938,419	2,337,991	3,507,622	5,998,474	3,734,017
(90,343,892)	(93,507,156)	(3,394,825)	(3,138,373)	(2,282,638)	6,290,172
<u>\$ (32,349,230)</u>	<u>\$ (86,565,088)</u>	<u>\$ 5,177,537</u>	<u>\$ 8,608,769</u>	<u>\$ 11,959,594</u>	<u>\$ 17,023,248</u>

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Expenses				
Governmental activities:				
Instruction	\$ 50,095,438	\$ 28,006,439	\$ 46,489,210	\$ 45,802,884
Support services:				
Pupil	4,726,955	3,271,201	4,193,175	3,895,910
Instructional staff	2,184,377	1,521,814	2,759,968	2,619,650
Board of education	52,940	39,207	69,441	70,619
Administration	4,065,719	1,399,741	4,197,588	3,912,734
Fiscal	1,126,977	881,107	1,541,679	1,470,168
Business	241,259	195,559	279,945	229,965
Operations and maintenance	7,665,646	9,354,087	8,833,372	7,631,480
Pupil transportation	5,220,863	5,148,422	4,244,506	4,125,548
Central	1,319,620	974,516	1,218,435	1,218,035
Operation of non-instructional services	4,102,166	4,152,167	4,650,576	4,652,290
Extracurricular activities	924,494	339,087	981,923	815,861
Interest and fiscal charges	4,532,975	4,430,913	4,312,147	4,933,230
Total expenses	<u>86,259,429</u>	<u>59,714,260</u>	<u>83,771,965</u>	<u>81,378,374</u>

	2015	2014	2013 (1)	2012	2011	2010 (2)
\$	47,109,627	\$ 49,646,486	\$ 48,384,018	\$ 46,929,114	\$ 50,188,859	\$ 49,044,574
	3,746,251	4,442,512	4,265,190	4,655,026	5,585,042	4,919,527
	1,991,860	3,389,719	3,868,239	4,939,816	5,229,348	5,980,662
	59,556	66,159	43,835	56,405	52,578	103,269
	4,154,176	4,663,891	4,445,825	4,530,426	5,343,818	5,899,057
	1,671,371	785,642	688,210	723,250	670,419	1,455,723
	191,359	209,337	254,239	441,139	469,884	511,414
	7,408,158	9,294,379	7,914,945	7,792,863	7,399,143	7,712,461
	4,007,357	4,022,409	3,812,314	3,758,699	3,682,543	3,685,251
	1,619,365	2,669,861	1,486,066	3,397,181	5,344,434	1,963,221
	4,781,569	4,795,795	4,543,308	4,369,441	3,886,436	3,651,317
	1,083,235	900,838	890,157	1,025,636	1,028,730	1,002,233
	3,892,120	2,672,184	2,713,127	2,703,229	2,840,830	2,857,619
	<u>81,716,004</u>	<u>87,559,212</u>	<u>83,309,473</u>	<u>85,322,225</u>	<u>91,722,064</u>	<u>88,786,328</u>

(Continued)

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

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

Program Revenues	2019	2018	2017	2016
Governmental activities:				
Charges for services:				
Instruction	\$ 1,064,801	\$ 1,210,803	\$ 1,140,710	\$ 920,340
Support services	160,813	91,581	93,827	102,003
Operation of non-instructional services	198,913	143,336	318,107	166,004
Extracurricular activities	180,766	181,174	6,324	192,430
Operating grants and contributions	18,858,329	18,618,327	18,491,315	16,825,958
Capital grants and contributions	-	-	-	-
Total governmental program revenues	<u>20,463,622</u>	<u>20,245,221</u>	<u>20,050,283</u>	<u>18,206,735</u>
Net (Expense)/Revenue				
Governmental activities	<u>\$ (65,795,807)</u>	<u>\$ (39,469,039)</u>	<u>\$ (63,721,682)</u>	<u>\$ (63,171,639)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes levied for:				
General purposes	\$ 27,001,888	\$ 25,569,322	\$ 23,847,638	\$ 31,620,677
Debt service	6,332,979	5,749,167	4,702,755	5,567,012
Special revenue	408,573	304,482	270,512	341,335
Capital projects	852,630	-	-	-
Payment in lieu of taxes	838,284	679,322	677,978	886,632
Grants and entitlements not restricted to specific programs	41,326,796	41,150,784	41,547,296	38,775,910
Grants and entitlements restricted to school facilities program	-	-	-	-
Investment earnings	1,037,675	601,370	449,200	448,314
Miscellaneous	586,855	675,757	379,368	479,274
Total governmental activities	<u>78,385,680</u>	<u>74,730,204</u>	<u>71,874,747</u>	<u>78,119,154</u>
Change in Net Position				
Governmental activities	<u>\$ 12,589,873</u>	<u>\$ 35,261,165</u>	<u>\$ 8,153,065</u>	<u>\$ 14,947,515</u>

Source: School District financial records.

- (1) Amounts have been reclassified to conform to fiscal year 2013's presentation.
(2) Amounts have been reclassified to conform to fiscal year 2011's presentation.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010 (2)</u>
\$ 1,167,154	\$ 1,328,997	\$ 728,828	\$ 760,855	\$ 747,531	\$ 708,352
78,459	74,984	60,921	101,071	169,629	206,090
153,619	371,359	690,941	816,136	781,124	864,398
214,969	-	-	-	-	-
10,763,712	12,666,818	10,881,913	12,112,072	19,941,094	18,469,879
-	-	-	-	-	316,140
<u>12,377,913</u>	<u>14,442,158</u>	<u>12,362,603</u>	<u>13,790,134</u>	<u>21,639,378</u>	<u>20,564,859</u>
<u>\$ (69,338,091)</u>	<u>\$ (73,117,054)</u>	<u>\$ (70,946,870)</u>	<u>\$ (71,532,091)</u>	<u>\$ (70,082,686)</u>	<u>\$ (68,221,469)</u>
\$ 24,805,279	\$ 30,753,332	\$ 26,836,512	\$ 27,947,132	\$ 28,460,928	\$ 15,443,139
3,979,176	3,317,360	2,907,788	3,816,214	3,477,334	3,404,818
-	-	-	-	-	13,390,494
249,633	167,982	132,316	113,113	-	-
431,267	226,369	303,813	552,566	280,612	517,839
42,131,982	40,073,523	37,215,406	35,874,604	32,733,997	33,774,716
51,403,241	-	-	-	-	-
202,447	1,166	1,923	9,601	28,936	26,337
350,924	417,338	117,880	465,234	37,225	10,484
<u>123,553,949</u>	<u>74,957,070</u>	<u>67,515,638</u>	<u>68,778,464</u>	<u>65,019,032</u>	<u>66,567,827</u>
<u>\$ 54,215,858</u>	<u>\$ 1,840,016</u>	<u>\$ (3,431,232)</u>	<u>\$ (2,753,627)</u>	<u>\$ (5,063,654)</u>	<u>\$ (1,653,642)</u>

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Fund:				
Nondisposable	\$ 78,057	\$ 72,529	\$ 80,022	\$ -
Restricted	-	-	-	-
Assigned	1,319,384	2,380,537	807,257	389,829
Unassigned (deficit)	16,337,777	14,315,435	13,770,208	8,794,259
Reserved	-	-	-	-
Unreserved (deficit)	-	-	-	-
Total general fund	<u>\$ 17,735,218</u>	<u>\$ 16,768,501</u>	<u>\$ 14,657,487</u>	<u>\$ 9,184,088</u>
All Other Governmental Funds:				
Nondisposable	\$ 11,605	\$ 10,285	\$ 12,187	\$ -
Restricted	25,028,068	19,288,470	39,450,727	58,695,362
Committed	308,585	504,601	478,358	293,040
Unassigned (deficit)	(73,424)	(233,544)	(78,942)	(31,238)
Reserved	-	-	-	-
Unreserved (deficit), reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
Total all other governmental funds	<u>\$ 25,274,834</u>	<u>\$ 19,569,812</u>	<u>\$ 39,862,330</u>	<u>\$ 58,957,164</u>
Total governmental funds	<u>\$ 43,010,052</u>	<u>\$ 36,338,313</u>	<u>\$ 54,519,817</u>	<u>\$ 68,141,252</u>

Source: School District financial records.

(1) Amounts have been reclassified to conform to 2011's presentation.

Note: The School District implemented GASB 54 in fiscal year 2011.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010 (1)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	24,610	24,610	24,610	186,444	-
480,211	65,935	386,691	306,347	739,638	-
(1,204,805)	(1,114,077)	(3,932,766)	(4,483,802)	(3,717,700)	-
-	-	-	-	-	1,305,189
-	-	-	-	-	2,589,792
<u>\$ (724,594)</u>	<u>\$ (1,023,532)</u>	<u>\$ (3,521,465)</u>	<u>\$ (4,152,845)</u>	<u>\$ (2,791,618)</u>	<u>\$ 3,894,981</u>
\$ 93,564	\$ 97,652	\$ 48,607	\$ 29,397	\$ 41,988	\$ -
53,563,718	2,135,729	2,212,418	3,253,825	4,631,246	-
216,852	29,970	8,463	8,111	51,081	-
(24,845)	(112,278)	(245)	(25,155)	(20,782)	-
-	-	-	-	-	1,457,598
-	-	-	-	-	(469,675)
-	-	-	-	-	2,186,547
-	-	-	-	-	(907,311)
<u>\$ 53,849,289</u>	<u>\$ 2,151,073</u>	<u>\$ 2,269,243</u>	<u>\$ 3,266,178</u>	<u>\$ 4,703,533</u>	<u>\$ 2,267,159</u>
<u>\$ 53,124,695</u>	<u>\$ 1,127,541</u>	<u>\$ (1,252,222)</u>	<u>\$ (886,667)</u>	<u>\$ 1,911,915</u>	<u>\$ 6,162,140</u>

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

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
SCHEDULE 4

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues				
From local sources:				
Property taxes	\$ 35,286,016	\$ 33,550,397	\$ 28,927,911	\$ 37,002,240
Payment in lieu of taxes	831,135	683,589	666,839	886,632
Tuition and fees	968,877	1,087,728	1,022,553	769,292
Transportation fees	4,000	600	7,707	-
Earnings on investments	1,046,631	629,440	457,155	463,164
Charges for services	187,555	146,632	160,457	166,004
Extracurricular	275,876	220,375	225,693	243,929
Classroom materials and fees	23,829	42,048	43,426	43,605
Rental income	73,271	48,484	24,401	56,871
Contributions and donations	225,592	405,375	326,547	391,749
Contract services	68,372	78,522	71,536	97,832
Other local revenues	463,027	369,535	123,796	147,764
Intergovernmental	61,876,532	69,187,640	84,822,828	64,399,778
Total revenues	<u>101,330,713</u>	<u>106,450,365</u>	<u>116,880,849</u>	<u>104,668,860</u>
Expenditures				
Current:				
Instruction	55,212,174	52,713,757	47,102,572	47,528,539
Support services:				
Pupil	5,236,988	4,899,530	4,237,609	3,944,123
Instructional staff	2,679,219	3,222,634	2,764,612	2,877,401
Board of education	58,039	53,264	70,196	58,127
Administration	4,928,396	4,522,993	4,340,891	3,949,199
Fiscal	1,244,596	1,288,837	1,558,948	1,460,099
Business	284,876	282,184	272,019	245,965
Operations and maintenance	6,460,842	7,249,962	6,324,072	6,000,716
Pupil transportation	5,209,784	5,113,558	4,301,151	4,049,294
Central	1,381,889	1,170,187	1,166,324	992,204
Operation of non-instructional services	4,625,060	4,541,623	4,765,732	4,627,836
Extracurricular activities	1,100,101	1,058,361	1,001,261	838,178
Capital outlay	9,040,932	31,759,935	45,880,282	4,716,122
Debt service:				
Principal retirement	1,274,862	2,534,515	2,428,067	3,338,619
Interest and fiscal charges	4,402,653	4,263,524	4,330,759	5,032,301
Bond issuance costs	144,440	-	-	243,537
Accretion on capital appreciation bonds	1,380,000	-	-	-
Total expenditures	<u>104,664,851</u>	<u>124,674,864</u>	<u>130,544,495</u>	<u>89,902,260</u>
Excess of revenues over (under) expenditures	(3,334,138)	(18,224,499)	(13,663,646)	14,766,600
Other Financing Sources (Uses)				
Transfers in	981,919	1,246,291	1,204,479	1,079,247
Transfers (out)	(981,919)	(1,246,291)	(1,204,479)	(1,079,247)
Sale of capital assets	9,236	42,995	42,211	6,419
Capital lease transaction	-	-	-	-
Issuance of long term debt	-	-	-	-
Payments to refunding bond escrow agent	-	-	-	(26,510,643)
Premium on the sale of refunding bonds	136,641	-	-	1,269,181
Issuance of bonds	9,860,000	-	-	25,485,000
Total other financing sources (uses)	<u>10,005,877</u>	<u>42,995</u>	<u>42,211</u>	<u>249,957</u>
Net change in fund balances	<u>\$ 6,671,739</u>	<u>\$ (18,181,504)</u>	<u>\$ (13,621,435)</u>	<u>\$ 15,016,557</u>
Capital expenditures	\$ 10,170,648	\$ 31,538,729	\$ 45,731,277	\$ 6,394,237
Debt service as a percentage of noncapital expenditures	7.47%	7.30%	7.97%	10.02%

Source: School District financial records.

	2015	2014	2013	2012	2011	2010
\$	27,872,515	\$ 34,294,811	\$ 31,261,754	\$ 31,341,229	\$ 30,834,774	\$ 31,981,033
	431,267	497,553	444,506	148,212	279,392	511,536
	1,032,757	1,126,473	566,267	724,610	525,839	516,322
	-	-	-	-	65,664	144,614
	157,998	1,166	1,923	9,601	29,126	31,260
	296,116	349,214	651,126	588,504	561,722	614,698
	243,266	257,306	233,516	341,328	320,910	308,493
	-	-	-	-	138,801	109,042
	30,478	33,633	22,675	10,458	-	-
	367,448	262,615	46,956	110,623	-	-
	-	-	-	-	-	-
	333,563	223,265	123,851	477,276	200,672	200,899
	56,808,384	50,921,081	48,067,339	48,553,938	51,866,741	53,233,060
	<u>87,573,792</u>	<u>87,967,117</u>	<u>81,419,913</u>	<u>82,305,779</u>	<u>84,823,641</u>	<u>87,650,957</u>
	47,816,401	49,279,372	48,133,204	47,192,759	48,974,881	47,816,574
	3,877,467	4,424,408	4,379,076	4,695,154	5,502,709	4,825,255
	2,019,362	3,417,238	3,832,870	4,964,134	5,182,361	5,827,474
	59,556	66,159	43,835	56,405	51,456	101,002
	4,278,161	4,656,085	4,456,818	4,517,281	5,327,370	5,809,833
	1,662,170	784,141	689,018	717,447	654,400	1,417,411
	189,919	209,442	253,527	427,734	444,542	485,305
	6,371,641	7,925,541	5,684,561	5,454,243	6,239,542	6,735,701
	3,926,956	3,905,361	3,689,610	3,629,508	3,527,369	3,472,888
	1,665,992	3,459,367	1,257,761	3,853,759	3,782,437	1,954,306
	4,754,045	4,754,840	4,518,730	4,382,701	3,834,439	3,583,679
	928,706	924,948	883,030	1,017,934	1,008,812	977,802
	2,216,640	433,676	8,723	397,027	2,050,587	510,385
	3,273,410	1,177,325	1,033,416	927,375	880,261	2,357,860
	3,986,977	2,865,082	2,921,769	2,881,709	3,007,587	3,036,523
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>87,027,403</u>	<u>88,282,985</u>	<u>81,785,948</u>	<u>85,115,170</u>	<u>90,468,753</u>	<u>88,911,998</u>
	546,389	(315,868)	(366,035)	(2,809,391)	(5,645,112)	(1,261,041)
	626,572	610,354	604,934	620,080	692,375	699,567
	(626,572)	(610,354)	(604,934)	(620,080)	(692,375)	(699,567)
	340,087	2,358	480	10,810	46,120	62,461
	-	248,273	-	-	1,348,767	-
	46,600,000	2,445,000	-	-	-	-
	-	-	-	-	-	-
	4,510,678	-	-	-	-	-
	-	-	-	-	-	-
	<u>51,450,765</u>	<u>2,695,631</u>	<u>480</u>	<u>10,810</u>	<u>1,394,887</u>	<u>62,461</u>
\$	<u>51,997,154</u>	<u>\$ 2,379,763</u>	<u>\$ (365,555)</u>	<u>\$ (2,798,581)</u>	<u>\$ (4,250,225)</u>	<u>\$ (1,198,580)</u>
\$	3,316,732	\$ 1,526,035	\$ 258,984	\$ 1,442,769	\$ 1,787,485	\$ 485,751
	8.67%	4.66%	4.85%	4.55%	4.38%	6.10%

**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
2018	\$ 639,907,020	\$ 65,992,060	\$ 705,899,080	\$ 2,088,458,817	\$ 54.08	33.80%
2017	641,556,630	61,948,170	703,504,800	2,081,375,148	54.15	33.80%
2016	604,441,470	58,917,790	663,359,260	1,962,601,361	54.40	33.80%
2015	603,512,220	57,446,810	660,959,030	1,955,500,089	54.54	33.80%
2014	603,212,590	56,477,890	659,690,480	1,884,829,943	54.51	35.00%
2013	657,709,970	54,597,780	712,307,750	2,035,165,000	48.95	35.00%
2012	665,572,990	50,710,520	716,283,510	2,046,524,314	47.16	35.00%
2011	673,961,050	51,549,940	725,510,990	2,072,888,543	47.16	35.00%
2010	739,511,220	50,482,380	789,993,600	2,337,259,172	46.99	33.80%
2009	750,828,210	40,785,100	791,613,310	2,342,051,213	47.00	33.80%

Source: State of Ohio Department of Taxation tax year 2009 and forward: note that these values are a combination of Butler County and Warren County.

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.

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**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	Emergency	Bond					
2018	\$ 39.66	\$ -	\$ 9.00	\$ 2.40	\$ 3.02	\$ 54.08	\$ 9.72	\$ 6.28
2017	39.73	-	9.00	0.50	4.92	54.15	9.72	6.28
2016	40.73	-	8.25	0.50	4.92	54.40	9.72	7.78
2015	40.87	-	8.25	0.50	4.92	54.54	9.72	7.78
2014	18.27	22.83	8.25	-	5.16	54.51	9.72	7.78
2013	18.27	20.77	4.75	-	5.16	48.95	9.72	7.78
2012	18.27	18.98	4.75	-	5.16	47.16	9.72	7.78
2011	18.27	18.98	4.75	-	5.16	47.16	9.72	7.78
2010	18.27	18.81	4.99	-	4.92	46.99	9.72	5.78
2009	18.27	18.89	4.92	-	4.92	47.00	9.75	5.78

Source: County Auditor

Note: Rates may only be raised by obtaining the approval of the voters at a public election.

(1) - Includes Franklin Township, Franklin Township - Joint Medical Services, Warren-Clinton Community Mental Health and Health Levy.

(2) - Includes Turtlecreek Township and the Turtlecreek Township - Warren-Clinton Community Mental Health Levy.

(3) - Includes inside millage of \$1.90 that has been moved to the permanent improvement fund and \$0.50 that is reported in the classroom facilities maintenance fund.

N/A - Information not available.

Overlapping Rates

<u>Franklin Township (1)</u>	<u>Turtlecreek Township (2)</u>	<u>City of Middletown</u>	<u>Butler County Joint Vocational School</u>	<u>Metroparks</u>	<u>Midpointe Library</u>	<u>Total Overlapping Rates</u>	<u>Total Overlapping and Direct Rates</u>
\$ 3.87	\$ 9.12	\$ 6.90	\$ 1.93	\$ 0.70	\$ 0.75	\$ 39.27	\$ 93.35
3.87	9.12	6.90	1.93	0.70	0.75	39.27	93.42
3.87	9.12	6.90	1.93	0.50	0.75	40.57	94.97
3.87	9.12	6.90	1.93	0.50	0.75	40.57	95.11
3.87	9.12	6.90	1.93	0.50	0.75	40.57	95.08
3.87	9.12	6.72	1.93	0.50	0.75	40.39	89.34
3.87	9.12	5.90	1.93	N/A	N/A	38.32	85.48
3.87	9.12	5.90	1.93	N/A	N/A	38.32	85.48
3.87	0.61	5.90	1.93	N/A	N/A	27.81	74.80
4.00	1.61	5.90	1.93	N/A	N/A	28.97	75.97

**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		
2018	\$ 35,219,281	\$ 32,891,247	93.39%	\$ 1,810,499	\$ 34,701,746	98.53%	\$4,158,922	11.81%
2017	36,787,345	34,938,752	94.97%	1,770,703	36,709,455	99.79%	4,003,024	10.88%
2016	36,050,347	30,546,560	84.73%	1,676,407	32,222,967	89.38%	4,683,274	12.99%
2015	35,954,046	30,512,832	84.87%	1,749,741	32,262,573	89.73%	4,291,273	11.94%
2014	35,954,046	29,625,371	82.40%	1,667,238	31,292,609	87.04%	4,125,765	11.48%
2013	31,531,399	29,625,371	93.96%	2,033,122	31,658,493	100.40%	3,898,991	12.37%
2012	30,713,002	28,911,321	94.13%	2,421,728	31,333,049	102.02%	4,619,013	15.04%
2011	32,633,101	31,682,293	97.09%	1,736,442	33,418,735	102.41%	5,357,474	16.42%
2010	32,511,295	31,267,882	96.18%	918,290	32,186,172	99.00%	4,852,706	14.93%
2009	35,638,317	30,469,584	85.50%	2,134,606	32,604,190	91.49%	4,202,583	11.79%

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

		2018	
Taxpayer		Assessed Value	Percentage of Total Assessed Value
Duke Energy Ohio Inc	1	\$ 49,924,230	7.07%
AK Steel Corp	2	10,110,300	1.43%
Texas Eastern Transmission Corp.	3	4,318,600	0.61%
Rockies Express Pipeline, LLC	4	4,235,960	0.60%
AJB Realty, LLC	5	4,100,100	0.58%
Boymel Family, LLC	6	3,955,660	0.56%
Middletown Coke Comp, LLC	7	3,149,200	0.45%
CTR Partnership, LP	8	2,904,620	0.41%
Precision Strip, Inc.	9	2,897,290	0.41%
Dynergy Dicks Creek, LLC	10	2,882,990	0.41%
		\$ 88,478,950	12.53%
		2009	
Taxpayer		Assessed Value	Percentage of Total Assessed Value
Duke Energy Ohio Inc	1	\$ 34,815,660	4.40%
AK Steel Corp	2	13,160,100	1.66%
Compartir LLC	3	6,365,070	0.80%
Butler County Port Authority	4	4,232,950	0.53%
Precision Strip Inc.	5	4,154,670	0.52%
Southwestern Ohio Steel	6	4,028,020	0.51%
Sam Boymel	7	3,978,830	0.50%
Faith Village East Apts	8	3,903,417	0.49%
Meijer Stores	9	3,115,000	0.39%
Bavarian Woods LLC	10	2,865,170	0.36%
Total		\$ 80,618,887	10.18%

Source: Butler County Auditor's Office

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

OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
SCHEDULE 9

Fiscal Year	Governmental Activities (a)				Total Primary Government	Ratio of Total Debt to Estimated Actual Value (d)
	Construction Bond	Refunding Bonds	Long-Term Capital Notes	Capital Leases		
2019	\$ 56,869,573	\$ 51,529,945	\$ 739,298	\$ -	\$ 109,138,816	5.23%
2018	47,130,288	53,708,314	912,616	26,544	101,777,762	4.89%
2017	47,932,955	54,991,657	1,080,229	78,446	104,083,287	5.30%
2016	48,825,622	56,139,983	1,372,934	128,808	106,467,347	5.44%
2015	50,423,289	56,623,125	3,192,685	177,676	110,416,775	5.86%
2014	1,680,000	56,864,375	3,407,487	911,284	62,863,146	3.09%
2013	2,325,000	57,095,625	1,127,569	1,005,254	61,553,448	3.01%
2012	2,930,000	57,258,498	1,288,149	1,258,090	62,734,737	3.03%
2011	3,285,000	53,340,000	1,444,436	1,629,178	59,698,614	2.55%
2010	3,610,000	53,380,000	1,596,629	643,479	59,230,108	2.53%

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 2019 is calendar year 2018). See the table on page 142 for details on assessed values.

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)
10.36%	\$ 2,234	\$ 108,399,518	\$ 1,583,805	\$ 106,815,713	5.11%	\$ 2,186
10.03%	2,085	100,838,602	-	100,838,602	4.84%	2,066
10.53%	2,135	102,924,612	-	102,924,612	5.24%	2,111
10.80%	2,183	104,965,605	75,672	104,889,933	5.36%	2,151
11.24%	2,271	107,046,414	731,993	106,314,421	5.64%	2,186
6.40%	1,293	58,544,375	1,643,946	56,900,429	2.80%	1,170
6.36%	1,266	59,420,625	1,375,567	58,045,058	2.84%	1,194
6.54%	1,289	60,188,498	1,484,273	58,704,225	2.83%	1,206
5.97%	1,226	56,625,000	865,521	55,759,479	2.39%	1,145
5.88%	1,209	56,990,000	-	56,990,000	2.43%	1,163

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

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2019
SCHEDULE 10

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Direct and Overlapping Debt
Overlapping Debt:			
Butler County (2)	\$ 31,574,000	7.44%	\$ 2,349,106
Warren County (2)	5,171,000	1.40%	72,394
City of Middletown (2)	18,370,000	91.88%	16,878,356
Subtotal, Overlapping Debt	<u>55,115,000</u>		<u>19,299,856</u>
District Direct Debt	<u>109,138,816</u>	100.00%	<u>109,138,816</u>
Total Direct and Overlapping Debt	<u><u>164,253,816</u></u>		<u><u>128,438,672</u></u>

Sources:

(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

(2) - City of Middletown annual financial report for December 31, 2018.

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

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
SCHEDULE 11

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Assessed Valuation of District (1)	\$ 705,899,080	\$ 703,504,800	\$ 663,359,260	\$ 660,959,030
<u>Overall direct debt limit</u>				
Direct debt limitation				
9% of assessed valuation	63,530,917	63,315,432	59,702,333	59,486,313
Amount available in bond retirement fund	6,201,282	4,990,614	4,344,381	5,141,164
Gross indebtedness (2)	<u>49,290,000</u>	<u>50,245,000</u>	<u>50,935,000</u>	<u>53,215,000</u>
Legal margin within 9% limitation	<u>\$ 20,442,199</u>	<u>\$ 18,061,046</u>	<u>\$ 13,111,714</u>	<u>\$ 11,412,477</u>
Total net debt applicable to the limit as a percentage of the limit	70.68%	73.56%	79.53%	82.34%
<u>Unvoted direct debt limitation</u>				
Unvoted debt limitation 0.1% of assessed valuation	<u>\$ 705,899</u>	<u>\$ 703,505</u>	<u>\$ 663,359</u>	<u>\$ 660,959</u>

Source: School District financial records

(1) - Assessed values are on a calendar year basis (i.e. fiscal year 2019 is calendar year 2018)

(2) - The general obligation bonds issued in fiscal year 2015 and 2018 were a voted bond issue allowing the total outstanding balance to be excluded from the legal debt margin calculation.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>\$ 659,690,480</u>	<u>\$ 712,307,750</u>	<u>\$ 716,283,510</u>	<u>\$ 725,510,990</u>	<u>\$ 789,993,600</u>	<u>\$ 791,613,310</u>
59,372,143	64,107,698	64,465,516	65,295,989	71,099,424	71,245,198
5,446,025	1,617,246	1,332,329	1,307,781	725,144	-
<u>57,947,487</u>	<u>59,253,771</u>	<u>57,737,823</u>	<u>62,734,737</u>	<u>56,625,000</u>	<u>59,290,000</u>
<u>\$ 6,870,681</u>	<u>\$ 6,471,173</u>	<u>\$ 8,060,022</u>	<u>\$ 3,869,033</u>	<u>\$ 15,199,568</u>	<u>\$ 11,955,198</u>
89.40%	90.15%	87.75%	94.19%	78.84%	83.22%
<u>\$ 659,690</u>	<u>\$ 712,308</u>	<u>\$ 716,284</u>	<u>\$ 725,511</u>	<u>\$ 789,994</u>	<u>\$ 791,613</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>
2018	48,861	\$ 1,053,473	\$ 21,622	4.0%
2017	48,813	1,014,627	20,786	3.7%
2016	48,760	988,365	20,270	4.0%
2015	48,760	985,476	20,345	4.3%
2014	48,630	982,281	20,199	5.4%
2013	48,630	982,281	20,199	7.8%
2012	48,630	968,285	19,911	8.6%
2011	48,660	959,385	19,716	10.1%
2010	48,694	1,000,321	20,543	10.8%
2009	49,000	1,006,607	20,543	11.2%

Sources:

(1) - Information is taken from the City of Middletown annual financial report as it encompasses 91% of the District and specific information related to the District is not available.

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

MAJOR EMPLOYERS
CURRENT CALENDAR YEAR AND NINE YEARS AGO
SCHEDULE 13

2018

Major Employers	Number of Employees	Percentage of Total Employment
AK Steel	2,631	13.16%
Atrium Medical Center	1,729	8.65%
Middletown City Schools	807	4.04%
Kroger Limited Partnership	642	3.21%
Miami University	583	2.92%
PAC Worldwide Corp.	573	2.87%
McDonalds	491	2.46%
Walmart	460	2.30%
City of Middletown	377	1.89%
Meijer	361	1.81%
	<u>8,654</u>	
Total City Employment	<u>20,000</u>	

2009

Employer	Number of Employees	Percentage of Total Employment
AK Steel	2,354	10.51%
Atrium Medical Center	2,225	9.93%
Middletown City Schools	1,309	5.84%
Kroger	850	3.79%
Meijer	663	2.96%
Miami University	615	2.75%
McDonalds	548	2.45%
Garden Manor Extended Care	532	2.38%
City of Middletown	485	2.17%
Walmart	424	1.89%
	<u>10,005</u>	
Total City Employment	<u>22,400</u>	

Source: City of Middletown annual financial report for December 31, 2018.

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

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

<u>Type</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Instruction										
Classroom teachers	308.59	311.58	315.65	306.00	351.00	367.00	368.00	324.29	342.49	380.05
Special education teachers and tutors	95.80	103.35	91.01	77.48	38.00	40.00	49.00	78.68	95.41	84.65
Educational aides	-	-	-	-	-	1.00	1.00	2.00	37.80	66.00
Special education aides and attendants	80.00	70.00	61.00	64.00	59.00	68.00	62.00	58.00	57.50	12.00
Total Instruction	<u>484.39</u>	<u>484.93</u>	<u>467.66</u>	<u>447.48</u>	<u>448.00</u>	<u>476.00</u>	<u>480.00</u>	<u>462.97</u>	<u>533.20</u>	<u>542.70</u>
Support Services										
Support personnel										
Librarians, nurses, counselors, visiting teachers	49.00	48.00	42.95	46.12	43.00	52.00	52.00	80.23	70.66	67.35
Principals	17.00	17.00	17.00	15.00	17.00	10.00	11.00	15.00	22.00	23.00
Central office administration	14.00	14.00	11.20	13.00	10.00	10.00	11.00	11.00	12.00	16.00
Secretaries and clerical	39.00	39.00	38.00	38.00	39.00	38.00	40.00	44.60	47.00	50.00
Transportation	-	-	-	-	-	-	-	-	40.81	43.81
Custodial	-	-	-	-	-	-	-	31.00	33.00	33.00
Maintenance and mechanics	-	-	-	-	-	-	-	7.00	16.00	16.00
Total Support Services	<u>119.00</u>	<u>118.00</u>	<u>109.15</u>	<u>112.12</u>	<u>109.00</u>	<u>110.00</u>	<u>114.00</u>	<u>188.83</u>	<u>241.47</u>	<u>249.16</u>
Total	<u>603.39</u>	<u>602.93</u>	<u>576.81</u>	<u>559.60</u>	<u>557.00</u>	<u>586.00</u>	<u>594.00</u>	<u>651.80</u>	<u>774.67</u>	<u>791.86</u>

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)
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	4.47%	83,771,965	13,036
2016	6,598	76,571,681	11,605	1.42%	81,378,374	12,334
2015	6,777	77,550,376	11,443	-10.66%	81,716,004	12,058
2014	6,543	83,806,902	12,809	7.54%	87,559,212	13,382
2013	6,534	77,822,040	11,910	-4.45%	83,309,473	12,750
2012	6,491	80,909,059	12,465	-3.56%	85,322,225	13,145
2011	6,540	84,530,318	12,925	2.78%	91,722,064	14,025
2010	6,601	83,007,230	12,575	10.81%	88,786,328	13,450

Source: School District records

- (1) - Operating expenditure is total expenditures minus facilities acquisition and construction, capital outlay and debt service from schedule 4
- (2) - Operating expenditure by enrollment
- (3) - Expenses is total expenses from schedule 2
- (4) - Expenses by enrollment
- (5) - The District entered a new program for fiscal year 2014 where everyone is provided a free breakfast or lunch and the District receives a higher reimbursement rate.

Percent Change	Teaching Staff	Pupil/Teacher Ratio	of Free or Reduced Lunches (5)
44.45%	485	13	100.00%
-29.93%	485	13	100.00%
5.70%	454	14	100.00%
2.29%	432	15	100.00%
-9.90%	448	15	100.00%
4.96%	426	15	100.00%
-3.00%	490	13	72.10%
-6.28%	462	14	72.10%
4.27%	438	15	71.50%
10.49%	465	14	70.00%

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

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
SCHEDULE 16**

<u>School</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Elementary Schools					
Amanda Elementary (1961)					
Square feet	66,970	66,970	66,970	66,970	66,970
Capacity (students)	567	510	553	553	518
Enrollment	414	420	410	426	515
Percent of Capacity (3)	73%	82%	74%	77%	99%
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	400	400	350
Enrollment	342	354	325	326	316
Percent of Capacity (3)	86%	89%	81%	82%	90%
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	525	525	503
Enrollment	457	482	461	458	575
Percent of Capacity (3)	81%	85%	88%	87%	114%
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	503
Enrollment	471	476	439	458	478
Percent of Capacity (3)	82%	83%	76%	80%	95%
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	575	575	503
Enrollment	459	486	531	518	552
Percent of Capacity (3)	74%	78%	92%	90%	110%
Site Acreage	5	5	5	5	5

2014	2013	2012	2011	2010
66,970	66,970	66,970	66,970	66,970
518	518	518	518	518
476	471	490	396	410
92%	91%	94%	76%	79%
17	17	17	17	17
42,000	42,000	42,000	42,000	42,000
350	350	350	350	350
360	382	414	320	327
103%	109%	118%	91%	93%
7	7	7	7	7
59,970	59,970	59,970	59,970	59,970
503	503	503	503	503
453	470	423	449	425
90%	93%	84%	89%	84%
12	12	12	12	12
60,923	60,923	60,923	60,923	60,923
503	503	503	503	503
426	436	427	377	397
85%	87%	84%	75%	79%
5	5	5	5	5
60,923	60,923	60,923	60,923	60,923
503	503	503	503	503
505	475	469	445	452
100%	94%	93%	88%	89%
5	5	5	5	5

(Continued)

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

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

School	2019	2018	2017	2016	2015
Elementary Schools (continued)					
Miller Ridge Elementary (2008)					
Square feet	59,970	59,970	59,970	59,970	59,970
Capacity (students)	498	498	525	525	503
Enrollment	472	455	472	457	510
Percent of Capacity (3)	455	91%	90%	87%	101%
Site Acreage	96%	37	37	37	37
Rosa Parks Elementary (2007)	(10)				
Square feet		60,923	60,923	60,923	60,923
Capacity (students)	60,923	651	575	575	503
Enrollment	651	578	590	555	772
Percent of Capacity (3)	569	89%	103%	97%	153%
Site Acreage	87%	8	8	8	8
New Wildwood Elementary (1959) (4) (20	(11)				
Square feet	60,923	60,923	60,923	60,923	60,923
Capacity (students)	630	630	575	575	503
Enrollment	568	556	563	540	612
Percent of Capacity (3)	90%	88%	98%	94%	122%
Site Acreage	4	4	4	4	4

2014	2013	2012	2011	2010
59,970	59,970	59,970	59,970	59,970
503	503	503	502	502
467	495	515	461	448
93%	98%	102%	92%	89%
37	37	37	37	37
60,923	60,923	60,923	60,923	60,923
503	503	503	503	503
699	595	608	423	417
139%	118%	120%	84%	83%
8	8	8	8	8
60,923	60,923	60,923	60,923	60,923
503	503	503	503	503
543	612	564	503	475
108%	122%	112%	100%	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	2018	2018	2017	2016	2015
Middle Schools					
Steven Vail Middle (1923)					
Square feet	221,160	221,160	221,160	221,160	221,160
Capacity (students)	1,435	1,435	1,435	1,435	1,576
Enrollment	936	966	865	895	1,042
Percent of Capacity (3)	65%	67%	60%	62%	66%
Site Acreage	3	3	3	3	3
George M. Verity Middle (1968)					
Square feet	(13)	(13)	(13)	(13)	81,589
Capacity (students)	(13)	(13)	(13)	(13)	653
Enrollment	(13)	(13)	(13)	(13)	-
Percent of Capacity (3)	(13)	(13)	(13)	(13)	0%
Site Acreage	(13)	(13)	(13)	(13)	39
Middletown Middle School					
Square feet	(15)	(15)	(15)	(15)	(15)
Capacity (students)	(15)	(15)	(15)	(15)	(15)
Enrollment	(15)	(15)	(15)	(15)	(15)
Percent of Capacity (3)	(15)	(15)	(15)	(15)	(15)
Site Acreage	(15)	(15)	(15)	(15)	(15)

2014	2013	2012	2011	2010
221,160	221,160	221,160	221,160	221,160
1,576	1,576	1,576	1,576	1,576
841	785	825	776	807
53%	50%	52%	49%	51%
3	3	3	3	3
81,589	81,589	81,589	81,589	81,589
653	653	653	653	653
-	-	-	596	625
0%	0%	0%	91%	96%
39	39	39	39	39
(15)	(15)	(15)	(15)	(15)
(15)	(15)	(15)	(15)	(15)
(15)	(15)	(15)	(15)	(15)
(15)	(15)	(15)	(15)	(15)
(15)	(15)	(15)	(15)	(15)

(Continued)

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

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

School	2018	2018	2017	2016	2015
High Schools					
Middletown High (1969)(2018)(14)					
Square feet	224,000	224,000	363,627	363,627	363,627
Capacity (students)	1,800	1,800	2,178	2,178	2,178
Enrollment	1,348	1,388	1,430	1,447	1,404
Percent of Capacity (3)	75%	77%	66%	66%	64%
Site Acreage	8	8	8	8	8

Source: District records

- (2) - Middletown City School District demolished Oneida Elementary
- (3) - Enrollment divided by Capacity
- (4) - Annexed 1993
- (5) - Rosa Parks Elementary opened in fiscal year 2007
- (6) - In 2008, due to construction, Wildwood students were housed at the Roosevelt building and Mayfield was housed at the old Creekview building. Original Roosevelt students have been dispersed amongst the District because the building is no longer in use after Wildwood students return after the Wildwood construction was completed.
- (7) - Taft Elementary was being used for storage
- (8) - Miller Ridge Elementary opened in fiscal year 2008
- (9) - Rosedale Elementary was under renovation during fiscal year 2008, and was renamed New Central Academy
- (10) - Roosevelt Elementary was unoccupied in 2009 awaiting demolition.
- (11) - Demolished 2008
- (12) - 2009 and forward houses Butler County Head Start
- (13) - Sold building in 2015
- (14) - High School Renovated in 2017-2018, Manchester tore down 2018
- (15) - Middletown Middle School opened in 2019-2020 school year

2014	2013	2012	2011	2010
363,627	363,627	363,627	363,627	363,627
2,178	2,178	2,178	2,178	2,178
1,773	1,813	1,804	1,794	1,829
81%	83%	82%	82%	84%
8	8	8	8	8

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OHIO AUDITOR OF STATE KEITH FABER



MIDDLETOWN CITY SCHOOL DISTRICT

BUTLER COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 20, 2020**