

COMPREHENSIVE  
ANNUAL FINANCIAL REPORT

OF THE

MIDDLETOWN CITY  
SCHOOL DISTRICT

BUTLER COUNTY, OHIO

FOR THE

FISCAL YEAR ENDED JUNE 30, 2011

PREPARED BY  
TREASURER'S DEPARTMENT  
MS. KELLEY THORPE, 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, 2011

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November 23, 2011

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, 2011, is hereby submitted. This report, prepared by the Treasurer's office, includes an opinion from our auditor, Balestra, Harr & Scherer CPAs, Inc., and conforms to generally accepted accounting principles [GAAP] as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. This report will provide the residents of the Middletown City School District with comprehensive financial data in a format that will enable them to gain an understanding of the District's financial affairs. Copies will be available upon request to taxpayers, financial rating services, banking institutions and other interested parties.

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

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

The District receives pass through grants from the State and distributes these grants to parochial/private schools located within the District. This activity is included in the entity as the Auxiliary Services Special Revenue Fund, because of the District's administrative involvement in the program. The parochial/private schools served are John XXIII Elementary School and Middletown Christian School. 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 64 percent of the District's tax base is agricultural and residential properties; the remainder is composed of a wide range of manufacturing, commercial and other business properties. The overall economic outlook for the area remains guarded with unemployment rates at 10 percent.

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 23 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 48,694 residents. The tax base of the District is comprised of a unique blend of residential, commercial, and industrial property, with 36% of the tax revenue of the District paid by business and industry.

During the 2010-11 school year, the District had 6,540 students enrolled in 8 elementary schools, two middle schools serving grades 6-8 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, central supply warehouse, and several sports fields.

The District provides a full range of programs and services for its students and citizens. 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' curricular program; and adult education offerings for improvement beyond the high school level.

## 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, 2011, were as follows:

<b>Board Member</b>	<b>Began Service</b>	<b>Term Expires</b>	<b>Profession</b>
Mrs. Marcia Andrew	January, 2010	December, 2013	Attorney
Rev. Gregory Tyus	January, 2010	December, 2013	Pastor
Mr. Chris Fiora	January, 2008	December, 2011	Business
Mrs. Katie McNeil	January, 1996	December, 2012	Business
Mr. John Sauter	January, 2008	December, 2011	Business

The Superintendent is the Chief Executive Officer of the District, responsible directly to the Board for all educational and support operations. Dr. Norris Brown was appointed interim superintendent August 1, 2009. Mr. Greg Rasmussen was appointed Superintendent in April 2010. Prior to his appointment, Mr. Rasmussen served as assistant superintendent of Wichita City Schools in Wichita, Kansas. Mr. Rasmussen holds a Masters Degree in Public School Administration from Kansas State University and has 29 years of experience in education.

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. Mrs. Lisa Fahncke served as Treasurer from March, 2009 through April 15, 2011. Mrs. Robin Long served as Interim Treasurer from April 15, 2011 through July 31, 2011. Mrs. Long holds a Bachelor's degree from Miami University and is a certified public accountant in the State of Ohio. Kelley Thorpe became Treasurer August 1, 2011.

All other District employees are responsible to the Superintendent and are employed by the Board upon the recommendation of the Superintendent.

## **EMPLOYEE RELATIONS**

The District employed 774 full and part-time staff members during the 2010-11 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, 2007 and expired June 30, 2010. The MTA and District have a new negotiated a collective bargaining agreement on language, salary and fringe benefits that began July 1, 2010 and expired June 30, 2011. A new contract has been approved effective July 1, 2011 through June 30, 2014 that includes significant concessions in wages and 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 agreement expired June 30, 2011. A new contract has been approved effective July 1, 2011 through June 30, 2014 that includes significant concessions in wages and 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**

The District has an improved educational delivery system consisting of Professional Learning Communities (PLC). PLC's remain a priority within the District with implementation in each school to address learning and achievement issues and promote collaborative environments among the professional teaching staff. PLC models are also instrumental toward improving instruction strategies that focus on student learning. Aligning the curriculum vertically and horizontally with the state content standards is also a focus of the PLC teams.

In addition, the District has implemented a new program Everybody UP 1, to improve reading and mathematic skills. Also, new procedures have been put in place for evaluations of individuals and teaching strategies, in order to evaluate staff and program effectiveness.

The Middletown City School District is currently engaged in a school construction program within the Expedited Local Partnership Program (ELPP) of the Ohio Schools Facilities Commission. The master plan is for the construction or renovation of all of 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 was 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 a completion in the summer of 2008.

The second phase of the project consists of the construction of a new high school and renovation of the current high school for a middle school with the bond issue expected to be on the ballot in the near future.

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

While the District continually strives to control rising costs and improve financial efficiencies, the District will need to return to the ballot for future continuance of the District. The timing of an additional operating levy has not been determined.

## **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 will be reimbursed fully for the lost revenue through May 2013; in the following six years, the reimbursements will be phased out.

## **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 fixed 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 plus 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 by either the Ohio Auditor of State or by an independent public accounting firm. The firm of Balestra, Harr & Scherer CPAs, Inc. was requested by the Treasurer to perform the audit for the fiscal year ended June 30, 2011. The auditor's unqualified 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, 2010. 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, 2010. The District believes that the Comprehensive Annual Financial Report for fiscal year June 30, 2011, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

### Making Your Tax Dollars Count Award

The District also received the Making Your Tax Dollars Count Award from the Ohio Auditor of State Award for the fiscal year ended June 30, 2005 for excellence in financial reporting. This was the first time that the District received this distinction.

Acknowledgements

The preparation of the 2011 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 "Kelley Thorpe".

Kelley Thorpe  
Treasurer

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO  
LIST OF PRINCIPAL OFFICIALS  
JUNE 30, 2011**

**BOARD OF EDUCATION**

---

President	Mrs. Marcia Andrew
Vice President	Mr. John Sauter
Board Member	Mrs. Katie McNeil
Board Member	Mr. Chris Fiora
Board Member	Rev. Gregory Tyus

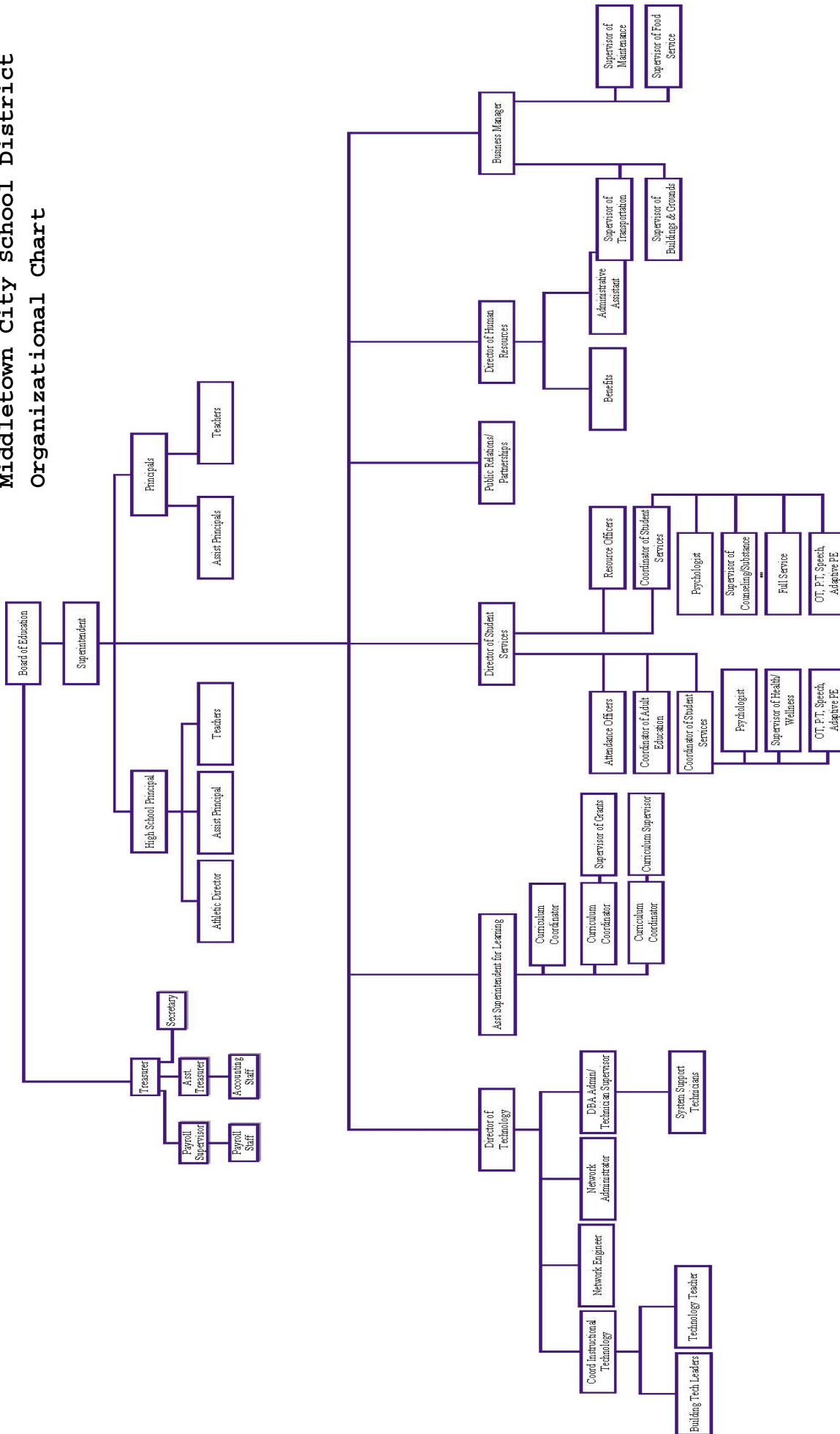
**ADMINISTRATIVE OFFICIALS**

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Superintendent	Mr. Greg Rasmussen
Assistant Superintendent	Betsy L. Carter, Ph.D.
Treasurer (Interim) <sup>(1)</sup>	Ms. Robin Long, CPA
Director of Human Resources	Lisa Lowery
Director of Student Services	Susan Combs
Director of Athletics	Gary Lebo
Legal Counsel	Don Crain, Esq. - Frost, Brown & Todd, Attorneys at Law

<sup>(1)</sup> Effective August 1, 2011, Kelley Thorpe became Treasurer of the District.

# Middletown City School District Organizational Chart





# 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, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Sandison*

President

*Jeffrey R. Enev*

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This 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, 2010

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

## FINANCIAL SECTION

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# Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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## Independent Auditor's Report

Middletown City School District  
1515 Girard Avenue  
Middletown, Ohio 45044

To the Board of Education:

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, Butler County, Ohio (the School District), as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. 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 Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

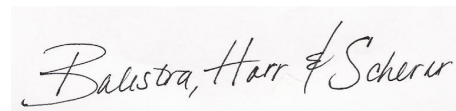
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Middletown City School District, Butler County, Ohio, as of June 30, 2011, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2011 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis, and the budgetary comparison schedule for the General Fund as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential 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 other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables provide additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion or any other assurance on them.

As described in Note 3, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and GASB Statement No. 59, *Financial Instruments Omnibus*.



Balestra, Harr & Scherer, CPAs, Inc.  
November 23, 2011

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(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, 2011. 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 2011 are as follows:

- In total, net assets of governmental activities decreased \$5,063,654 which represents a 29.75% decrease from June 30, 2010.
- General revenues accounted for \$65,019,032 in revenue or 75.03% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$21,639,378 or 24.97% for total revenues of \$86,658,410.
- The District had \$91,722,064 in expenses related to governmental activities; \$21,639,378 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 \$65,019,032 were not adequate to provide for these programs.
- The District has two major funds which include the general fund and the debt service fund. The general fund had \$64,140,741 in revenues and other financing sources and \$70,827,340 in expenditures and other financing uses. The general fund's fund balance decreased \$6,686,599 from a balance of \$3,894,981 (restated) to a deficit of \$2,791,618.
- The debt service fund had \$4,884,356 in revenues and \$3,251,901 in expenditures. The debt service fund's fund balance increased \$1,632,455 from a deficit of \$907,311 to a fund balance of \$725,144.

**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 assets* 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 two major funds: the general fund and the debt service fund.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)

**Reporting the District as a Whole**

***Statement of Net Assets 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 2011?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, 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 assets* and changes in those assets. This change in net assets 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 assets 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 assets and statement of activities can be found on pages 17-18 of this report.

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

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 11. 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 and the debt service 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 assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 19-22 of this report.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)

***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 assets and changes in fiduciary net assets on pages 23 and 24. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***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 25-51 of this report.

***Required Supplementary Information***

The schedule of revenues, expenditures, and changes in fund balance - budget and actual (non-GAAP budgetary basis) for the general fund is provided on pages 53-55 of this report.

**The District as a Whole**

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
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The table below provides a summary of the District's net assets at June 30, 2011 and 2010.

	<b>Net Assets</b>		
	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>	Percentage Change
<b><u>Assets</u></b>			
Current and other assets	\$ 47,312,480	\$ 51,438,481	(8.02) %
Capital assets, net	<u>71,584,642</u>	<u>72,899,179</u>	(1.80) %
Total assets	<u>118,897,122</u>	<u>124,337,660</u>	(4.38) %
<b><u>Liabilities</u></b>			
Current liabilities	39,027,817	41,601,836	(6.19) %
Long-term liabilities	<u>67,909,711</u>	<u>65,712,576</u>	3.34 %
Total liabilities	<u>106,937,528</u>	<u>107,314,412</u>	(0.35) %
<b><u>Net Assets</u></b>			
Invested in capital assets, net of related debt	8,243,758	6,999,059	17.78 %
Restricted	5,998,474	3,734,017	60.64 %
Unrestricted (deficit)	<u>(2,282,638)</u>	<u>6,290,172</u>	(136.29) %
Total net assets	<u>\$ 11,959,594</u>	<u>\$ 17,023,248</u>	(29.75) %

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011 and June 30, 2010, the District's assets exceeded liabilities by \$11,959,594 and \$17,023,248, respectively. Net assets decreased \$5,063,654 from June 30, 2010.

Assets of the District decreased \$5,440,538 or 4.38%. The most significant decrease was in current and other assets, primarily equity in pooled cash and cash equivalents. This decrease was mainly the result of increased expenses. At year-end, capital assets represented 60.21% of total assets. Capital assets include land, buildings and improvements and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2011 and June 30, 2010, were \$8,243,758 and \$6,999,059, 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 decrease in capital assets of \$1,314,537 or 1.80% is the result of depreciation expense of \$3,097,849 and disposals of \$4,173 (net of accumulated depreciation) exceeding additions of \$1,787,485.

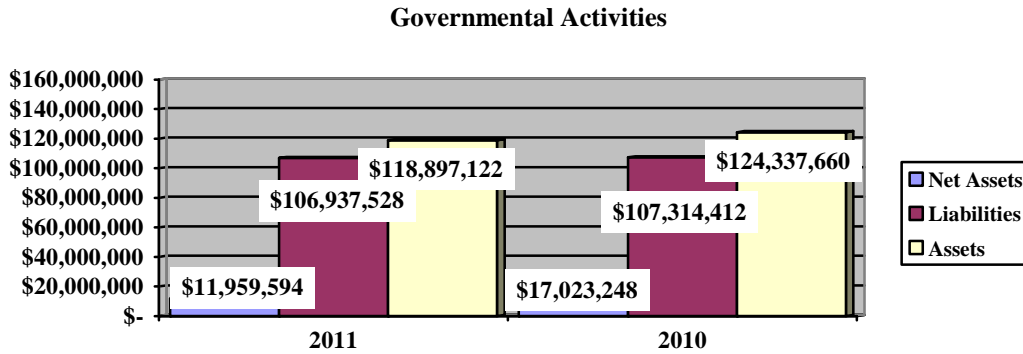
Liabilities of the District decreased \$376,884 or 0.35%. Current liabilities decreased \$2,574,019 or 6.19% due to a decrease in notes payable and accrued wages and benefits. Long-term liabilities increased \$2,197,135. This increase is mainly due to the retirement incentive offered by the District during fiscal year 2011. See Note 9 for further details.

**MIDDLETOWN CITY SCHOOL DISTRICT  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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A portion of the District's net assets, \$5,998,474, represents resources that are subject to external restriction on how they may be used. Of the restricted net assets, \$1,664,043 is restricted for capital projects, \$865,521 is restricted for debt service and \$2,196,765 is restricted for federally funded programs. The remaining balance of unrestricted net assets is a deficit of \$2,282,638.

The graph below shows the District's assets, liabilities and net assets at June 30, 2011 and June 30, 2010.



The table below shows the change in net assets for fiscal years 2011 and 2010. The 2010 balance of operating grants and contributions and general revenues – grants and entitlements not restricted have been restated to conform to 2011's presentation of Pathway to Student Success (PASS) funding from the State of Ohio which is reported as an operating grant and contribution rather than as general revenue.

	Change in Net Assets		Percentage Change
	Governmental Activities 2011	Restated Governmental Activities 2010	
<b>Revenues</b>			
Program revenues:			
Charges for services and sales	\$ 1,698,284	\$ 1,778,840	(4.53) %
Operating grants and contributions	19,941,094	18,469,879	7.97 %
Capital grants and contributions	-	316,140	(100.00) %
General revenues:			
Taxes	31,938,262	32,238,451	(0.93) %
Grants and entitlements not restricted	32,733,997	33,774,716	(3.08) %
Payment in lieu of taxes	280,612	517,839	(45.81) %
Investment earnings	28,936	26,337	9.87 %
Other	37,225	10,484	255.06 %
<b>Total revenues</b>	<b>86,658,410</b>	<b>87,132,686</b>	<b>(0.54) %</b>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)

**Change in Net Assets**

	<u>Governmental Activities 2011</u>	<u>Governmental Activities 2010</u>	<u>Percentage Change</u>
<b><u>Expenses</u></b>			
Program expenses:			
Instruction:			
Regular	\$ 31,052,013	\$ 29,908,633	3.82 %
Special	8,623,369	9,429,256	(8.55) %
Vocational	45,985	63,544	(27.63) %
Adult/continuing	512,900	575,442	(10.87) %
Other	9,954,592	9,067,699	9.78 %
Support services:			
Pupil	5,585,042	4,919,527	13.53 %
Instructional staff	5,229,348	5,980,662	(12.56) %
Board of education	52,578	103,269	(49.09) %
Administration	5,343,818	5,899,057	(9.41) %
Fiscal	670,419	1,455,723	(53.95) %
Business	469,884	511,414	(8.12) %
Operations and maintenance	7,399,143	7,712,461	(4.06) %
Pupil transportation	3,682,543	3,685,251	(0.07) %
Central	5,344,434	1,963,221	172.23 %
Operations of non-instructional services			
Food service operations	3,181,066	2,976,413	6.88 %
Other non-instructional services	705,370	674,904	4.51 %
Extracurricular activities	1,028,730	1,002,233	2.64 %
Interest and fiscal charges	<u>2,840,830</u>	<u>2,857,619</u>	(0.59) %
Total expenses	<u>91,722,064</u>	<u>88,786,328</u>	3.31 %
Change in net assets	(5,063,654)	(1,653,642)	206.21 %
Net assets, beginning of year	<u>17,023,248</u>	<u>18,676,890</u>	(8.85) %
Net assets, end of year	<u>\$ 11,959,594</u>	<u>\$ 17,023,248</u>	(29.75) %

**Governmental Activities**

Net assets of the District's governmental activities decreased \$5,063,654 in fiscal year 2011 and decreased \$1,653,642 in fiscal year 2010. Total governmental expenses of \$91,722,064 were offset by program revenues of \$21,639,378 and general revenues of \$65,019,032 during fiscal year 2011. Program revenues supported 23.59% of the total governmental expenses during fiscal year 2011.

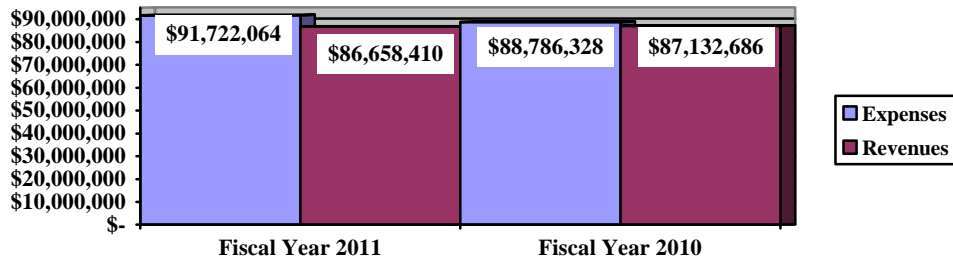
**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)**

Revenues of the District decreased slightly during fiscal year 2011. Revenues decreased \$474,276 or 0.54%. Operating grants and contributions increased \$1,471,215 or 7.97%. This increase is the result of new grant money received by the District, primarily the Education Jobs grant and the Race to the Top grant. Expenses increased \$2,935,736 or 3.31%. This increase is primarily due to the new programs provided by the District as well as other cost increases throughout the District. The most significant increase was in the area of central expenses which increased due to charges incurred related to the retirement incentive offered by the District as well as an increase in technology costs.

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2011 and 2010.

**Governmental Activities - Revenues and Expenses**



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
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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. The 2010 net cost of services for special instruction has been restated to conform to 2011's presentation of PASS funding from the State of Ohio which is reported as an operating grant and contribution offsetting special instruction.

	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2011</u>	Total Cost of Services <u>2010</u>	Restated Net Cost of Services <u>2010</u>
<b>Governmental Activities</b>				
<b>Program expenses</b>				
Instruction:				
Regular	\$ 31,052,013	\$ 28,234,397	\$ 29,908,633	\$ 27,826,978
Special	8,623,369	2,417,311	9,429,256	2,885,228
Vocational	45,985	(73,225)	63,544	(54,779)
Adult/continuing	512,900	(2,693)	575,442	148,175
Other	9,954,592	9,214,736	9,067,699	8,741,326
Support services:				
Pupil	5,585,042	4,616,039	4,919,527	4,271,732
Instructional staff	5,229,348	2,204,041	5,980,662	2,538,549
Board of education	52,578	52,578	103,269	103,269
Administration	5,343,818	4,747,750	5,899,057	5,396,193
Fiscal	670,419	670,419	1,455,723	1,455,723
Business	469,884	469,884	511,414	511,414
Operations and maintenance	7,399,143	7,065,270	7,712,461	7,686,569
Pupil transportation	3,682,543	3,385,998	3,685,251	3,170,534
Central	5,344,434	3,533,080	1,963,221	523,493
Operations of non-instructional services:				
Food service operations	3,181,066	(47,156)	2,976,413	(509,995)
Other non-instructional services	705,370	5,148	674,904	(68,593)
Extracurricular activities	1,028,730	748,279	1,002,233	738,034
Interest and fiscal charges	<u>2,840,830</u>	<u>2,840,830</u>	<u>2,857,619</u>	<u>2,857,619</u>
<b>Total</b>	<u>\$ 91,722,064</u>	<u>\$ 70,082,686</u>	<u>\$ 88,786,328</u>	<u>\$ 68,221,469</u>

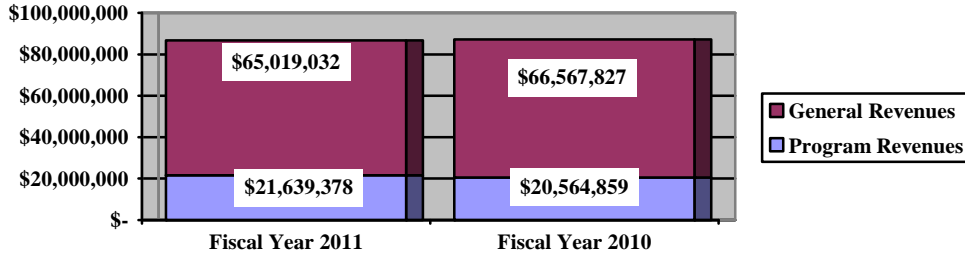
The dependence upon tax and other general revenues for governmental activities is apparent, 79.28% of instruction activities were supported through taxes and other general revenues during fiscal year 2011 and 80.63% in fiscal year 2010. For all governmental activities, general revenue support was 76.41% in fiscal year 2011 and 76.84% in fiscal year 2009. The District's taxpayers and unrestricted grants and entitlements are by far the primary support for District students.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The graph below presents the District's governmental activities revenues for fiscal years 2011 and 2010.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 19) reported a combined fund balance of \$1,911,915, which is lower than last year's total of \$6,162,140. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2011 and 2010. Certain fund balances have been restated as described in Note 3.B.

	Fund Balance / (Deficit) <u>June 30, 2011</u>	Restated Fund Balance / (Deficit) <u>June 30, 2010</u>	Increase/ (Decrease)	Percentage Change
General	\$ (2,791,618)	\$ 3,894,981	\$ (6,686,599)	171.67 %
Debt Service	725,144	(907,311)	1,632,455	179.92 %
Other Governmental	<u>3,978,389</u>	<u>3,174,470</u>	<u>803,919</u>	25.32 %
Total	<u>\$ 1,911,915</u>	<u>\$ 6,162,140</u>	<u>\$ (4,250,225)</u>	(68.97) %

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)

***General Fund***

The general fund decreased \$6,686,599 during fiscal year 2011. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2011	Restated	Increase/ (Decrease)	Percentage Change
	<u>Amount</u>	<u>Amount</u>		
<b><u>Revenues</u></b>				
Taxes	\$ 27,457,256	\$ 28,613,832	\$ (1,156,576)	(4.04) %
Tuition and fees	525,839	516,322	9,517	1.84 %
Earnings on investments	20,229	25,519	(5,290)	(20.73) %
Intergovernmental	34,485,445	35,873,550	(1,388,105)	(3.87) %
Other revenues	<u>734,793</u>	<u>998,397</u>	<u>(263,604)</u>	(26.40) %
Total	<u>\$ 63,223,562</u>	<u>\$ 66,027,620</u>	<u>\$ (2,804,058)</u>	(4.25) %
<b><u>Expenditures</u></b>				
Instruction	\$ 43,942,276	\$ 40,819,964	\$ 3,122,312	7.65 %
Support services	24,680,532	24,258,297	422,235	1.74 %
Operation of				
non-instructional services	232	29,531	(29,299)	(99.21) %
Extracurricular activities	74,847	33,321	41,526	124.62 %
Facilities acquisition				
and construction	167,094	217,558	(50,464)	(23.20) %
Capital outlay	871,059	-	871,059	100.00 %
Debt service	<u>398,925</u>	<u>815,882</u>	<u>(416,957)</u>	(51.11) %
Total	<u>\$ 70,134,965</u>	<u>\$ 66,174,553</u>	<u>\$ 3,960,412</u>	5.98 %

Revenues of the general fund decreased \$2,804,058 or 4.25%. The most significant decreases were in the areas of taxes and intergovernmental. Taxes decreased \$1,156,576 or 4.04%. This is the result of a decrease in general property tax receipts due to lowered assessed values and a decrease in personal property tax receipts due to the phase out of this tax source Statewide. Intergovernmental revenues decreased \$1,388,105 or 3.87%. This decrease can be attributed mainly to an approximate decrease of \$1,073,000 in the tangible personal property tax reimbursement from the State.

Expenditures of the general fund increased \$3,960,412 or 5.98%. This increase is primarily the result of increased employee costs related to wages and other fringe benefits.



**MIDDLETOWN CITY SCHOOL DISTRICT  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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***Debt Service Fund***

During fiscal year 2011, the debt service fund had revenues of \$4,884,356 and expenditures of \$3,251,901. The debt service fund balance increased \$1,632,455 from a deficit of \$907,311 to a balance of \$725,144. This can mainly be attributed to a decrease in principal and interest expenditures paid on general obligation bonds during fiscal year 2011.

***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.

During the course of fiscal year 2011, the District amended its general fund budget several times. For the general fund, final budgeted and actual revenues and other financing sources of \$109,477,526 were \$62,848,228 higher than the original budgeted revenues and other financing sources estimate of \$46,629,298. The District does not originally budget advances in which primarily accounts for the difference between the original and final budgeted amounts.

General fund original appropriations (appropriated expenditures plus other financing uses) were \$48,731,767. Final appropriations of \$60,060,328 were \$11,328,561 higher than original budgeted expenditures. Actual expenditures and other uses of \$115,926,411 were \$55,866,083 higher than final appropriations. The major difference between actual and final amounts is due to the District does not budget transfers out and advances out.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2011, the District had \$71,584,642 invested in land, buildings and improvements and equipment. This entire amount is reported in governmental activities. The following table shows June 30, 2011 balances compared to June 30, 2010.

	<b>Capital Assets at June 30</b>	
	<b>(Net of Depreciation)</b>	
	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Land	\$ 1,353,199	\$ 1,353,199
Buildings and improvements	65,665,542	67,484,257
Equipment	<u>4,565,901</u>	<u>4,061,723</u>
Total	<u>\$ 71,584,642</u>	<u>\$ 72,899,179</u>

The capital assets decreased \$1,314,537. This is due to depreciation expense of \$3,097,849 and disposals (net of accumulated depreciation) of \$4,173 exceeding additions of \$1,787,485.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
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***Debt Administration***

At June 30, 2011 the District had \$63,865,369 in general obligation bonds, notes and capital lease obligations outstanding. Of this total, \$927,375 is due within one year and \$62,937,994 is due in greater than one year. The following table summarizes the bonds, notes and capital lease obligations outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
Construction bonds	\$ 3,285,000	\$ 3,610,000
2007 refunding bonds		
Current Interest and term	53,340,000	53,380,000
Deferred amount on refunding	(61,370)	(64,363)
Premium	4,228,125	4,434,375
HB 264 conservation notes	970,073	1,054,499
2008 HB 264 conservation notes	474,363	542,130
Capital lease obligations	<u>1,629,178</u>	<u>643,479</u>
Total	<u>\$ 63,865,369</u>	<u>\$ 63,600,120</u>

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

**For the Future**

In June of 2005, 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 2006 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. In the first five years, school districts are being reimbursed fully for the lost revenue; in the following seven years, the reimbursements are phased out.

This scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

The District has experienced a steady decline in student enrollment over the past few years. This has resulted in escalating costs and financial pressures that are depleting the general fund carryover balance. In response, a number of buildings have closed and certificated and classified staffing has been reduced over last several years.

While these measures have helped to control rising costs and improve financial efficiencies, the Board recognized the need for increased operating revenues during the fiscal year 2007. That decision resulted in a combined \$4 million renewal and \$3 million increase on the May 2007 ballot. The issue was rejected by the voters and the Board immediately implemented significant cuts in programs and services to avoid a significant negative general fund balance in fiscal year 2010. The cuts included items such as reducing the length of the school day to State minimum standards, eliminating course offerings, eliminating extracurricular programs, reducing instructional supply orders, eliminating textbook purchases, reducing equipment expenditures and reducing bussing to State minimum standards.

**MIDDLETOWN CITY SCHOOL DISTRICT  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
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As anticipated, the District continued to seek additional operating dollars in calendar year 2007 to restore cuts in programs and services implemented after the May 2007 levy failure. The District attempted a similar renewal and increase strategy in August of 2007. The issue consisted of the same \$4 million renewal but a reduced \$1.5 million increase. Unfortunately, the August issue was also defeated by voters and programs and services were unable to be restored.

The amount of the increase was reduced due to an unexpected increase in State Foundation funding as a direct result of increases in the State of Ohio Biennial Budget (House Bill 119). House Bill 119 increased funding to districts with higher percentages of economically disadvantaged students. Middletown City School District's percentage of economically disadvantaged students has risen over the last several years. However, the increased funding must be spent to increase the District's all-day kindergarten program, reduce class size and provide academic intervention.

The Board decided to separate the renewal and increase into two issues for the November 2007 ballot. The issues were a \$4 million renewal and a separate \$1.5 million increase. Voters approved the \$4 million renewal levy and failed the \$1.5 million increase. Therefore, the District reinstated \$4 million of programs and services leaving approximately \$1.5 million of cuts consisting primarily of support and administrative staff.

During May 2010, the District combined and substituted two tax levies. The levies will collect \$18.3 million annually and are continuous.

In May and June of 2011, approximately \$5 million in cuts were identified for the 2011-2012 school year to address a 2013 deficit in the Five Year Forecast. In addition, both the MTA and MCEA unions agreed to concessions in contract negotiations saving the District approximately \$7 million over the three years of the contracts.

All of the District's financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the District's finances, the District's management is confident that the District can continue to provide a quality education 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 Ms. Kelley Thorpe, Treasurer, Middletown City School District, 1515 Girard Avenue, Middletown, Ohio 45044.

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

STATEMENT OF NET ASSETS  
JUNE 30, 2011

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . .	\$ 10,312,983
Receivables:	
Property taxes . . . . .	33,947,300
Payment in lieu of taxes . . . . .	45,847
Accounts. . . . .	58,216
Intergovernmental . . . . .	2,278,322
Materials and supplies inventory. . . . .	41,988
Unamortized bond issuance costs . . . . .	627,824
Capital assets:	
Land . . . . .	1,353,199
Depreciable capital assets, net. . . . .	70,231,443
Capital assets, net . . . . .	71,584,642
 Total assets. . . . .	 118,897,122
 <b>Liabilities:</b>	
Accounts payable. . . . .	428,591
Accrued wages and benefits . . . . .	6,135,927
Pension obligation payable. . . . .	1,694,849
Intergovernmental payable . . . . .	356,396
Unearned revenue . . . . .	29,119,769
Accrued interest payable . . . . .	272,285
Notes payable . . . . .	1,020,000
Long-term liabilities:	
Due within one year. . . . .	1,981,145
Due in more than one year. . . . .	65,928,566
 Total liabilities . . . . .	 106,937,528
 <b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	8,243,758
Restricted for:	
Capital projects . . . . .	1,664,043
Debt service. . . . .	865,521
Locally funded programs . . . . .	47,657
State funded programs. . . . .	106,756
Federally funded programs . . . . .	2,196,765
Student activities . . . . .	63,139
Other purposes . . . . .	1,054,593
Unrestricted (deficit) . . . . .	(2,282,638)
 Total net assets . . . . .	 \$ 11,959,594

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, 2011

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 31,052,013	\$ 688,938	\$ 2,128,678	\$ (28,234,397)
Special . . . . .	8,623,369	56,364	6,149,694	(2,417,311)
Vocational . . . . .	45,985	-	119,210	73,225
Adult/continuing. . . . .	512,900	2,229	513,364	2,693
Other . . . . .	9,954,592	-	739,856	(9,214,736)
Support services:				
Pupil. . . . .	5,585,042	49,943	919,060	(4,616,039)
Instructional staff . . . . .	5,229,348	10	3,025,297	(2,204,041)
Board of education . . . . .	52,578	-	-	(52,578)
Administration. . . . .	5,343,818	2	596,066	(4,747,750)
Fiscal. . . . .	670,419	-	-	(670,419)
Business. . . . .	469,884	-	-	(469,884)
Operations and maintenance . . . . .	7,399,143	54,950	278,923	(7,065,270)
Pupil transportation. . . . .	3,682,543	64,712	231,833	(3,385,998)
Central . . . . .	5,344,434	12	1,811,342	(3,533,080)
Operation of non-instructional services:				
Other non-instructional services . . . . .	705,370	-	700,222	(5,148)
Food service operations . . . . .	3,181,066	509,456	2,718,766	47,156
Extracurricular activities. . . . .	1,028,730	271,668	8,783	(748,279)
Interest and fiscal charges . . . . .	2,840,830	-	-	(2,840,830)
Total governmental activities . . . . .	<u>\$ 91,722,064</u>	<u>\$ 1,698,284</u>	<u>\$ 19,941,094</u>	<u>(70,082,686)</u>

**General Revenues:**

Property taxes levied for:	
General purposes . . . . .	28,460,928
Debt service. . . . .	3,477,334
Grants and entitlements not restricted to specific programs . . . . .	32,733,997
Payment in lieu of taxes . . . . .	280,612
Investment earnings . . . . .	28,936
Miscellaneous . . . . .	37,225
Total general revenues . . . . .	<u>65,019,032</u>
Change in net assets . . . . .	(5,063,654)
<b>Net assets at beginning of year. . . . .</b>	<u>17,023,248</u>
<b>Net assets at end of year . . . . .</b>	<u>\$ 11,959,594</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	<b>General</b>	<b>Debt Service</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 3,871,875	\$ 1,747,114	\$ 4,507,550	\$ 10,126,539
Receivables:				
Property taxes. . . . .	30,083,284	3,864,016	-	33,947,300
Payment in lieu of taxes . . . . .	45,847	-	-	45,847
Accounts . . . . .	58,056	-	160	58,216
Interfund loans . . . . .	808,360	-	-	808,360
Intergovernmental. . . . .	-	-	2,278,322	2,278,322
Materials and supplies inventory. . . . .	-	-	41,988	41,988
Restricted assets:				
Equity in pooled cash and cash equivalents . . . . .	186,444	-	-	186,444
<b>Total assets . . . . .</b>	<b>\$ 35,053,866</b>	<b>\$ 5,611,130</b>	<b>\$ 6,828,020</b>	<b>\$ 47,493,016</b>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 241,335	\$ -	\$ 187,256	\$ 428,591
Accrued wages and benefits. . . . .	5,552,226	-	583,701	6,135,927
Compensated absences payable . . . . .	45,725	-	1,381	47,106
Early retirement incentive payable . . . . .	888,441	-	-	888,441
Interfund loans payable. . . . .	-	-	808,360	808,360
Intergovernmental payable . . . . .	319,819	-	36,577	356,396
Unearned revenue. . . . .	25,666,445	3,453,324	-	29,119,769
Deferred revenue . . . . .	3,562,686	410,692	1,106,314	5,079,692
Accrued interest payable . . . . .	-	1,970	-	1,970
Notes payable. . . . .	-	1,020,000	-	1,020,000
Pension obligation payable . . . . .	1,568,807	-	126,042	1,694,849
<b>Total liabilities. . . . .</b>	<b>\$ 37,845,484</b>	<b>\$ 4,885,986</b>	<b>\$ 2,849,631</b>	<b>\$ 45,581,101</b>
<b>Fund Balances:</b>				
Nonspendable:				
Materials and supplies inventory. . . . .	-	-	41,988	41,988
Restricted:				
Debt service . . . . .	-	725,144	-	725,144
Capital improvements . . . . .	-	-	1,664,043	1,664,043
Adult education . . . . .	-	-	33,754	33,754
Food service operations . . . . .	-	-	826,497	826,497
Non-public schools . . . . .	-	-	78,627	78,627
Public school preschool . . . . .	-	-	3,321	3,321
Special education . . . . .	-	-	260,858	260,858
Targeted academic assistance . . . . .	-	-	486,918	486,918
Other purposes. . . . .	-	-	487,887	487,887
Extracurricular. . . . .	-	-	64,197	64,197
Textbooks and instructional materials . . . . .	161,534	-	-	161,534
School bus purchases . . . . .	24,910	-	-	24,910
Committed:				
Capital improvements . . . . .	-	-	51,081	51,081
Assigned:				
Student instruction . . . . .	285,513	-	-	285,513
Student and staff support. . . . .	347,614	-	-	347,614
Extracurricular activities . . . . .	108	-	-	108
Facilities acquisition and construction . . . . .	49,740	-	-	49,740
School supplies . . . . .	33,469	-	-	33,469
Adult education . . . . .	17,836	-	-	17,836
Other purposes. . . . .	5,358	-	-	5,358
Unassigned (deficit) . . . . .	(3,717,700)	-	(20,782)	(3,738,482)
<b>Total fund balances . . . . .</b>	<b>(2,791,618)</b>	<b>725,144</b>	<b>3,978,389</b>	<b>1,911,915</b>
<b>Total liabilities and fund balances . . . . .</b>	<b>\$ 35,053,866</b>	<b>\$ 5,611,130</b>	<b>\$ 6,828,020</b>	<b>\$ 47,493,016</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2011

<b>Total governmental fund balances</b>		\$	1,911,915
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			71,584,642
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Property taxes receivable	\$	3,965,855	
Payment in lieu of taxes receivable		7,523	
Intergovernmental receivable		1,106,314	
Total		1,106,314	5,079,692
Unamortized bond issuance costs are not recognized in the funds.			627,824
Unamortized premiums on bond issuance costs are not recognized in the funds.			(4,228,125)
Unamortized deferred amounts on refundings are not recognized in the funds.			61,370
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(270,315)
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		(56,625,000)	
Capital lease obligations		(1,629,178)	
HB 264 Notes		(1,444,436)	
Compensated absences		(1,454,836)	
Retirement incentives payable		(1,653,959)	
Total		(62,807,409)	(62,807,409)
<b>Net assets of governmental activities</b>		\$	11,959,594

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, 2011

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 27,457,256	\$ 3,377,518	\$ -	\$ 30,834,774
Payment in lieu of taxes . . . . .	279,392	-	-	279,392
Tuition . . . . .	525,839	-	-	525,839
Transportation fees . . . . .	65,664	-	-	65,664
Earnings on investments . . . . .	20,229	-	8,897	29,126
Charges for services . . . . .	-	-	561,722	561,722
Extracurricular . . . . .	84,848	-	236,062	320,910
Classroom materials and fees . . . . .	138,801	-	-	138,801
Rental income . . . . .	2,684	-	-	2,684
Contributions and donations . . . . .	6,469	-	28,985	35,454
Contract services . . . . .	80,454	-	-	80,454
Other local revenues . . . . .	76,481	686	4,913	82,080
Intergovernmental - intermediate . . . . .	-	-	37,024	37,024
Intergovernmental - state . . . . .	34,099,448	1,506,152	955,429	36,561,029
Intergovernmental - federal . . . . .	385,997	-	14,882,691	15,268,688
Total revenues . . . . .	<u>63,223,562</u>	<u>4,884,356</u>	<u>16,715,723</u>	<u>84,823,641</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	29,028,363	-	1,136,632	30,164,995
Special . . . . .	5,663,771	-	2,846,867	8,510,638
Vocational . . . . .	44,821	-	-	44,821
Adult/continuing . . . . .	90,406	-	421,672	512,078
Other . . . . .	9,114,915	-	627,434	9,742,349
Support services:				
Pupil . . . . .	4,767,367	-	735,342	5,502,709
Instructional staff . . . . .	2,318,814	-	2,863,547	5,182,361
Board of education . . . . .	51,456	-	-	51,456
Administration . . . . .	4,802,645	-	524,725	5,327,370
Fiscal . . . . .	652,490	1,511	399	654,400
Business . . . . .	444,542	-	-	444,542
Operations and maintenance . . . . .	5,915,759	-	323,783	6,239,542
Pupil transportation . . . . .	3,515,974	-	11,395	3,527,369
Central . . . . .	2,211,485	60,509	1,510,443	3,782,437
Operation of non-instructional services:				
Other non-instructional services . . . . .	232	-	688,394	688,626
Food service operations . . . . .	-	-	3,145,813	3,145,813
Extracurricular activities . . . . .	74,847	-	933,965	1,008,812
Facilities acquisition and construction . . . . .	167,094	-	534,726	701,820
Capital outlay . . . . .	871,059	-	477,708	1,348,767
Debt service:				
Principal retirement . . . . .	318,319	365,000	196,942	880,261
Interest and fiscal charges . . . . .	80,606	2,824,881	102,100	3,007,587
Total expenditures . . . . .	<u>70,134,965</u>	<u>3,251,901</u>	<u>17,081,887</u>	<u>90,468,753</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(6,911,403)</u>	<u>1,632,455</u>	<u>(366,164)</u>	<u>(5,645,112)</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets . . . . .	46,120	-	-	46,120
Transfers in . . . . .	-	-	692,375	692,375
Transfers (out) . . . . .	(692,375)	-	-	(692,375)
Capital lease transaction . . . . .	871,059	-	477,708	1,348,767
Total other financing sources (uses) . . . . .	<u>224,804</u>	<u>-</u>	<u>1,170,083</u>	<u>1,394,887</u>
Net change in fund balances . . . . .	(6,686,599)	1,632,455	803,919	(4,250,225)
<b>Fund balances (deficits)</b>				
at beginning of year (restated) . . . . .	3,894,981	(907,311)	3,174,470	6,162,140
Fund balances (deficits) at end of year . . . . .	<u>\$ (2,791,618)</u>	<u>\$ 725,144</u>	<u>\$ 3,978,389</u>	<u>\$ 1,911,915</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, 2011

**Net change in fund balances - total governmental funds** \$ (4,250,225)

*Amounts reported for governmental activities in the statement of activities are different because:*

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. This is the amount by which depreciation expense exceeds capital asset additions in the current period.

Capital asset additions	\$	1,787,485	
Current year depreciation		(3,097,849)	
Total			(1,310,364)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets. (4,173)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes		1,103,488	
Payment in lieu of taxes		1,220	
Intergovernmental		730,061	
Total			1,834,769

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 assets. Principal payments during the year were:

Bonds		365,000	
Notes		152,193	
Capital leases		363,068	
Total			880,261

Issuances of capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net assets. (1,348,767)

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 lower interest being reported in the statement of activities:

Increase in accrued interest payable		(5,874)	
Amortization of bond issuance costs		(30,626)	
Amortization of bond premiums		206,250	
Amortization of deferred charges		(2,993)	
Total			166,757

Some expenses reported in the statement of activities, such as compensated absences and retirement incentives, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (1,031,912)

**Change in net assets of governmental activities** \$ (5,063,654)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2011

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 5,870	\$ 84,901
Total assets. . . . .	<u>5,870</u>	<u>\$ 84,901</u>
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 89
Due to students. . . . .	-	84,812
Total liabilities . . . . .	<u>-</u>	<u>\$ 84,901</u>
<b>Net assets:</b>		
Held in trust for scholarships . . . . .	<u>5,870</u>	
Total net assets . . . . .	<u>\$ 5,870</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Gifts and contributions. . . . .	\$ 22,740
Total additions. . . . .	22,740
 <b>Deductions:</b>	
Scholarships awarded . . . . .	19,390
 Change in net assets. . . . .	3,350
<b>Net assets at beginning of year . . . . .</b>	<b>2,520</b>
<b>Net assets at end of year. . . . .</b>	<b>\$ 5,870</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 - DESCRIPTION OF THE SCHOOL 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 251 classified personnel and 523 certified teaching and administrative personnel to provide services to students and other community members.

In terms of enrollment, the District is the 40<sup>th</sup> largest in the State of Ohio (among 918 districts and community schools) and the 4<sup>th</sup> largest in Butler County. It currently operates 8 elementary schools, 2 middle schools (grades 6 - 8), one comprehensive high school (grades 9-12) and one alternative high school. 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 body 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". 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 governments 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, 2011

**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 \$151,641 for services provided during the year. Financial information can be obtained from Mr. Michael Crumley, who serves as Director, at 3603 Hamilton-Middletown Rd., Hamilton, OH 45011.

The Butler County Technology and Career Center

The Butler County Technology and Career 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 County Technology and Career 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. Ed Pokora, who serves as Treasurer, at 3603 Hamilton-Middletown Rd., Hamilton, OH 45011.

**B. Measurement Focus**

Government-Wide Financial Statements - The government-wide statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net assets. Fiduciary funds are not included in entity-wide statements.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

*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 and current liabilities 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 and liabilities 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.

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

Other governmental funds of the District are used to account for (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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net assets and changes in net assets. 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. The District has one agency fund. 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, 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.

*Unearned Revenue and Deferred Revenue* - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.



**MIDDLETOWN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

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 cash equivalents" on the basic financial statements.

During fiscal year 2011, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2011.

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 2011 amounted to \$20,229, which includes \$5,613 assigned from other funds.

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.

An analysis of the District's investment account at fiscal year end is provided in Note 4.

**F. Inventory**

On government-wide and fund financial statements, purchased inventories are reported at cost whereas inventory held for resale is presented at the lower of cost or market 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.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

**MIDDLETOWN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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

**G. Capital Assets**

General 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 assets, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District's capitalization threshold is \$2,500 for general 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 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:

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Buildings and improvements	20 - 45 years
Equipment	5 - 20 years

**H. 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 assets.

**I. 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, 2011 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

The entire compensated absence liability is reported on the government-wide financial statements.

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

**J. Accrued Liabilities and Long-Term Obligations**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized on the fund financial statements when due.

**K. Unamortized Issuance Cost/Bond Premium and Discount/Accounting Gain or Loss**

On government-wide financial statements, bond issuance costs are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Unamortized issuance costs are recorded as a separate line item on the statement of net assets.

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 an addition to or reduction of the face amount of the new debt.

On the governmental fund financial statements, 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 assets is presented in Note 9.A.

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

**MIDDLETOWN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

*Restricted* - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

*Committed* - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

*Unassigned* - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund 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 restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of 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 assets are 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 restriction for other purposes consists of monies restricted by State statute for school bus purchases and textbooks (See Note 16) and food service operations.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Of the District's \$5,998,474 in restricted net assets, none were restricted by enabling legislation.

**MIDDLETOWN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

**N. 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.

**O. 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 amount required by State statute for school bus purchases. See Note 16 for additional information regarding restricted assets.

**P. 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.

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2011.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2011, the District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the District.

**MIDDLETOWN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

**B. Fund Reclassifications**

Fund reclassifications are required in order to report funds in accordance with GASB Statement No 54. These fund reclassifications had the following effect on the District's governmental fund balances as previously reported:

	<u>General</u>	<u>Debt Service</u>	<u>Emergency Levy</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Fund balance (deficit) as previously reported	\$ 5,361,527	\$ (907,311)	\$ (1,463,760)	\$ 3,171,684	\$ 6,162,140
Fund reclassifications:					
Public school support fund	53,652	-	-	(53,652)	-
Uniform school supplies fund	(75,199)	-	-	75,199	-
Rotary fund	5,005	-	-	(5,005)	-
Emergency levy fund	(1,463,760)	-	1,463,760	-	-
Adult education fund	13,756	-	-	(13,756)	-
Total fund reclassifications	<u>(1,466,546)</u>	<u>-</u>	<u>1,463,760</u>	<u>2,786</u>	<u>-</u>
Restated fund balance (deficit) at July 1, 2010	<u>\$ 3,894,981</u>	<u>\$ (907,311)</u>	<u>\$ -</u>	<u>\$ 3,174,470</u>	<u>\$ 6,162,140</u>

The fund reclassifications did not have an effect on net assets as previously reported.

**C. Deficit Fund Balances**

Fund balances at June 30, 2011 included the following individual fund deficits:

<u>Major fund</u>	<u>Deficit</u>
General fund	\$2,791,618
<u>Nonmajor fund</u>	
DPIA	20,782

The deficit fund balances resulted from adjustments for accrued liabilities.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**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, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent 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;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

**MIDDLETOWN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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 \$1,000 in undeposited cash on hand, which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

**B. Deposits with Financial Institutions**

At June 30, 2011, the carrying amount of all District deposits was \$9,613,451. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2011, \$9,427,273 of the District's bank balance of \$9,973,909 was exposed to custodial risk as discussed below, while \$546,636 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**C. Investments**

As of June 30, 2011, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>
		<u>6 months or less</u>
STAR Ohio	\$ 789,303	\$ 789,303



**MIDDLETOWN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

*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, unless matched to a specific obligation or debt of the District.

*Credit Risk:* Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio 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 District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2011:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 789,303	100.00

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

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 assets as of June 30, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 9,613,451
Investments	789,303
Cash on hand	1,000
Total	<u>\$ 10,403,754</u>
 <u>Cash and investments per financial statements</u>	
Governmental activities	\$ 10,312,983
Private-purpose trust fund	5,870
Agency fund	84,901
Total	<u>\$ 10,403,754</u>

**MIDDLETOWN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund loans receivable/payable consisted of the following at June 30, 2011, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 808,360</u>

The primary purpose of the interfund balances is to cover the costs in specific funds where revenues were not received by June 30. The interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

- B. Interfund transfers for the year ended June 30, 2011, consisted of the following, as reported on the fund statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	<u>\$ 692,375</u>

Transfers are used to (1) 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 (2) to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated on the governmental-wide financial statements.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**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 property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. 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 revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**MIDDLETOWN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

The District receives property taxes from Butler County. 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, 2011, are available to finance fiscal year 2011 operations. The amount available as an advance at June 30, 2011 was \$900,000 in the general fund. The amount available for advance at June 30, 2010 was \$550,000 in the general fund and \$485,000 in the emergency levy fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2011 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 unearned revenue.

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 deferred.

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second		2011 First	
	Half Collections		Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 750,820,210	94.85	\$ 739,511,220	93.61
Public Utility personal	<u>40,785,100</u>	<u>5.15</u>	<u>50,482,380</u>	<u>6.39</u>
Total	<u>\$ 791,605,310</u>	<u>100.00</u>	<u>\$ 789,993,600</u>	<u>100.00</u>

Tax rate per \$1,000 of  
assessed valuation for:

General	\$23.19	\$23.19
Emergency	18.89	18.81
Debt service	4.92	4.99

**MIDDLETOWN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2011 consisted of property taxes, payment in lieu of taxes, accounts (billings for user charged services and student fees), interfund loans and intergovernmental grants and entitlements. 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. A summary of the principal items of receivables reported in the statement of net assets follows:

**Governmental activities:**

Property taxes	\$ 33,947,300
Payment in lieu of taxes	45,847
Accounts	58,216
Intergovernmental:	
Public school preschool	12,043
Alternative schools	8,752
Adult basic education	40,259
Education Jobs	1,223,752
Race to the top	48,087
Title VI-B	340,068
Title II-D	1,395
Title III	8,540
Title I	584,099
Preschool	<u>11,327</u>
Total	<u><u>\$ 36,329,685</u></u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year.

**MIDDLETOWN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Balance</u> <u>06/30/10</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/11</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,353,199	\$ -	\$ -	\$ 1,353,199
Total capital assets, not being depreciated	<u>1,353,199</u>	<u>-</u>	<u>-</u>	<u>1,353,199</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	87,276,820	298,464	-	87,575,284
Equipment	<u>14,670,570</u>	<u>1,489,021</u>	<u>(168,098)</u>	<u>15,991,493</u>
Total capital assets, being depreciated	<u>101,947,390</u>	<u>1,787,485</u>	<u>(168,098)</u>	<u>103,566,777</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(19,792,563)	(2,117,179)	-	(21,909,742)
Equipment	<u>(10,608,847)</u>	<u>(980,670)</u>	<u>163,925</u>	<u>(11,425,592)</u>
Total accumulated depreciation	<u>(30,401,410)</u>	<u>(3,097,849)</u>	<u>163,925</u>	<u>(33,335,334)</u>
Governmental activities capital assets, net	<u>\$ 72,899,179</u>	<u>\$ (1,310,364)</u>	<u>\$ (4,173)</u>	<u>\$ 71,584,642</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 1,080,257
Special	197,633
Vocational	1,164
Adult/continuing	11,158
Other	212,278

Support services:

Pupil	120,615
Instructional staff	118,399
Board of education	1,122
Administration	116,529
Fiscal	16,456
Business	25,854
Operations and maintenance	643,454
Pupil transportation	237,595
Central	187,647

Operation of non-instructional services:

Other non-instructional services	15,005
Food service operations	76,035
Extracurricular activities	<u>36,648</u>
Total depreciation expense	<u>\$ 3,097,849</u>

**MIDDLETOWN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 9 - LONG-TERM OBLIGATIONS**

A. During the fiscal year 2011, the following changes occurred in governmental activities long term obligations:

	Balance Outstanding <u>06/30/10</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>06/30/11</u>	Amounts Due in <u>One Year</u>
Construction bonds	\$ 3,610,000	\$ -	\$ (325,000)	\$ 3,285,000	\$ 355,000
2007 refunding bonds:					
2007 current interest and term bonds	53,380,000	-	(40,000)	53,340,000	45,000
Deferred amount on 2007 refunding bonds	(64,363)	-	2,993	(61,370)	-
Premium on 2007 refunding bonds	4,434,375	-	(206,250)	4,228,125	-
HB 264 energy conservation note	1,054,499	-	(84,426)	970,073	88,521
2008 HB 264 energy conservation note	542,130	-	(67,767)	474,363	67,766
Total bonds and notes	<u>62,956,641</u>	<u>-</u>	<u>(720,450)</u>	<u>62,236,191</u>	<u>556,287</u>
Capital leases	643,479	1,348,767	(363,068)	1,629,178	371,088
Total long term debt	63,600,120	1,348,767	(1,083,518)	63,865,369	927,375
Retirement incentive	-	2,542,400	-	2,542,400	888,441
Compensated absences	2,112,456	118,223	(728,737)	1,501,942	165,329
Total governmental activities	<u>\$ 65,712,576</u>	<u>\$ 4,009,390</u>	<u>\$ (1,812,255)</u>	<u>\$ 67,909,711</u>	<u>\$ 1,981,145</u>

General obligation bonds will be paid from the debt service fund and the HB264 energy conservation note will be paid from the general fund. Compensated absences will be paid from the fund from which the person is paid, typically the general fund and special revenue funds. Capital lease obligations will be paid from the general fund and the fiscal stabilization fund (a nonmajor governmental fund).

In March 2004, the District issued \$70,800,000 in bonds that was used on various construction projects throughout the District, mainly the construction of new buildings. The interest rates for the bonds are fixed rates (which the rate for each year is disclosed in the bond documents) that change from year-to-year. After the refunding, as described below, the outstanding bonds have a final maturity date of December 1, 2015.

On February 27, 2007, the District issued \$60,621,250 in general obligation bonds with an average interest rate of 5.02% of which \$55,465,000 was used to partially advance refund \$56,975,000 of outstanding construction bonds issued in March 2004. The net proceeds of \$59,855,611 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide all future debt service payment on the construction bonds. As a result, \$56,975,000 of the construction bonds are considered to be defeased and the related liability for those bonds has been removed from the statement of net assets. At June 30, 2011, \$56,250,000 of bonds outstanding are considered 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 netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

**MIDDLETOWN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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 note was September 22, 2005.

In fiscal year 2008, the District issued \$677,662 in notes that was used for energy conservation within the District. The interest rate is 4.20% with the note maturing in fiscal year 2018. The first payment on the note was made in fiscal year 2009.

Retirement incentive - During fiscal year 2011, the District offered employees a retirement incentive known as The Employee Severance Plan (the "ESP"). This was a one time offer to full time teachers, administrators and classified staff that will have ten or more years of service with the District and were eligible for full or reduced State retirement benefits as of June 30, 2011. The ESP was not available to those who have retired and were subsequently re-hired by the District or for contracted services employees. Teachers and administrators who elected the ESP will receive \$45,000, plus an amount equivalent to the employee's applicable contractual sick leave pay. Classified staff who elected to the ESP will receive 100% of his or her fiscal year 2011 base salary, not to exceed \$20,000, plus an amount equivalent to the employee's applicable contractual sick leave pay. A total of 54 employees elected the ESP for a total liability of \$2,542,400. Of this amount, \$888,441 is due within one year and \$1,653,959 is due in more than one year. The amount due in one year is recorded as "early retirement incentive payable" on the fund financial statements. The total liability is recorded on the governmental activities statement of net assets as a component of "long-term liabilities".

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

Fiscal Year Ending June 30,	General Obligation Bonds and Notes		
	Principal	Interest	Total
2012	\$ 556,287	\$ 2,839,956	\$ 3,396,243
2013	780,580	2,814,633	3,595,213
2014	835,082	2,779,833	3,614,915
2015	894,802	2,740,990	3,635,792
2016	1,169,751	2,700,144	3,869,895
2017 - 2021	9,107,934	12,470,333	21,578,267
2022 - 2026	15,355,000	9,591,128	24,946,128
2027 - 2031	23,420,000	4,834,680	28,254,680
2032	5,950,000	156,187	6,106,187
Total	<u>\$ 58,069,436</u>	<u>\$ 40,927,884</u>	<u>\$ 98,997,320</u>

**MIDDLETOWN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

**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, 2011, are a voted debt margin of \$15,199,568 and an unvoted debt margin of \$789,994.

**NOTE 10 - CAPITAL LEASES**

The District, in the current year and in prior years, has entered into capital leases for computers, a phone system and a capital lease for roof repairs.

The leases meet the criteria of capital leases as defined by statement of Financial Accounting Standards No. 13 "Accounting for Leases", which defines a capital lease generally as one that transfers benefits and risks of ownership to the leasee. Capital lease payments for the roof repair and the phone system will be made from the general fund, while lease payments for the computers were made from the education stabilization fund (a nonmajor governmental fund).

Equipment in the amount of \$2,249,676 has not been capitalized since the assets do not individually meet the District's capitalization threshold. The remaining capital lease obligation of \$1,544,485 has not been included in the calculation of "invested in capital assets, net of related debt".

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of fiscal year end:

<u>Fiscal Year Ending June 30,</u>	<u>Long-Term Debt</u>
2012	\$ 390,873
2013	360,000
2014	360,000
2015	359,910
2016	<u>359,910</u>
Total minimum lease payments	1,830,693
Less: amount representing interest	<u>(201,515)</u>
Total	<u>\$ 1,629,178</u>



**MIDDLETOWN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 10 - CAPITAL LEASES - (Continued)**

Capital assets acquired under capital leases in accordance with Statement of Financial Accounting Standards No. 13 are as follows:

Buildings and improvements	\$ 596,229
Less: accumulated depreciation	<u>(359,081)</u>
Total	<u>\$ 237,148</u>

**NOTE 11 - SHORT-TERM NOTES PAYABLE**

A summary of the governmental activities short-term notes payable transactions for fiscal year 2011 follows:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance June 30, 2010</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2011</u>
<b>Bond Anticipation Notes:</b>							
Note Series 2010	6/1/10	6/1/11	1.75	\$ 2,300,000	\$ -	\$ (2,300,000)	\$ -
Note Series 2011	5/31/11	5/31/12	2.35	<u>-</u>	<u>1,020,000</u>	<u>-</u>	<u>1,020,000</u>
Total				<u>\$ 2,300,000</u>	<u>\$ 1,020,000</u>	<u>\$ (2,300,000)</u>	<u>\$ 1,020,000</u>

On June 1, 2010, the District issued \$2,300,000 in notes in anticipation of the issuance of bonds for the purpose of various construction projects throughout the District. The notes bore an interest rate of 1.75% and matured on June 1, 2011.

On May 31, 2010, the District issued \$1,020,000 in notes in anticipation of the issuance of bonds for the purpose of various construction projects throughout the District. The notes bear an interest rate of 2.35% and mature on May 31, 2012. The notes are booked as a fund liability in the debt service fund.

**NOTE 12 - 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. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

During the fiscal year, the District contracted with Indiana Insurance 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 Indiana Insurance Company. Property coverage is on a cost replacement basis with a deductible of \$5,000. The Indiana Insurance Company provides coverage for the District's boilers and machinery under a separate policy with similar limits.

Vehicle insurance coverage for the District's school buses and other vehicles is provided by Indiana Insurance under a combined liability limit of \$1,000,000 per occurrence for bodily injury and property damage.

**MIDDLETOWN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - RISK MANAGEMENT - (Continued)**

The Ohio Casualty Insurance Company maintains a \$50,000 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 County Health Plan (BCHP). The employees share the cost of the monthly premium for the coverage with the District. The District also provides life insurance through Prudential Life Insurance to all employees and access to accidental death and dismemberment insurance through UNUM.

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

**NOTE 13 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "*Media/Financial Reports*".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$993,773, \$1,031,011 and \$694,802, respectively; 72.73 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. The remaining pension liability is presented as a component of "pension obligation payable" on the basic financial statements.

**MIDDLETOWN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 13 - PENSION PLANS - (Continued)**

**B. State Teachers Retirement System of Ohio**

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org), under "Publications".

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. 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 DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor 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 - For fiscal year 2011, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$4,680,048, \$4,847,694 and \$4,588,431, respectively; 81.40 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. The remaining pension liability is presented as a component of "pension obligation payable" on the basic financial statements. Contributions to the DC and Combined Plans for fiscal year 2011 were \$197,321 made by the District and \$140,943 made by the plan members.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - PENSION PLANS - (Continued)**

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2011, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "*Media/Financial Reports*".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2011, 1.43 percent of covered payroll was allocated 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 according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes 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.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2011, 2010, and 2009 were \$256,125, \$165,066 and \$443,547, respectively; 72.73 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. The remaining health care liability is presented as a component of "pension obligation payable" on the basic financial statements.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$63,952, \$61,312 and \$57,327, respectively; 72.73 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. The remaining Medicare Part B liability is presented as a component of "pension obligation payable" on the basic financial statements.

**B. State Teachers Retirement System of Ohio**

**Plan Description** - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org), under "Publications" or by calling (888) 227-7877.

**Funding Policy** - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$360,004, \$372,900 and \$352,956, respectively; 81.40 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. The remaining health care liability is presented as a component of "pension obligation payable" on the basic financial statements.

**NOTE 15 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is not party to legal proceedings.

**NOTE 16 - 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 the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. These amounts must be carried forward to be used for the same purposes in future years.

**MIDDLETOWN CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 16 - SET-ASIDES - (Continued)**

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

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside balance June 30, 2010	\$ -	\$ -
Current year set-aside requirement	918,285	918,285
Contributions in excess of the current fiscal year set-aside requirement	-	-
Current year qualifying expenditures	(485,866)	(918,285)
Excess qualified expenditures from prior years	(270,885)	-
Current year offsets	-	-
Waiver granted by ODE	-	-
Prior year offset from bond proceeds	-	-
Total	<u>\$ 161,534</u>	<u>\$ -</u>
Balance carried forward to fiscal year 2012	<u>\$ -</u>	<u>\$ -</u>
Set-aside balance June 30, 2011	<u>\$ 161,534</u>	<u>\$ -</u>

The District did not have qualifying disbursements and offsets during the fiscal year that reduced the textbook set-aside amount to below zero. Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from existing law. This positive balance is therefore not being presented as being carried forward to the future fiscal year. 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 \$75,541,009 in debt proceeds that will be available in future fiscal years as a capital improvements offset.

A schedule of the governmental fund restricted assets at June 30, 2011 follows:

Amount restricted for textbooks	\$ 161,534
Amount restricted for school bus purchases	<u>24,910</u>
Total restricted cash	<u>\$ 186,444</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 17 - 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 fund	\$ 887,130
Other governmental	<u>1,881,405</u>
Total	<u>\$ 2,768,535</u>

**NOTE 18 - SUBSEQUENT EVENT**

On August 1, 2011 Kelley Thorpe became Treasurer of the District.

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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, 2011

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 18,585,446	\$ 21,575,383	\$ 21,575,383	\$ -
Tuition . . . . .	451,177	523,760	523,760	-
Transportation fees . . . . .	40,493	47,007	47,007	-
Earnings on investments . . . . .	17,426	20,229	20,229	-
Extracurricular . . . . .	31,176	36,192	36,192	-
Classroom materials and fees . . . . .	80,656	93,631	93,631	-
Rental income . . . . .	2,149	2,495	2,495	-
Contributions and donations . . . . .	491	570	570	-
Contract services . . . . .	57,968	67,294	67,294	-
Other local revenues . . . . .	32,733	37,999	37,999	-
Intergovernmental - intermediate . . . . .	240,674	279,392	279,392	-
Intergovernmental - state . . . . .	26,601,680	30,881,228	30,881,228	-
Intergovernmental - federal . . . . .	332,505	385,997	385,997	-
<b>Total revenues . . . . .</b>	<b>46,474,574</b>	<b>53,951,177</b>	<b>53,951,177</b>	<b>-</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	22,671,558	27,941,962	27,931,373	10,589
Special . . . . .	2,907,805	3,583,776	3,582,418	1,358
Vocational . . . . .	6,407	7,897	7,894	3
Adult/continuing . . . . .	44,875	55,307	55,286	21
Other . . . . .	6,261,551	7,717,159	7,714,234	2,925
Support services:				
Pupil . . . . .	3,794,901	4,677,092	4,675,320	1,772
Instructional staff . . . . .	1,648,792	2,032,083	2,031,313	770
Board of education . . . . .	44,881	55,314	55,293	21
Administration . . . . .	3,904,259	4,811,874	4,810,050	1,824
Fiscal . . . . .	557,291	686,843	686,583	260
Business . . . . .	364,096	448,737	448,567	170
Operations and maintenance . . . . .	4,077,174	5,024,985	5,023,081	1,904
Pupil transportation . . . . .	914,241	1,126,772	1,126,345	427
Central . . . . .	1,018,306	1,255,029	1,254,553	476
Extracurricular activities . . . . .	60,463	74,518	74,490	28
Facilities acquisition and construction . . . . .	271,610	334,751	334,624	127
Debt service:				
Principal . . . . .	123,533	152,251	152,193	58
Interest and fiscal charges . . . . .	60,024	73,978	73,950	28
<b>Total expenditures . . . . .</b>	<b>48,731,767</b>	<b>60,060,328</b>	<b>60,037,567</b>	<b>22,761</b>
Excess of expenditures over revenues . . . . .	(2,257,193)	(6,109,151)	(6,086,390)	22,761
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	115,968	134,624	134,624	-
Transfers (out) . . . . .	-	-	(692,375)	(692,375)
Advances in . . . . .	-	55,346,734	55,346,734	-
Advances (out) . . . . .	-	-	(55,196,469)	(55,196,469)
Sale of capital assets . . . . .	38,756	44,991	44,991	-
<b>Total other financing sources (uses) . . . . .</b>	<b>154,724</b>	<b>55,526,349</b>	<b>(362,495)</b>	<b>(55,888,844)</b>
Net change in fund balance . . . . .	(2,102,469)	49,417,198	(6,448,885)	(55,866,083)
<b>Fund balance at beginning of year (restated) . . . . .</b>	<b>9,228,962</b>	<b>9,228,962</b>	<b>9,228,962</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>285,990</b>	<b>285,990</b>	<b>285,990</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b>\$ 7,412,483</b>	<b>\$ 58,932,150</b>	<b>\$ 3,066,067</b>	<b>\$ (55,866,083)</b>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 1 - BUDGETARY PROCESS**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Board. The legal level of control has been established by the Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary schedules reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary schedules reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2011.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year. The District has elected to not budget for transfers out and advances out.

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);

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

- (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).

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**

	<u>General fund</u>
Budget basis	\$ (6,448,885)
Net adjustment for revenue accruals	379,203
Net adjustment for expenditure accruals	(3,393,235)
Net adjustment for other sources/uses	365,976
Funds budgeted elsewhere	1,651,311
Adjustment for encumbrances	759,031
GAAP basis	<u>\$ (6,686,599)</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 special trust fund, the uniform school supplies fund, the rotary fund, the adult education fund, the emergency levy fund and the public school support fund.

**NOTE 2 - BUDGETARY PRIOR PERIOD ADJUSTMENT**

In prior years certain funds that are legally budgeted in separate special revenue funds were considered part of the general fund on a budgetary basis. The District has elected to report only the legally budgeted general fund in the budgetary statement; therefore, a restatement to the beginning budgetary balance is required. The restatement of the general fund's budgetary-basis fund balance at June 30, 2010 is as follows:

**Budgetary Basis**

	<u>General Fund</u>
Balance at June 30, 2010	\$ 9,230,524
Funds budgeted elsewhere	(1,562)
Restated balance at July 1, 2010	<u>\$ 9,228,962</u>

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**

To account for all revenues and expenditures related to the Spotlight and Neediest Kids program.

**Uniform School Supply**

To account for the purchase and sale of school supplies as adopted by the Board of Education for resale to students of the District.

**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.

**Adult Education**

To account for all revenues and expenditures related to the provision of credit and non-credit classes to the general public.

**Emergency Levy**

The emergency levy fund is used to account for the proceeds of two emergency levies once originally passed in 1989 and the other in 1995. Both of these levy were combined into a substitute levies beginning January 1, 2011.

**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 FUND**

**Debt Service**

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

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SPOTLIGHT & NEEDIEST KIDS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
From local sources:			
Contributions and donations . . . . .	\$ 600	\$ 600	\$ -
Other local revenues. . . . .	2,150	2,150	-
Total revenues . . . . .	<u>2,750</u>	<u>2,750</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
Support services:			
Pupil. . . . .	2,148	2,148	-
Total expenditures . . . . .	<u>2,148</u>	<u>2,148</u>	<u>-</u>
Excess of revenues over expenditures. . . . .	<u>602</u>	<u>602</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Advances in. . . . .	294	294	-
Advances out . . . . .	-	(294)	(294)
Total other financing sources (uses) . . . . .	<u>294</u>	<u>-</u>	<u>(294)</u>
Net change in fund balance . . . . .	896	602	(294)
<b>Fund balance at beginning of year . . . . .</b>	<u>1,562</u>	<u>1,562</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 2,458</u>	<u>\$ 2,164</u>	<u>\$ (294)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
UNIFORM SCHOOL SUPPLY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>			
From local sources:			
Classroom materials and fees . . . . .	\$ 46,500	\$ 46,500	\$ -
Total revenues . . . . .	<u>46,500</u>	<u>46,500</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	193,325	193,325	-
Total expenditures . . . . .	<u>193,325</u>	<u>193,325</u>	<u>-</u>
Excess of expenditures over revenues . . . . .	<u>(146,825)</u>	<u>(146,825)</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Advances in . . . . .	2,204,360	2,204,360	-
Advances out . . . . .	-	(2,079,422)	(2,079,422)
Total other financing sources (uses) . . . . .	<u>2,204,360</u>	<u>124,938</u>	<u>(2,079,422)</u>
Net change in fund balance . . . . .	2,057,535	(21,887)	(2,079,422)
<b>Fund balance at beginning of year . . . . .</b>	-	-	-
<b>Prior year encumbrances appropriated . . . . .</b>	21,887	21,887	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 2,079,422</u>	<u>\$ -</u>	<u>\$ (2,079,422)</u>



**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, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
From local sources:			
Contributions and donations . . . . .	\$ 25	\$ 25	\$ -
Total revenues . . . . .	<u>25</u>	<u>25</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	\$ 2,349	\$ 2,349	\$ -
Total expenditures . . . . .	<u>2,349</u>	<u>2,349</u>	<u>-</u>
Net change in fund balance . . . . .	(2,324)	(2,324)	-
<b>Fund balance at beginning of year . . . . .</b>	<u>5,005</u>	<u>5,005</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 2,681</u>	<u>\$ 2,681</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)  
ADULT EDUCATION FUND  
JUNE 30, 2011

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>			
From local sources:			
Tuition . . . . .	\$ 2,229	\$ 2,229	\$ -
Contributions and donations . . . . .	500	500	-
Other local revenues . . . . .	4,757	4,757	-
Intergovernmental - state . . . . .	29,094	29,094	-
<b>Total revenues . . . . .</b>	<b>36,580</b>	<b>36,580</b>	<b>-</b>
<b>Expenditures:</b>			
Current:			
Instruction:			
Adult/continuing . . . . .	36,806	36,806	-
Support services:			
Administration . . . . .	65	65	-
Operation of non-instructional services . . . . .	500	500	-
<b>Total expenditures . . . . .</b>	<b>37,371</b>	<b>37,371</b>	<b>-</b>
Net change in fund balance . . . . .	(791)	(791)	-
<b>Fund balance at beginning of year . . . . .</b>	<b>12,987</b>	<b>12,987</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>1,675</b>	<b>1,675</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b>\$ 13,871</b>	<b>\$ 13,871</b>	<b>\$ -</b>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
EMERGENCY LEVY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>			
From local sources:			
Taxes . . . . .	\$ 6,016,873	\$ 6,016,873	\$ -
Intergovernmental - state . . . . .	3,189,126	3,189,126	-
Total revenues . . . . .	<u>9,205,999</u>	<u>9,205,999</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	966,161	966,161	-
Special. . . . .	2,076,940	2,076,940	-
Vocational. . . . .	38,272	38,272	-
Other . . . . .	1,655,883	1,655,883	-
Support services:			
Pupil. . . . .	1,019	1,019	-
Instructional staff . . . . .	296,263	296,263	-
Operations and maintenance. . . . .	1,613,829	1,613,829	-
Pupil transportation . . . . .	2,455,382	2,455,382	-
Central. . . . .	96,784	96,784	-
Total expenditures . . . . .	<u>9,200,533</u>	<u>9,200,533</u>	<u>-</u>
Excess of revenues over expenditures . . . . .	<u>5,466</u>	<u>5,466</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Advances in. . . . .	28,790,715	28,790,715	-
Advances out . . . . .	-	(28,806,803)	(28,806,803)
Refund of prior year expenditure . . . . .	2,360	2,360	-
Total other financing sources (uses) . . . . .	<u>28,793,075</u>	<u>(13,728)</u>	<u>(28,806,803)</u>
Net change in fund balance . . . . .	28,798,541	(8,262)	(28,806,803)
<b>Fund balance at beginning of year . . . . .</b>	-	-	-
<b>Prior year encumbrances appropriated . . . . .</b>	8,263	8,263	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 28,806,804</u>	<u>\$ 1</u>	<u>\$ (28,806,803)</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, 2011

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>			
From local sources:			
Transportation fees . . . . .	\$ 952	\$ 952	\$ -
Extracurricular. . . . .	48,991	48,991	-
Contributions and donations . . . . .	4,774	4,774	-
Other local revenues. . . . .	27,761	27,761	-
<b>Total revenues . . . . .</b>	<b>82,478</b>	<b>82,478</b>	<b>-</b>
<b>Expenditures:</b>			
Current:			
Support services:			
Pupil. . . . .	83,797	83,797	-
<b>Total expenditures . . . . .</b>	<b>83,797</b>	<b>83,797</b>	<b>-</b>
Net change in fund balance . . . . .	(1,319)	(1,319)	-
<b>Fund balance at beginning of year . . . . .</b>	<b>50,943</b>	<b>50,943</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>4,015</b>	<b>4,015</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b>\$ 53,639</b>	<b>\$ 53,639</b>	<b>\$ -</b>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>			
From local sources:			
Property taxes . . . . .	\$ 3,377,518	\$ 3,377,518	\$ -
Other local revenues . . . . .	685	685	-
Intergovernmental - state . . . . .	1,506,152	1,506,152	-
Total revenues . . . . .	<u>4,884,355</u>	<u>4,884,355</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
Support services:			
Fiscal . . . . .	1,511	1,511	-
Central . . . . .	60,509	60,509	-
Debt service:			
Principal . . . . .	2,665,000	2,665,000	-
Interest and fiscal charges . . . . .	2,826,207	2,826,207	-
Total expenditures . . . . .	<u>5,553,227</u>	<u>5,553,227</u>	<u>-</u>
Excess of expenditures over revenues . . . . .	<u>(668,872)</u>	<u>(668,872)</u>	<u>-</u>
<b>Other financing sources:</b>			
Notes issued . . . . .	1,020,000	1,020,000	-
Total other financing sources . . . . .	<u>1,020,000</u>	<u>1,020,000</u>	<u>-</u>
Net change in fund balance . . . . .	351,128	351,128	-
<b>Fund balance at beginning of year . . . . .</b>	<u>1,395,986</u>	<u>1,395,986</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1,747,114</u>	<u>\$ 1,747,114</u>	<u>\$ -</u>

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

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 2,792,426	\$ 1,715,124	\$ 4,507,550
Receivables:			
Accounts . . . . .	160	-	160
Intergovernmental . . . . .	2,278,322	-	2,278,322
Materials and supplies inventory . . . . .	41,988	-	41,988
Total assets . . . . .	\$ 5,112,896	\$ 1,715,124	\$ 6,828,020
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 187,256	\$ -	\$ 187,256
Accrued wages and benefits . . . . .	583,701	-	583,701
Compensated absences payable . . . . .	1,381	-	1,381
Interfund loans payable . . . . .	808,360	-	808,360
Intergovernmental payable . . . . .	36,577	-	36,577
Deferred revenue . . . . .	1,106,314	-	1,106,314
Pension obligation payable . . . . .	126,042	-	126,042
Total liabilities . . . . .	2,849,631	-	2,849,631
<b>Fund balances:</b>			
Nonspendable:			
Materials and supplies inventory . . . . .	41,988	-	41,988
Restricted:			
Capital improvements . . . . .	-	1,664,043	1,664,043
Adult education . . . . .	33,754	-	33,754
Food service operations . . . . .	826,497	-	826,497
Non-public schools . . . . .	78,627	-	78,627
Public school preschool . . . . .	3,321	-	3,321
Special education . . . . .	260,858	-	260,858
Targeted academic assistance . . . . .	486,918	-	486,918
Extracurricular . . . . .	64,197	-	64,197
Other puposes . . . . .	487,887	-	487,887
Comitted:			
Capital improvements . . . . .	-	51,081	51,081
Unassigned (deficit) . . . . .	(20,782)	-	(20,782)
Total fund balances . . . . .	2,263,265	1,715,124	3,978,389
Total liabilities and fund balances . . . . .	\$ 5,112,896	\$ 1,715,124	\$ 6,828,020

**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, 2011

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>			
From local sources:			
Earnings on investments . . . . .	\$ 190	\$ 8,707	\$ 8,897
Charges for services . . . . .	561,722	-	561,722
Extracurricular . . . . .	236,062	-	236,062
Contributions and donations . . . . .	28,985	-	28,985
Other local revenues . . . . .	4,733	180	4,913
Intergovernmental - intermediate . . . . .	37,024	-	37,024
Intergovernmental - state . . . . .	955,429	-	955,429
Intergovernmental - federal . . . . .	14,882,691	-	14,882,691
Total revenues. . . . .	16,706,836	8,887	16,715,723
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular. . . . .	1,136,632	-	1,136,632
Special . . . . .	2,846,867	-	2,846,867
Adult/continuing . . . . .	421,672	-	421,672
Other . . . . .	627,434	-	627,434
Support services:			
Pupil . . . . .	735,342	-	735,342
Instructional staff. . . . .	2,863,547	-	2,863,547
Administration . . . . .	524,725	-	524,725
Fiscal. . . . .	-	399	399
Operations and maintenance . . . . .	322,735	1,048	323,783
Pupil transportation . . . . .	11,395	-	11,395
Central . . . . .	1,510,443	-	1,510,443
Operation of non-instructional services:			
Other non-instructional services . . . . .	688,394	-	688,394
Food service operations . . . . .	3,145,813	-	3,145,813
Extracurricular activities. . . . .	933,965	-	933,965
Facilities acquisition and construction . . . . .	-	534,726	534,726
Capital outlay. . . . .	477,708	-	477,708
Debt service:			
Principal retirement . . . . .	196,942	-	196,942
Interest and fiscal charges. . . . .	102,100	-	102,100
Total expenditures . . . . .	16,545,714	536,173	17,081,887
Excess (deficiency) of revenues over (under) expenditures . . . . .	161,122	(527,286)	(366,164)
<b>Other financing sources:</b>			
Transfers in. . . . .	692,375	-	692,375
Capital lease transactions . . . . .	477,708	-	477,708
Total other financing sources . . . . .	1,170,083	-	1,170,083
Net change in fund balances. . . . .	1,331,205	(527,286)	803,919
<b>Fund balances</b>			
at beginning of year (restated) . . . . .	932,060	2,242,410	3,174,470
Fund balances at end of year. . . . .	\$ 2,263,265	\$ 1,715,124	\$ 3,978,389

**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**

To account for all revenues and expenditures related to the provision of food services, including breakfast and lunch, for the District students and staff.

**Local Grants**

A fund used to account for the proceeds of specific revenue sources (except for state and federal grants) that are legally restricted to expenditures for specified purposes.

**Athletic**

To account for those students activity programs, which have student participation in the activity, but do not have student management of the programs. This fund includes athletic programs as well as band, cheerleaders, drama clubs and other similar types of activities.

**Auxiliary Services**

To account for state funds that provide services and materials to students attending non-public schools within the boundaries of the District.

**Management Information Systems**

To account for state funds provided to assist the District in implementing a state required staff, student and financial reporting system.

**Public School Preschool**

To account for state funds to assist school districts in paying the cost of pre-school programs.

**Entry Year**

To account for state funds received for the implementation of entry-year mentoring programs for first year teachers.

**OneNet Network Connectivity**

To account for money appropriated for the costs incurred in connecting schools to the Ohio Educational Computer Network.

**Alternative Schools**

To account for state funds which, provide for alternative educational programs for at-risk and delinquent youth. These funds are being used to replace grants formerly received for Project Connect.

**DPIA**

To account for state funds which, related to the District's Disadvantaged Pupil Impact Aid (DPIA) program.

**Miscellaneous State Grants**

To account for state funds which are provided for specific purposes. This includes School Security Equipment Grant, ABLE/Jobs Education Program and Ohio Environmental Protection Agency Grant, Project Connect and School Readiness.



**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO  
Nonmajor Special Revenue Funds (Continued)**

**Adult Basic Education**

To account for state and federal funds used for instructional programs for persons 16 years of age and older who are not enrolled in school and who have less than a twelfth grade education or its equivalent; development of basic educational skills; increase of opportunities for useful employment; improvement of attitudes toward self, family and community.

**Education Jobs**

The fund accounts for restricted Federal grant monies to assist schools in providing educational and related services for early childhood, elementary and secondary education. This fund did not have a budget for fiscal year 2011.

**Race to the Top**

To account for Federal grant monies uses to establish a new program or expand an existing program aligned to an approved scope of work. An approved scope of work must support Race to the Top initiatives in the areas of Standard and Assessments, Using Data to Improve Instruction, Great Teachers and Leaders and Turning Around the Lowest-Achieving Schools.

**Title VI-B**

To account for federal monies which assist states in the identification of handicapped children, and provision of full educational opportunities to handicapped children at the preschool, elementary, and secondary levels.

**Education Stabilization**

To account for restricted Federal grant monies from the American Recovery and Reinvestment Act (ARRA) in State Fiscal Stabilization Funds (SFSF) to help stabilize state and local budgets in order to minimize and avoid reductions in education and other essential services.

**Stimulus Title II-D**

To account for restricted federal grant monies used for technology.

**School Improvement Stimulus A**

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

**Title III**

Federal grant used to account for federal monies provided to support the District's English as a Second Language (ESL) population.

**Title I**

To account for federal funds for services provided to meet special educational needs of educationally deprived children (formerly called Chapter I).

**Title V**

To account for federal funds to provide programs for at-risk students; instructional materials to improve the quality of instruction, programs of professional development; programs to enhance personal excellence of students and student achievement (formerly called Chapter II).

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO  
Nonmajor Special Revenue Funds (Continued)**

**Drug-Free Schools**

To account for federal funds for the establishment, operation and improvement programs of drug abuse prevention, early intervention, rehabilitation referral and education in schools.

**Preschool**

To account for federal funds received to provide programs to handicapped preschool children.

**Class Size Reduction**

To account for federal funds received to provide for class size reduction.

**Miscellaneous Federal Grants**

To account for federal funds received to provide programs to assure that needy families with children obtain the education, training and employment and support services that will help them avoid long-term welfare dependence.

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

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2011

	<u>Food Service</u>	<u>Local Grants</u>	<u>Athletic</u>	<u>Auxiliary Services</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 828,197	\$ 48,142	\$ 91,819	\$ 143,258
Receivables:				
Accounts . . . . .	-	160	-	-
Intergovernmental . . . . .	-	-	-	-
Materials and supplies inventory . . . . .	41,988	-	-	-
Total assets. . . . .	<u>\$ 870,185</u>	<u>\$ 48,302</u>	<u>\$ 91,819</u>	<u>\$ 143,258</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 1,700	\$ -	\$ 8,284	\$ 9,316
Accrued wages and benefits . . . . .	-	440	5,994	46,088
Compensated absences payable . . . . .	-	-	-	-
Interfund loans payable . . . . .	-	160	-	460
Intergovernmental payable . . . . .	-	45	2,137	2,237
Deferred revenue . . . . .	-	-	-	-
Pension obligation payable. . . . .	-	-	11,207	6,530
Total liabilities. . . . .	<u>1,700</u>	<u>645</u>	<u>27,622</u>	<u>64,631</u>
<b>Fund balances:</b>				
Nonspendable:				
Materials and supplies inventory . . . . .	41,988	-	-	-
Restricted:				
Adult education . . . . .	-	-	-	-
Food service operations . . . . .	826,497	-	-	-
Non-public schools . . . . .	-	-	-	78,627
Public school preschool . . . . .	-	-	-	-
Special education . . . . .	-	-	-	-
Targeted academic assistance . . . . .	-	-	-	-
Extracurricular . . . . .	-	-	64,197	-
Other puposes . . . . .	-	47,657	-	-
Unassigned (deficit) . . . . .	-	-	-	-
Total fund balances (deficit) . . . . .	<u>868,485</u>	<u>47,657</u>	<u>64,197</u>	<u>78,627</u>
Total liabilities and fund balances . . . . .	<u>\$ 870,185</u>	<u>\$ 48,302</u>	<u>\$ 91,819</u>	<u>\$ 143,258</u>

<u>Public School Preschool</u>	<u>Entry Year</u>	<u>Alternative Schools</u>	<u>DPIA</u>	<u>Miscellaneous State Grants</u>	<u>Adult Basic Education</u>	<u>Education Jobs</u>
\$ 17,188	\$ 320	\$ 26,282	\$ -	\$ 35,969	\$ 48,435	\$ -
-	-	-	-	-	-	-
12,043	-	8,752	-	-	40,259	1,223,752
-	-	-	-	-	-	-
<u>\$ 29,231</u>	<u>\$ 320</u>	<u>\$ 35,034</u>	<u>\$ -</u>	<u>\$ 35,969</u>	<u>\$ 88,694</u>	<u>\$ 1,223,752</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,090	\$ -
15,734	-	19,682	19,880	-	27,360	-
-	-	-	-	-	184	-
7,439	-	10,297	-	-	14,006	-
682	-	879	902	170	2,017	-
-	-	-	-	-	-	981,885
2,055	-	2,778	-	621	9,283	-
<u>25,910</u>	<u>-</u>	<u>33,636</u>	<u>20,782</u>	<u>791</u>	<u>54,940</u>	<u>981,885</u>
-	-	-	-	-	-	-
-	-	-	-	-	33,754	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,321	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	320	1,398	-	35,178	-	241,867
-	-	-	(20,782)	-	-	-
<u>3,321</u>	<u>320</u>	<u>1,398</u>	<u>(20,782)</u>	<u>35,178</u>	<u>33,754</u>	<u>241,867</u>
<u>\$ 29,231</u>	<u>\$ 320</u>	<u>\$ 35,034</u>	<u>\$ -</u>	<u>\$ 35,969</u>	<u>\$ 88,694</u>	<u>\$ 1,223,752</u>

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

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2011

	<u>Race to the Top</u>	<u>Title VI-B</u>	<u>Education Stabilization</u>	<u>Stimulus Title II-D</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 34,080	\$ 571,684	\$ 74,621	\$ 300
Receivables:				
Accounts . . . . .	-	-	-	-
Intergovernmental . . . . .	48,087	340,068	-	1,395
Materials and supplies inventory . . . . .	-	-	-	-
Total assets. . . . .	<u>\$ 82,167</u>	<u>\$ 911,752</u>	<u>\$ 74,621</u>	<u>\$ 1,695</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ -	\$ 17,084	\$ 3,508	\$ -
Accrued wages and benefits . . . . .	70	214,428	1,324	-
Compensated absences payable . . . . .	-	-	-	-
Interfund loans payable . . . . .	44,293	368,238	-	1,195
Intergovernmental payable . . . . .	320	9,942	863	-
Deferred revenue . . . . .	-	-	-	-
Pension obligation payable. . . . .	2,882	43,414	2,757	-
Total liabilities. . . . .	<u>47,565</u>	<u>653,106</u>	<u>8,452</u>	<u>1,195</u>
<b>Fund balances:</b>				
Nonspendable:				
Materials and supplies inventory . . . . .	-	-	-	-
Restricted:				
Adult education . . . . .	-	-	-	-
Food service operations . . . . .	-	-	-	-
Non-public schools . . . . .	-	-	-	-
Public school preschool . . . . .	-	-	-	-
Special education . . . . .	-	258,646	-	-
Targeted academic assistance . . . . .	-	-	-	-
Extracurricular . . . . .	-	-	-	-
Other puposes . . . . .	34,602	-	66,169	500
Unassigned (deficit) . . . . .	-	-	-	-
Total fund balances (deficit) . . . . .	<u>34,602</u>	<u>258,646</u>	<u>66,169</u>	<u>500</u>
Total liabilities and fund balances . . . . .	<u>\$ 82,167</u>	<u>\$ 911,752</u>	<u>\$ 74,621</u>	<u>\$ 1,695</u>

<b>School Improvement Stimulus A</b>	<b>Title III</b>	<b>Title I</b>	<b>Title V</b>	<b>Drug-Free Schools</b>	<b>Preschool</b>	<b>Class Size Reduction</b>
\$ 18,111	\$ 9,422	\$ 592,521	\$ 1,732	\$ 1,361	\$ 28,107	\$ 79,735
-	-	-	-	-	-	-
-	8,540	584,099	-	-	11,327	-
-	-	-	-	-	-	-
<u>\$ 18,111</u>	<u>\$ 17,962</u>	<u>\$ 1,176,620</u>	<u>\$ 1,732</u>	<u>\$ 1,361</u>	<u>\$ 39,434</u>	<u>\$ 79,735</u>
\$ -	\$ 767	\$ 138,145	\$ -	\$ -	\$ -	\$ 2,502
-	6,851	137,571	-	-	9,481	29,683
-	-	-	-	-	-	-
-	5,485	296,032	-	-	25,846	14,814
-	258	11,337	-	-	425	1,728
-	-	124,429	-	-	-	-
-	3,412	26,128	-	-	1,470	5,179
-	<u>16,773</u>	<u>733,642</u>	<u>-</u>	<u>-</u>	<u>37,222</u>	<u>53,906</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	2,212	-
18,111	-	442,978	-	-	-	25,829
-	-	-	-	-	-	-
-	1,189	-	1,732	1,361	-	-
-	-	-	-	-	-	-
<u>18,111</u>	<u>1,189</u>	<u>442,978</u>	<u>1,732</u>	<u>1,361</u>	<u>2,212</u>	<u>25,829</u>
<u>\$ 18,111</u>	<u>\$ 17,962</u>	<u>\$ 1,176,620</u>	<u>\$ 1,732</u>	<u>\$ 1,361</u>	<u>\$ 39,434</u>	<u>\$ 79,735</u>

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

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2011

	<b>Miscellaneous Federal Grants</b>	<b>Total Nonmajor Special Revenue</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 141,142	\$ 2,792,426
Receivables:		
Accounts . . . . .	-	160
Intergovernmental . . . . .	-	2,278,322
Materials and supplies inventory . . . . .	-	41,988
Total assets. . . . .	\$ 141,142	\$ 5,112,896
<b>Liabilities:</b>		
Accounts payable. . . . .	\$ 3,860	\$ 187,256
Accrued wages and benefits . . . . .	49,115	583,701
Compensated absences payable . . . . .	1,197	1,381
Interfund loans payable . . . . .	20,095	808,360
Intergovernmental payable . . . . .	2,635	36,577
Deferred revenue . . . . .	-	1,106,314
Pension obligation payable. . . . .	8,326	126,042
Total liabilities. . . . .	85,228	2,849,631
<b>Fund balances:</b>		
Nonspendable:		
Materials and supplies inventory . . . . .	-	41,988
Restricted:		
Adult education . . . . .	-	33,754
Food service operations . . . . .	-	826,497
Non-public schools . . . . .	-	78,627
Public school preschool . . . . .	-	3,321
Special education . . . . .	-	260,858
Targeted academic assistance . . . . .	-	486,918
Extracurricular . . . . .	-	64,197
Other puposes . . . . .	55,914	487,887
Unassigned (deficit) . . . . .	-	(20,782)
Total fund balances (deficit) . . . . .	55,914	2,263,265
Total liabilities and fund balances . . . . .	\$ 141,142	\$ 5,112,896



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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, 2011

	<u>Food Service</u>	<u>Local Grants</u>	<u>Athletic</u>	<u>Auxiliary Services</u>
<b>Revenues:</b>				
From local sources:				
Earnings on investments . . . . .	\$ -	\$ -	\$ -	\$ 190
Charges for services . . . . .	561,722	-	-	-
Extracurricular . . . . .	-	251	235,811	-
Contributions and donations . . . . .	-	23,335	5,650	-
Other local revenues . . . . .	-	1,600	3,133	-
Intergovernmental - intermediate . . . . .	-	37,024	-	-
Intergovernmental - state . . . . .	77,442	-	-	533,746
Intergovernmental - federal . . . . .	2,920,247	-	-	-
Total revenues. . . . .	<u>3,559,411</u>	<u>62,210</u>	<u>244,594</u>	<u>533,936</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	-	81,236	-	-
Special . . . . .	-	-	-	-
Adult/continuing . . . . .	-	-	-	-
Other . . . . .	-	-	-	-
Support services:				
Pupil . . . . .	-	-	-	-
Instructional staff . . . . .	-	3,632	-	-
Administration . . . . .	-	874	-	-
Operations and maintenance . . . . .	322,735	-	-	-
Pupil transportation . . . . .	-	-	-	-
Central . . . . .	-	4,357	-	-
Operation of non-instructional services:				
Other non-instructional services . . . . .	-	-	-	543,514
Food service operations . . . . .	3,145,813	-	-	-
Extracurricular activities . . . . .	-	-	933,965	-
Capital outlay . . . . .	-	-	-	-
Debt service:				
Principal retirement . . . . .	-	-	-	-
Interest and fiscal charges . . . . .	-	-	-	-
Total expenditures . . . . .	<u>3,468,548</u>	<u>90,099</u>	<u>933,965</u>	<u>543,514</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>90,863</u>	<u>(27,889)</u>	<u>(689,371)</u>	<u>(9,578)</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	-	-	692,375	-
Capital lease transaction . . . . .	-	-	-	-
Total other financing sources. . . . .	<u>-</u>	<u>-</u>	<u>692,375</u>	<u>-</u>
Net change in fund balances . . . . .	90,863	(27,889)	3,004	(9,578)
<b>Fund balances (deficit) at beginning of year (restated) . . . . .</b>	<u>777,622</u>	<u>75,546</u>	<u>61,193</u>	<u>88,205</u>
<b>Fund balances (deficit) at end of year . . . . .</b>	<u>\$ 868,485</u>	<u>\$ 47,657</u>	<u>\$ 64,197</u>	<u>\$ 78,627</u>

<u>Management Information Systems</u>	<u>Public School Preschool</u>	<u>Entry Year</u>	<u>OneNet Network Connectivity</u>	<u>Alternative Schools</u>	<u>DPIA</u>	<u>Miscellaneous State Grants</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,000	134,886	-	25,025	154,330	-	25,000
-	-	-	-	-	-	-
<u>5,000</u>	<u>134,886</u>	<u>-</u>	<u>25,025</u>	<u>154,330</u>	<u>-</u>	<u>25,000</u>
-	4,304	-	-	149,206	145,836	-
-	113,943	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	850	235	-
-	2,211	-	-	221	185	25,617
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,000	-	-	25,025	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>5,000</u>	<u>120,458</u>	<u>-</u>	<u>25,025</u>	<u>150,277</u>	<u>146,256</u>	<u>25,617</u>
-	14,428	-	-	4,053	(146,256)	(617)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	14,428	-	-	4,053	(146,256)	(617)
-	(11,107)	320	-	(2,655)	125,474	35,795
<u>\$ -</u>	<u>\$ 3,321</u>	<u>\$ 320</u>	<u>\$ -</u>	<u>\$ 1,398</u>	<u>\$ (20,782)</u>	<u>\$ 35,178</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 (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Adult Basic Education</u>	<u>Education Jobs</u>	<u>Race to the Top</u>	<u>Title VI-B</u>
<b>Revenues:</b>				
From local sources:				
Earnings on investments . . . . .	\$ -	\$ -	\$ -	\$ -
Charges for services . . . . .	-	-	-	-
Extracurricular . . . . .	-	-	-	-
Contributions and donations . . . . .	-	-	-	-
Other local revenues . . . . .	-	-	-	-
Intergovernmental - intermediate . . . . .	-	-	-	-
Intergovernmental - state . . . . .	-	-	-	-
Intergovernmental - federal . . . . .	599,292	241,867	86,354	3,193,319
Total revenues. . . . .	<u>599,292</u>	<u>241,867</u>	<u>86,354</u>	<u>3,193,319</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	-	-	-	797
Special . . . . .	-	-	-	1,127,320
Adult/continuing . . . . .	421,672	-	-	-
Other . . . . .	-	-	-	213,000
Support services:				
Pupil . . . . .	-	-	45,258	580,709
Instructional staff . . . . .	48,824	-	6,494	291,303
Administration . . . . .	-	-	-	423,320
Operations and maintenance . . . . .	-	-	-	-
Pupil transportation . . . . .	-	-	-	-
Central . . . . .	-	-	-	-
Operation of non-instructional services:				
Other non-instructional services . . . . .	6,624	-	-	72,724
Food service operations . . . . .	-	-	-	-
Extracurricular activities . . . . .	-	-	-	-
Capital outlay . . . . .	-	-	-	-
Debt service:				
Principal retirement . . . . .	-	-	-	-
Interest and fiscal charges . . . . .	-	-	-	-
Total expenditures . . . . .	<u>477,120</u>	<u>-</u>	<u>51,752</u>	<u>2,709,173</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>122,172</u>	<u>241,867</u>	<u>34,602</u>	<u>484,146</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	-	-	-	-
Capital lease transaction . . . . .	-	-	-	-
Total other financing sources. . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances . . . . .	122,172	241,867	34,602	484,146
<b>Fund balances (deficit) at beginning of year (restated) . . . . .</b>	<u>(88,418)</u>	<u>-</u>	<u>-</u>	<u>(225,500)</u>
<b>Fund balances (deficit) at end of year . . . . .</b>	<u>\$ 33,754</u>	<u>\$ 241,867</u>	<u>\$ 34,602</u>	<u>\$ 258,646</u>

<u>Education Stabilization</u>	<u>Stimulus Title II-D</u>	<u>School Improvement Stimulus A</u>	<u>Title III</u>	<u>Title I</u>	<u>Title V</u>	<u>Drug-Free Schools</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,277,621	24,468	161,331	76,248	3,321,268	-	19,487
<u>2,277,621</u>	<u>24,468</u>	<u>161,331</u>	<u>76,248</u>	<u>3,321,268</u>	<u>-</u>	<u>19,487</u>
-	15,280	-	884	114,222	-	-
-	-	-	-	1,592,551	-	11,097
-	-	-	-	-	-	-
414,434	-	-	-	-	-	-
-	-	-	56,611	13,074	1,703	-
-	6,408	143,554	-	1,055,729	-	11,071
-	-	-	-	100,531	-	-
-	-	-	-	-	-	-
-	-	-	-	11,365	-	30
1,476,061	-	-	-	-	-	-
-	200	-	-	65,332	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
477,708	-	-	-	-	-	-
196,942	-	-	-	-	-	-
102,100	-	-	-	-	-	-
<u>2,667,245</u>	<u>21,888</u>	<u>143,554</u>	<u>57,495</u>	<u>2,952,804</u>	<u>1,703</u>	<u>22,198</u>
<u>(389,624)</u>	<u>2,580</u>	<u>17,777</u>	<u>18,753</u>	<u>368,464</u>	<u>(1,703)</u>	<u>(2,711)</u>
-	-	-	-	-	-	-
477,708	-	-	-	-	-	-
<u>477,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
88,084	2,580	17,777	18,753	368,464	(1,703)	(2,711)
(21,915)	(2,080)	334	(17,564)	74,514	3,435	4,072
<u>\$ 66,169</u>	<u>\$ 500</u>	<u>\$ 18,111</u>	<u>\$ 1,189</u>	<u>\$ 442,978</u>	<u>\$ 1,732</u>	<u>\$ 1,361</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 (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Preschool</u>	<u>Class Size Reduction</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue</u>
<b>Revenues:</b>				
From local sources:				
Earnings on investments . . . . .	\$ -	\$ -	\$ -	\$ 190
Charges for services . . . . .	-	-	-	561,722
Extracurricular . . . . .	-	-	-	236,062
Contributions and donations . . . . .	-	-	-	28,985
Other local revenues . . . . .	-	-	-	4,733
Intergovernmental - intermediate . . . . .	-	-	-	37,024
Intergovernmental - state . . . . .	-	-	-	955,429
Intergovernmental - federal . . . . .	82,306	577,876	1,301,007	14,882,691
Total revenues. . . . .	<u>82,306</u>	<u>577,876</u>	<u>1,301,007</u>	<u>16,706,836</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	-	-	624,867	1,136,632
Special . . . . .	1,956	-	-	2,846,867
Adult/continuing . . . . .	-	-	-	421,672
Other . . . . .	-	-	-	627,434
Support services:				
Pupil . . . . .	36,902	-	-	735,342
Instructional staff . . . . .	-	544,244	724,054	2,863,547
Administration . . . . .	-	-	-	524,725
Operations and maintenance . . . . .	-	-	-	322,735
Pupil transportation . . . . .	-	-	-	11,395
Central . . . . .	-	-	-	1,510,443
Operation of non-instructional services:				
Other non-instructional services . . . . .	-	-	-	688,394
Food service operations . . . . .	-	-	-	3,145,813
Extracurricular activities . . . . .	-	-	-	933,965
Capital outlay . . . . .	-	-	-	477,708
Debt service:				
Principal retirement . . . . .	-	-	-	196,942
Interest and fiscal charges . . . . .	-	-	-	102,100
Total expenditures . . . . .	<u>38,858</u>	<u>544,244</u>	<u>1,348,921</u>	<u>16,545,714</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>43,448</u>	<u>33,632</u>	<u>(47,914)</u>	<u>161,122</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	-	-	-	692,375
Capital lease transaction . . . . .	-	-	-	477,708
Total other financing sources. . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,170,083</u>
Net change in fund balances . . . . .	43,448	33,632	(47,914)	1,331,205
<b>Fund balances (deficit) at beginning of year (restated) . . . . .</b>	<u>(41,236)</u>	<u>(7,803)</u>	<u>103,828</u>	<u>932,060</u>
<b>Fund balances (deficit) at end of year . . . . .</b>	<u>\$ 2,212</u>	<u>\$ 25,829</u>	<u>\$ 55,914</u>	<u>\$ 2,263,265</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, 2011

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>			
From local sources:			
Charges for services. . . . .	\$ 561,922	\$ 561,922	\$ -
Intergovernmental - State . . . . .	77,442	77,442	-
Intergovernmental - Federal . . . . .	2,720,235	2,720,235	-
Total revenues . . . . .	<u>3,359,599</u>	<u>3,359,599</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
Support services:			
Operations and maintenance. . . . .	21,035	21,035	-
Operation of non-instructional services:			
Food service operations . . . . .	<u>3,110,862</u>	<u>3,110,862</u>	<u>-</u>
Total expenditures . . . . .	<u>3,131,897</u>	<u>3,131,897</u>	<u>-</u>
Excess of revenues over expenditures. . . . .	<u>227,702</u>	<u>227,702</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Advances in. . . . .	50,604	50,604	-
Advances out . . . . .	<u>-</u>	<u>(350,604)</u>	<u>(350,604)</u>
Total other financing sources (uses) . . . . .	<u>50,604</u>	<u>(300,000)</u>	<u>(350,604)</u>
Net change in fund balance . . . . .	278,306	(72,298)	(350,604)
<b>Fund balance at beginning of year . . . . .</b>	<u>729,682</u>	<u>729,682</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1,007,988</u>	<u>\$ 657,384</u>	<u>\$ (350,604)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
LOCAL GRANTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>			
From local sources:			
Extracurricular. . . . .	\$ 251	\$ 251	\$ -
Contributions and donations . . . . .	23,335	23,335	-
Other local revenues. . . . .	1,600	1,600	-
Intergovernmental - intermediate . . . . .	37,024	37,024	-
<b>Total revenues . . . . .</b>	<b>62,210</b>	<b>62,210</b>	<b>-</b>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	85,487	85,487	-
Support Services:			
Instructional staff . . . . .	9,280	9,280	-
Administration. . . . .	1,374	1,374	-
Operations and maintenance. . . . .	2,805	2,805	-
Central. . . . .	4,357	4,357	-
<b>Total expenditures . . . . .</b>	<b>103,303</b>	<b>103,303</b>	<b>-</b>
Excess of expenditures over revenues. . . . .	(41,093)	(41,093)	-
<b>Other financing sources (uses):</b>			
Advances in. . . . .	58,828	58,828	-
Advances out . . . . .	-	(58,668)	(58,668)
Refund of prior year expenditure . . . . .	1,714	1,714	-
<b>Total other financing sources (uses) . . . . .</b>	<b>60,542</b>	<b>1,874</b>	<b>(58,668)</b>
Net change in fund balance . . . . .	19,449	(39,219)	(58,668)
<b>Fund balance at beginning of year . . . . .</b>	<b>67,055</b>	<b>67,055</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>17,894</b>	<b>17,894</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b>\$ 104,398</b>	<b>\$ 45,730</b>	<b>\$ (58,668)</b>



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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ATHLETIC FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>			
From local sources:			
Extracurricular. . . . .	\$ 235,811	\$ 235,811	\$ -
Contributions and donations . . . . .	5,650	5,650	-
Other local revenues. . . . .	3,133	3,133	-
Total revenues . . . . .	<u>244,594</u>	<u>244,594</u>	<u>-</u>
<b>Expenditures:</b>			
Extracurricular activities. . . . .	950,024	950,024	-
Total expenditures . . . . .	<u>950,024</u>	<u>950,024</u>	<u>-</u>
Excess of expenditures over revenues. . . . .	<u>(705,430)</u>	<u>(705,430)</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Transfers in . . . . .	692,375	692,375	-
Advances in. . . . .	3,524,296	3,524,296	-
Advances out . . . . .	-	(3,531,825)	(3,531,825)
Refund of prior year receipts . . . . .	(1,724)	(1,724)	-
Refund of prior year expenditure . . . . .	524	524	-
Total other financing sources (uses) . . . . .	<u>4,215,471</u>	<u>683,646</u>	<u>(3,531,825)</u>
Net change in fund balance . . . . .	3,510,041	(21,784)	(3,531,825)
<b>Fund balance at beginning of year . . . . .</b>	<b>78,073</b>	<b>78,073</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>11,058</b>	<b>11,058</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 3,599,172</u></b>	<b><u>\$ 67,347</u></b>	<b><u>\$ (3,531,825)</u></b>

**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, 2011

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>			
From local sources:			
Earnings on investments . . . . .	\$ 190	\$ 190	\$ -
Intergovernmental - state . . . . .	582,420	582,420	-
Total revenues . . . . .	<u>582,610</u>	<u>582,610</u>	<u>-</u>
<b>Expenditures:</b>			
Operation of non-instructional services . . . . .	676,845	676,845	-
Total expenditures . . . . .	<u>676,845</u>	<u>676,845</u>	<u>-</u>
Excess of expenditures over revenues . . . . .	<u>(94,235)</u>	<u>(94,235)</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Advances in . . . . .	14,528	14,528	-
Advances out . . . . .	-	(14,068)	(14,068)
Total other financing sources (uses) . . . . .	<u>14,528</u>	<u>460</u>	<u>(14,068)</u>
Net change in fund balance . . . . .	(79,707)	(93,775)	(14,068)
<b>Fund balance at beginning of year . . . . .</b>	<b>38,742</b>	<b>38,742</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>55,428</b>	<b>55,428</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 14,463</u></b>	<b><u>\$ 395</u></b>	<b><u>\$ (14,068)</u></b>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
MANAGEMENT INFORMATION SYSTEMS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Intergovernmental - state . . . . .	\$ 5,000	\$ 5,000	\$ -
Total revenues . . . . .	<u>5,000</u>	<u>5,000</u>	<u>-</u>
<b>Expenditures:</b>			
Support services:			
Central. . . . .	5,000	5,000	-
Total expenditures . . . . .	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net change in fund balance . . . . .	-	-	-
<b>Fund balance at beginning of year . . . . .</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<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)  
PUBLIC SCHOOL PRESCHOOL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental - state . . . . .	\$ 122,843	\$ 122,843	\$ -
Total revenues . . . . .	<u>122,843</u>	<u>122,843</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	4,922	4,922	-
Special. . . . .	128,449	128,449	-
Support services:			
Instructional staff . . . . .	3,129	3,129	-
Total expenditures . . . . .	<u>136,500</u>	<u>136,500</u>	<u>-</u>
Excess of expenditures over revenues . . . . .	<u>(13,657)</u>	<u>(13,657)</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Advances in. . . . .	50,694	50,694	-
Advances out . . . . .	-	(55,280)	(55,280)
Refund of prior year receipts . . . . .	(1,545)	(1,545)	-
Total other financing sources (uses) . . . . .	<u>49,149</u>	<u>(6,131)</u>	<u>(55,280)</u>
Net change in fund balance . . . . .	35,492	(19,788)	(55,280)
<b>Fund balance at beginning of year . . . . .</b>	-	-	-
<b>Prior year encumbrances appropriated . . . . .</b>	19,789	19,789	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 55,281</u>	<u>\$ 1</u>	<u>\$ (55,280)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ENTRY YEAR FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Fund balance at beginning of year . . . . .</b>	\$ 320	\$ 320	\$ -
<b>Fund balance at end of year . . . . .</b>	<u>\$ 320</u>	<u>\$ 320</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)  
ONENET NETWORK CONNECTIVITY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Intergovernmental - state . . . . .	\$ 25,025	\$ 25,025	\$ -
Total revenues . . . . .	<u>25,025</u>	<u>25,025</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
Support services:			
Central. . . . .	25,025	25,025	-
Total expenditures . . . . .	<u>25,025</u>	<u>25,025</u>	<u>-</u>
Net change in fund balance . . . . .	-	-	-
<b>Fund balance at beginning of year . . . . .</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<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)  
ALTERNATIVE SCHOOLS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Intergovernmental - state . . . . .	\$ 145,578	\$ 145,578	\$ -
Total revenues . . . . .	<u>145,578</u>	<u>145,578</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	170,255	170,255	-
Support services:			
Pupil . . . . .	850	850	-
Instructional staff . . . . .	320	320	-
Total expenditures . . . . .	<u>171,425</u>	<u>171,425</u>	<u>-</u>
Excess of expenditures over revenues . . . . .	<u>(25,847)</u>	<u>(25,847)</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Advances in . . . . .	27,405	27,405	-
Advances out . . . . .	-	(24,109)	(24,109)
Total other financing sources (uses) . . . . .	<u>27,405</u>	<u>3,296</u>	<u>(24,109)</u>
Net change in fund balance . . . . .	1,558	(22,551)	(24,109)
<b>Fund balance at beginning of year . . . . .</b>	<b>3,895</b>	<b>3,895</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>22,550</b>	<b>22,550</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 28,003</u></b>	<b><u>\$ 3,894</u></b>	<b><u>\$ (24,109)</u></b>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
DPIA FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	\$ 151,659	\$ 151,659	\$ -
Support services:			
Pupil. . . . .	235	235	-
Instructional staff . . . . .	185	185	-
Total expenditures . . . . .	<u>152,079</u>	<u>152,079</u>	<u>-</u>
Net change in fund balance . . . . .	(152,079)	(152,079)	-
<b>Fund balance at beginning of year . . . . .</b>	<u>152,079</u>	<u>152,079</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<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, 2011

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental - state . . . . .	\$ 25,000	\$ 25,000	\$ -
Total revenues . . . . .	<u>25,000</u>	<u>25,000</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
Support services:			
Instructional staff . . . . .	25,000	25,000	-
Total expenditures . . . . .	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Excess of expenditures over revenues . . . . .	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Advances in . . . . .	44,822	44,822	-
Advances out . . . . .	-	(44,822)	(44,822)
Total other financing sources (uses) . . . . .	<u>44,822</u>	<u>-</u>	<u>(44,822)</u>
Net change in fund balance . . . . .	44,822	-	(44,822)
<b>Fund balance at beginning of year . . . . .</b>	<u>35,969</u>	<u>35,969</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 80,791</u>	<u>\$ 35,969</u>	<u>\$ (44,822)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ADULT BASIC EDUCATION FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Intergovernmental - federal . . . . .	\$ 576,795	\$ 576,795	\$ -
Total revenues . . . . .	<u>576,795</u>	<u>576,795</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Adult/continuing . . . . .	545,800	545,800	-
Support services:			
Instructional staff . . . . .	49,886	49,886	-
Operation of non-instructional services . . . . .	6,952	6,952	-
Total expenditures . . . . .	<u>602,638</u>	<u>602,638</u>	<u>-</u>
Excess of expenditures over revenues. . . . .	<u>(25,843)</u>	<u>(25,843)</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Advances in. . . . .	282,060	282,060	-
Advances out . . . . .	-	(358,798)	(358,798)
Total other financing sources (uses) . . . . .	<u>282,060</u>	<u>(76,738)</u>	<u>(358,798)</u>
Net change in fund balance . . . . .	256,217	(102,581)	(358,798)
<b>Fund balance at beginning of year . . . . .</b>	-	-	-
<b>Prior year encumbrances appropriated . . . . .</b>	102,581	102,581	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 358,798</u>	<u>\$ -</u>	<u>\$ (358,798)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
RACE TO THE TOP FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental - federal . . . . .	\$ 38,267	\$ 38,267	\$ -
Total revenues . . . . .	<u>38,267</u>	<u>38,267</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
Support services:			
Pupil . . . . .	42,005	42,005	-
Instructional staff . . . . .	40,556	40,556	-
Total expenditures . . . . .	<u>82,561</u>	<u>82,561</u>	<u>-</u>
Excess of expenditures over revenues . . . . .	<u>(44,294)</u>	<u>(44,294)</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Advances in . . . . .	58,197	58,197	-
Advances out . . . . .	-	(13,903)	(13,903)
Total other financing sources (uses) . . . . .	<u>58,197</u>	<u>44,294</u>	<u>(13,903)</u>
Net change in fund balance . . . . .	13,903	-	(13,903)
<b>Fund balance at beginning of year . . . . .</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 13,903</u>	<u>\$ -</u>	<u>\$ (13,903)</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, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Intergovernmental - federal . . . . .	\$ 2,732,272	\$ 2,732,272	\$ -
Total revenues . . . . .	<u>2,732,272</u>	<u>2,732,272</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	914	878	36
Special. . . . .	1,395,974	1,340,917	55,057
Other . . . . .	221,746	213,000	8,746
Support services:			
Pupil. . . . .	667,931	641,588	26,343
Instructional staff . . . . .	305,275	293,235	12,040
Administration. . . . .	491,875	472,476	19,399
Operation of non-instructional services . . . . .	102,775	98,722	4,053
Total expenditures . . . . .	<u>3,186,490</u>	<u>3,060,816</u>	<u>125,674</u>
Excess of expenditures over revenues. . . . .	<u>(454,218)</u>	<u>(328,544)</u>	<u>125,674</u>
<b>Other financing sources (uses):</b>			
Advances in. . . . .	4,546,984	4,546,984	-
Advances out . . . . .	-	(4,574,675)	(4,574,675)
Total other financing sources (uses) . . . . .	<u>4,546,984</u>	<u>(27,691)</u>	<u>(4,574,675)</u>
Net change in fund balance . . . . .	4,092,766	(356,235)	(4,449,001)
<b>Fund balance at beginning of year . . . . .</b>	-	-	-
<b>Prior year encumbrances appropriated . . . . .</b>	552,178	552,178	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 4,644,944</u>	<u>\$ 195,943</u>	<u>\$ (4,449,001)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
EDUCATION STABILIZATION FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental - state . . . . .	\$ 2,277,621	\$ 2,277,621	\$ -
Total revenues . . . . .	<u>2,277,621</u>	<u>2,277,621</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Other . . . . .	414,434	414,434	-
Support services:			
Central. . . . .	1,864,835	1,864,835	-
Total expenditures . . . . .	<u>2,279,269</u>	<u>2,279,269</u>	<u>-</u>
Excess of expenditures over revenues. . . . .	<u>(1,648)</u>	<u>(1,648)</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Advances in. . . . .	7,498,588	7,498,588	-
Advances out . . . . .	-	(7,498,588)	(7,498,588)
Total other financing sources (uses) . . . . .	<u>7,498,588</u>	<u>-</u>	<u>(7,498,588)</u>
Net change in fund balance . . . . .	7,496,940	(1,648)	(7,498,588)
<b>Fund balance at beginning of year . . . . .</b>	141	141	-
<b>Prior year encumbrances appropriated . . . . .</b>	1,899	1,899	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 7,498,980</u>	<u>\$ 392</u>	<u>\$ (7,498,588)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
STIMULUS TITLE II-D FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental - federal . . . . .	\$ 23,073	\$ 23,073	\$ -
Total revenues . . . . .	<u>23,073</u>	<u>23,073</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	15,281	15,281	-
Support Services:			
Instructional staff . . . . .	6,708	6,708	-
Operation of non-instructional services . . . . .	200	200	-
Total expenditures . . . . .	<u>22,189</u>	<u>22,189</u>	<u>-</u>
Excess of revenues over expenditures . . . . .	<u>884</u>	<u>884</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Advances in . . . . .	53,861	53,861	-
Advances out . . . . .	-	(55,083)	(55,083)
Total other financing sources (uses) . . . . .	<u>53,861</u>	<u>(1,222)</u>	<u>(55,083)</u>
Net change in fund balance . . . . .	54,745	(338)	(55,083)
<b>Fund balance at beginning of year . . . . .</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>338</b>	<b>338</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 55,083</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (55,083)</u></b>

**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, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Intergovernmental - federal . . . . .	\$ 161,331	\$ 161,331	\$ -
Total revenues . . . . .	<u>161,331</u>	<u>161,331</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Instructional staff . . . . .	212,778	212,778	-
Total expenditures . . . . .	<u>212,778</u>	<u>212,778</u>	<u>-</u>
Excess of expenditures over revenues . . . . .	<u>(51,447)</u>	<u>(51,447)</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Advances in . . . . .	733,544	733,544	-
Advances out . . . . .	-	(738,910)	(738,910)
Total other financing sources (uses) . . . . .	<u>733,544</u>	<u>(5,366)</u>	<u>(738,910)</u>
Net change in fund balance . . . . .	682,097	(56,813)	(738,910)
<b>Fund balance at beginning of year . . . . .</b>	-	-	-
<b>Prior year encumbrances appropriated . . . . .</b>	60,696	60,696	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 742,793</u>	<u>\$ 3,883</u>	<u>\$ (738,910)</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, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Intergovernmental - federal . . . . .	\$ 67,708	\$ 67,708	\$ -
Total revenues . . . . .	<u>67,708</u>	<u>67,708</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	2,050	2,050	-
Support services:			
Pupil . . . . .	<u>63,125</u>	<u>63,125</u>	<u>-</u>
Total expenditures . . . . .	<u>65,175</u>	<u>65,175</u>	<u>-</u>
Excess of revenues over expenditures . . . . .	<u>2,533</u>	<u>2,533</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Advances in . . . . .	54,951	54,951	-
Advances out . . . . .	<u>-</u>	<u>(67,555)</u>	<u>(67,555)</u>
Total other financing sources (uses) . . . . .	<u>54,951</u>	<u>(12,604)</u>	<u>(67,555)</u>
Net change in fund balance . . . . .	57,484	(10,071)	(67,555)
<b>Fund balance at beginning of year . . . . .</b>	-	-	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>10,071</u>	<u>10,071</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 67,555</u>	<u>\$ -</u>	<u>\$ (67,555)</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, 2011

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental - federal . . . . .	\$ 2,848,954	\$ 2,848,954	\$ -
Total revenues . . . . .	<u>2,848,954</u>	<u>2,848,954</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	188,672	188,672	-
Special. . . . .	1,800,165	1,800,165	-
Support services:			
Pupil. . . . .	13,188	13,188	-
Instructional staff . . . . .	1,346,335	1,346,335	-
Administration. . . . .	119,397	119,397	-
Pupil transportation . . . . .	32,937	32,937	-
Operation of non-instructional services . . . . .	66,302	66,302	-
Total expenditures . . . . .	<u>3,566,996</u>	<u>3,566,996</u>	<u>-</u>
Excess of expenditures over revenues. . . . .	<u>(718,042)</u>	<u>(718,042)</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Advances in. . . . .	3,337,352	3,337,352	-
Advances out . . . . .	-	(3,041,320)	(3,041,320)
Refund of prior year expenditure . . . . .	265	265	-
Total other financing sources (uses) . . . . .	<u>3,337,617</u>	<u>296,297</u>	<u>(3,041,320)</u>
Net change in fund balance . . . . .	2,619,575	(421,745)	(3,041,320)
<b>Fund balance at beginning of year . . . . .</b>	<b>154,322</b>	<b>154,322</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>269,447</b>	<b>269,447</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 3,043,344</u></b>	<b><u>\$ 2,024</u></b>	<b><u>\$ (3,041,320)</u></b>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
TITLE V FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Expenditures:</b>			
Current:			
Support services:			
Instructional staff . . . . .	\$ 1,742	\$ 1,742	\$ -
Total expenditures . . . . .	<u>1,742</u>	<u>1,742</u>	<u>-</u>
Net change in fund balance . . . . .	(1,742)	(1,742)	-
<b>Fund balance at beginning of year . . . . .</b>	<u>3,474</u>	<u>3,474</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u><u>\$ 1,732</u></u>	<u><u>\$ 1,732</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)  
DRUG-FREE SCHOOLS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Intergovernmental - federal . . . . .	\$ 19,487	\$ 19,487	\$ -
Total revenues . . . . .	<u>19,487</u>	<u>19,487</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Special. . . . .	11,138	11,138	-
Support services:			
Instructional staff . . . . .	11,382	11,382	-
Pupil transportation . . . . .	30	30	-
Total expenditures . . . . .	<u>22,550</u>	<u>22,550</u>	<u>-</u>
Excess of expenditures over revenues. . . . .	<u>(3,063)</u>	<u>(3,063)</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Advances in. . . . .	42,561	42,561	-
Advances out . . . . .	-	(42,587)	(42,587)
Total other financing sources (uses) . . . . .	<u>42,561</u>	<u>(26)</u>	<u>(42,587)</u>
Net change in fund balance . . . . .	39,498	(3,089)	(42,587)
<b>Fund balance at beginning of year . . . . .</b>	-	-	-
<b>Prior year encumbrances appropriated . . . . .</b>	4,195	4,195	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 43,693</u>	<u>\$ 1,106</u>	<u>\$ (42,587)</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
PRESCHOOL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental - federal . . . . .	\$ 48,335	\$ 48,335	\$ -
Total revenues . . . . .	<u>48,335</u>	<u>48,335</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Special. . . . .	6,285	6,285	-
Support services:			
Pupil. . . . .	63,396	63,396	-
Total expenditures . . . . .	<u>69,681</u>	<u>69,681</u>	<u>-</u>
Excess of expenditures over revenues. . . . .	<u>(21,346)</u>	<u>(21,346)</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Advances in. . . . .	165,555	165,555	-
Advances out . . . . .	-	(166,361)	(166,361)
Refund of prior year expenditure . . . . .	1,769	1,769	-
Total other financing sources (uses) . . . . .	<u>167,324</u>	<u>963</u>	<u>(166,361)</u>
Net change in fund balance . . . . .	145,978	(20,383)	(166,361)
<b>Fund balance at beginning of year . . . . .</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . .</b>	<b>20,383</b>	<b>20,383</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 166,361</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (166,361)</u></b>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
CLASS SIZE REDUCTION FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental - federal . . . . .	\$ 577,876	\$ 577,876	\$ -
Total revenues . . . . .	<u>577,876</u>	<u>577,876</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
Support services:			
Instructional staff . . . . .	638,892	638,892	-
Total expenditures . . . . .	<u>638,892</u>	<u>638,892</u>	<u>-</u>
Excess of expenditures over revenues . . . . .	<u>(61,016)</u>	<u>(61,016)</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Advances in . . . . .	1,006,670	1,006,670	-
Advances out . . . . .	-	<u>(1,065,383)</u>	<u>(1,065,383)</u>
Total other financing sources (uses) . . . . .	<u>1,006,670</u>	<u>(58,713)</u>	<u>(1,065,383)</u>
Net change in fund balance . . . . .	945,654	(119,729)	(1,065,383)
<b>Fund balance at beginning of year . . . . .</b>	-	-	-
<b>Prior year encumbrances appropriated . . . . .</b>	119,730	119,730	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1,065,384</u>	<u>\$ 1</u>	<u>\$ (1,065,383)</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, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Intergovernmental - federal . . . . .	\$ 1,301,900	\$ 1,301,900	\$ -
Total revenues . . . . .	<u>1,301,900</u>	<u>1,301,900</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	649,005	649,005	-
Special . . . . .	18,230	18,230	-
Support services:			
Instructional staff . . . . .	800,100	800,100	-
Total expenditures . . . . .	<u>1,467,335</u>	<u>1,467,335</u>	<u>-</u>
Excess of expenditures over revenues . . . . .	<u>(165,435)</u>	<u>(165,435)</u>	<u>-</u>
<b>Other financing sources (uses):</b>			
Advances in . . . . .	1,874,267	1,874,267	-
Advances out . . . . .	-	(1,982,339)	(1,982,339)
Refund of prior year receipts . . . . .	(10,679)	(10,679)	-
Refund of prior year expenditure . . . . .	10,679	10,679	-
Total other financing sources (uses) . . . . .	<u>1,874,267</u>	<u>(108,072)</u>	<u>(1,982,339)</u>
Net change in fund balance . . . . .	1,708,832	(273,507)	(1,982,339)
<b>Fund balance at beginning of year . . . . .</b>	<b>57,118</b>	<b>57,118</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>249,624</b>	<b>249,624</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 2,015,574</u></b>	<b><u>\$ 33,235</u></b>	<b><u>\$ (1,982,339)</u></b>

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

**Nonmajor Capital Projects Funds**

Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. A description of the District's capital projects funds follows:

**Permanent Improvement**

To account for all transactions relating to the improvements made to existing District facilities.

**Building**

A fund provided to account for all transactions relating to the acquisition or construction of new District facilities.

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

COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2011

	<b>Permanent Improvement</b>	<b>Building</b>	<b>Total Nonmajor Capital Projects</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 51,081	\$ 1,664,043	\$ 1,715,124
Total assets. . . . .	\$ 51,081	\$ 1,664,043	\$ 1,715,124
<b>Fund balances:</b>			
Restricted:			
Capital improvements . . . . .	-	1,664,043	1,664,043
Committed:			
Capital improvements . . . . .	51,081	-	51,081
Total fund balances . . . . .	\$ 51,081	\$ 1,664,043	\$ 1,715,124



**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, 2011

	<b>Permanent Improvement</b>	<b>Building</b>	<b>Total Nonmajor Capital Projects</b>
<b>Revenues:</b>			
From local sources:			
Earnings on investments . . . . .	\$ -	\$ 8,707	8,707
Other local revenues . . . . .	-	180	180
Total revenues. . . . .	-	8,887	8,887
<b>Expenditures:</b>			
Current:			
Support services:			
Fiscal. . . . .	399	-	399
Operations and maintenance . . . . .	-	1,048	1,048
Facilities acquisition and construction . . . . .	150,000	384,726	534,726
Total expenditures . . . . .	150,399	385,774	536,173
Net change in fund balances. . . . .	(150,399)	(376,887)	(527,286)
<b>Fund balances at beginning of year . . . . .</b>	201,480	2,040,930	2,242,410
<b>Fund balances at end of year . . . . .</b>	\$ 51,081	\$ 1,664,043	\$ 1,715,124

**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, 2011

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Expenditures:</b>			
Current:			
Support services:			
Fiscal . . . . .	\$ 399	\$ 399	\$ -
Facilities acquisition and construction. . . . .	151,398	151,398	-
Total expenditures . . . . .	<u>151,797</u>	<u>151,797</u>	-
 Net change in fund balance . . . . .	 (151,797)	 (151,797)	 -
 <b>Fund balance at beginning of year . . . . .</b>	 200,940	 200,940	 -
<b>Prior year encumbrances appropriated . . . . .</b>	<b>1,938</b>	<b>1,938</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 51,081</u></b>	<b><u>\$ 51,081</u></b>	<b><u>\$ -</u></b>

**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, 2011

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>			
From local sources:			
Earnings on investments. . . . .	\$ 8,707	\$ 8,707	\$ -
Other local revenues. . . . .	180	180	-
Total revenues. . . . .	<u>8,887</u>	<u>8,887</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
Support services:			
Operations and maintenance. . . . .	1,048	1,048	-
Facilities acquisition and construction. . . . .	559,351	559,351	-
Total expenditures. . . . .	<u>560,399</u>	<u>560,399</u>	<u>-</u>
Excess of expenditures over revenues. . . . .	<u>(551,512)</u>	<u>(551,512)</u>	<u>-</u>
<b>Other financing sources:</b>			
Refund of prior year expenditure . . . . .	67,210	67,210	-
Total other financing sources . . . . .	<u>67,210</u>	<u>67,210</u>	<u>-</u>
Net change in fund balance . . . . .	(484,302)	(484,302)	-
<b>Fund balance at beginning of year . . . . .</b>	1,985,607	1,985,607	-
<b>Prior year encumbrances appropriated . . . . .</b>	57,171	57,171	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1,558,476</u>	<u>\$ 1,558,476</u>	<u>\$ -</u>

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

***FIDUCIARY FUNDS***

Fiduciary fund reporting focuses on net assets and changes in net assets. 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**

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<b>Beginning Balance July 1, 2010</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance June 30, 2011</b>
<b>Student Activity</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 74,678	\$ 77,189	\$ 66,966	\$ 84,901
Receivables				
Accounts . . . . .	<u>2,399</u>	<u>-</u>	<u>2,399</u>	<u>-</u>
Total assets . . . . .	<u>\$ 77,077</u>	<u>\$ 77,189</u>	<u>\$ 69,365</u>	<u>\$ 84,901</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 890	\$ 89	\$ 890	\$ 89
Due to students . . . . .	<u>73,788</u>	<u>77,100</u>	<u>66,076</u>	<u>84,812</u>
Total liabilities. . . . .	<u>\$ 74,678</u>	<u>\$ 77,189</u>	<u>\$ 66,966</u>	<u>\$ 84,901</u>

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## STATISTICAL SECTION

**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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	<b>111-120</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	<b>121-124</b>
<b>Debt Capacity</b> 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.	<b>125-128</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	<b>129-130</b>
<b>Operating Information</b> 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.	<b>131-141</b>

**Sources:** Sources are noted on the individual schedules. The District implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.



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

NET ASSETS BY COMPONENT  
LAST NINE FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
SCHEDULE 1

	<u>2011</u>	<u>2010</u>	<u>2009 (1)</u>	<u>2008</u>
<b>Governmental activities</b>				
Invested in capital assets, net of related debt	\$ 8,243,758	\$ 6,999,059	\$ 5,483,895	\$ 12,290,959
Restricted	5,998,474	3,734,017	4,704,174	5,485,245
Unrestricted (deficit)	(2,282,638)	6,290,172	8,488,821	7,913,355
Total governmental activities net assets	<u>\$ 11,959,594</u>	<u>\$ 17,023,248</u>	<u>\$ 18,676,890</u>	<u>\$ 25,689,559</u>

**Source:** School District financial records.

(1) Amounts have been restated as previously reported.

Note: the District began to report accrual information when it implemented GASB Statement 34 in 2003

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 7,823,154	\$ 3,333,501	\$ 3,139,917	\$ 1,764,137	\$ 10,017,056
17,120,766	12,868,892	9,985,928	12,430,660	8,437,904
(4,558,346)	(3,327,956)	(2,697,142)	1,078,324	(1,886,754)
<u>\$ 20,385,574</u>	<u>\$ 12,874,437</u>	<u>\$ 10,428,703</u>	<u>\$ 15,273,121</u>	<u>\$ 16,568,206</u>

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

CHANGES IN NET ASSETS  
LAST NINE FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
SCHEDULE 2

	<u>2011</u>	<u>2010 (1)</u>	<u>2009</u>	<u>2008 (2)</u>
<b>Expenses</b>				
Governmental activities:				
Instruction	\$ 50,188,859	\$ 49,044,574	\$ 47,565,415	\$ 43,559,450
Support services:				
Pupil	5,585,042	4,919,527	4,664,923	4,269,073
Instructional staff	5,229,348	5,980,662	5,950,980	4,294,621
Board of education	52,578	103,269	39,990	-
Administration	5,343,818	5,899,057	5,918,107	4,998,030
Fiscal	670,419	1,455,723	1,350,653	1,602,802
Business	469,884	511,414	484,511	378,914
Operations and maintenance	7,399,143	7,712,461	8,501,464	8,650,520
Pupil transportation	3,682,543	3,685,251	3,292,293	3,179,889
Central	5,344,434	1,963,221	2,330,840	1,764,603
Operation of non-instructional services	3,886,436	3,651,317	3,843,355	3,689,463
Extracurricular activities	1,028,730	1,002,233	1,022,353	787,327
Interest and fiscal charges	2,840,830	2,857,619	3,009,066	2,999,529
Total expenses	<u>91,722,064</u>	<u>88,786,328</u>	<u>87,973,950</u>	<u>80,174,221</u>

<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
\$ 42,406,738	\$ 42,988,158	\$ 42,252,745	\$ 39,780,688	\$ 40,067,476
4,499,071	4,182,323	4,358,304	4,220,322	4,046,144
4,767,755	4,104,223	3,540,476	3,427,309	3,767,945
-	-	-	-	-
5,583,789	5,297,966	6,118,189	5,725,050	5,945,318
1,565,314	1,346,439	1,486,704	1,316,828	1,190,464
498,372	302,611	355,906	271,843	205,079
7,228,123	7,612,955	7,256,478	6,912,662	6,719,128
3,062,815	2,919,435	3,000,568	2,655,273	2,271,967
2,098,304	1,707,030	1,909,674	1,672,277	1,638,800
3,097,638	3,960,309	3,636,886	4,028,191	918,003
912,856	795,465	680,257	804,618	735,315
2,437,992	3,449,841	3,258,401	1,403,415	18,532
<u>78,158,767</u>	<u>78,666,755</u>	<u>77,854,588</u>	<u>72,218,476</u>	<u>67,524,171</u>

- Continued

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

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

<b>Program Revenues</b>	<b>2011</b>	<b>2010 (1)</b>	<b>2009</b>	<b>2008 (2)</b>
Governmental activities:				
Charges for services:				
Instruction	\$ 747,531	\$ 708,352	\$ 717,696	\$ 536,644
Pupil	49,943	61,757	75,760	29,411
Instructional staff	10	-	422	3
Administration	2	11	99	-
Operations and maintenance	54,950	6,714	2,325	51,064
Pupil transportation	64,712	137,514	99,451	389,847
Central	12	94	-	2
Operation of non-instructional services	509,456	611,178	667,441	689,016
Extracurricular activities	271,668	253,220	249,948	232,082
Operating grants and contributions	19,941,094	18,469,879	17,762,109	17,204,236
Capital grants and contributions	-	316,140	66,437	14,078
Total governmental program revenues	<u>21,639,378</u>	<u>20,564,859</u>	<u>19,641,688</u>	<u>19,146,383</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	<u>\$ (70,082,686)</u>	<u>\$ (68,221,469)</u>	<u>\$ (68,332,262)</u>	<u>\$ (61,027,838)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Property taxes levied for:				
General purposes	\$ 28,460,928	\$ 15,443,139	\$ 16,749,487	\$ 19,017,594
Special revenue	-	13,390,494	14,565,287	15,925,322
Debt service	3,477,334	3,404,818	3,862,804	4,373,040
Grants and entitlements not restricted to specific programs	32,733,997	33,774,716	33,102,516	25,460,103
Investment earnings	28,936	26,337	228,509	1,391,914
Payment in lieu of taxes	280,612	517,839	-	-
Unrestricted contributions	-	-	-	24,728
Miscellaneous	37,225	10,484	23,272	139,122
Total governmental activities	<u>65,019,032</u>	<u>66,567,827</u>	<u>68,531,875</u>	<u>66,331,823</u>
<b>Change in Net Assets</b>				
Governmental activities	<u>\$ (5,063,654)</u>	<u>\$ (1,653,642)</u>	<u>\$ 199,613</u>	<u>\$ 5,303,985</u>

**Source:** School District financial records.

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

(2) Amounts have been reclassified to conform to fiscal year 2009's presentation.

Note: The district began reporting accrual information when it implemented GASB Statement 34 in 2003

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 826,053	\$ 698,140	\$ 512,974	\$ 567,430	\$ 322,602
60,320	29,595	24,256	79,212	125,618
92	-	-	9,994	747
-	-	-	1,367	255
75,601	115,677	30,150	36,175	38,474
118,062	160,878	122,808	94,210	68,807
-	-	-	418	31
811,212	823,803	1,113,242	1,159,617	-
277,117	279,617	206,256	206,952	201,284
18,905,396	14,625,856	10,463,524	10,042,965	7,935,288
94,861	27,023	99,364	135,480	195,055
<u>21,168,714</u>	<u>16,760,589</u>	<u>12,572,574</u>	<u>12,333,820</u>	<u>8,888,161</u>
<u>\$ (56,990,053)</u>	<u>\$ (61,906,166)</u>	<u>\$ (65,282,014)</u>	<u>\$ (59,884,656)</u>	<u>\$ (58,636,010)</u>
\$ 19,301,596	\$ 21,009,706	\$ 20,001,616	\$ 25,655,529	\$ 19,959,809
15,998,068	13,680,223	9,568,394	6,387,321	10,173,736
4,243,108	4,513,669	4,779,338	2,105,183	226,967
22,572,267	23,692,530	23,197,208	24,016,973	22,943,643
2,131,508	1,667,994	1,933,251	715,854	514,161
54,728	75,613	96,121	108,066	117,986
22,223	4,977	11,547	76,893	62,468
177,692	244,051	850,121	-	294,034
<u>64,501,190</u>	<u>64,888,763</u>	<u>60,437,596</u>	<u>59,065,819</u>	<u>54,292,804</u>
<u>\$ 7,511,137</u>	<u>\$ 2,982,597</u>	<u>\$ (4,844,418)</u>	<u>\$ (818,837)</u>	<u>\$ (4,343,206)</u>

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

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

	<u>2011</u>	<u>2010 (1)</u>	<u>2009</u>	<u>2008</u>
General Fund:				
Restricted	\$ 186,444	\$ -	\$ -	\$ -
Assigned	739,638	-	-	-
Unassigned (deficit)	(3,717,700)	-	-	-
Reserved	-	1,305,189	1,392,826	1,280,574
Unreserved (deficit)	-	2,589,792	(1,245,433)	(3,511,819)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total general fund	<u>\$ (2,791,618)</u>	<u>\$ 3,894,981</u>	<u>\$ 147,393</u>	<u>\$ (2,231,245)</u>
All Other Governmental Funds:				
Nonspendable	\$ 41,988	\$ -	\$ -	\$ -
Restricted	4,631,246	-	-	-
Committed	51,081	-	-	-
Unassigned (deficit)	(20,782)	-	-	-
Reserved	-	1,457,598	2,351,469	7,505,213
Unreserved (deficit), reported in:				
Special revenue funds	-	(469,675)	3,774,571	3,183,607
Capital projects funds	-	2,186,547	2,352,696	1,896
Debt service funds	-	(907,311)	(1,265,409)	(1,711,469)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total all other governmental funds	<u>\$ 4,703,533</u>	<u>\$ 2,267,159</u>	<u>\$ 7,213,327</u>	<u>\$ 8,979,247</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total governmental funds	<u>\$ 1,911,915</u>	<u>\$ 6,162,140</u>	<u>\$ 7,360,720</u>	<u>\$ 6,748,002</u>

**Source:** School District financial records.

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

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



<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
21,167	920,335	1,124,195	1,889,528	2,390,098	2,131,718
<u>(6,546,685)</u>	<u>(4,806,920)</u>	<u>(4,218,816)</u>	<u>(4,414,450)</u>	<u>(288,621)</u>	<u>7,557,800</u>
<u>\$ (6,525,518)</u>	<u>\$ (3,886,585)</u>	<u>\$ (3,094,621)</u>	<u>\$ (2,524,922)</u>	<u>\$ 2,101,477</u>	<u>\$ 9,689,518</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
16,761,290	36,190,661	20,901,245	3,260,690	1,480,242	1,163,450
4,710,288	(1,083,966)	(1,324,002)	3,581,989	4,495,189	722,289
2,040,524	7,444,955	53,297,603	75,199,149	245,622	217,203
<u>(1,566,396)</u>	<u>(2,922,416)</u>	<u>(3,327,299)</u>	<u>(1,236,199)</u>	<u>108,809</u>	<u>375,640</u>
<u>\$ 21,945,706</u>	<u>\$ 39,629,234</u>	<u>\$ 69,547,547</u>	<u>\$ 80,805,629</u>	<u>\$ 6,329,862</u>	<u>\$ 2,478,582</u>
<u>\$ 15,420,188</u>	<u>\$ 35,742,649</u>	<u>\$ 66,452,926</u>	<u>\$ 78,280,707</u>	<u>\$ 8,431,339</u>	<u>\$ 12,168,100</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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Revenues</b>				
From local sources:				
Property taxes	\$ 30,834,774	\$ 31,981,033	\$ 34,695,348	\$ 39,009,403
Payment in lieu of taxes	279,392	511,536	-	-
Tuition and fees	525,839	516,322	493,420	972,600
Transportation fees	65,664	144,614	97,048	-
Earnings on investments	29,126	31,260	223,963	1,391,914
Charges for services	561,722	614,698	667,441	637,736
Extracurricular	320,910	308,493	280,515	260,034
Classroom materials and fees	138,801	109,042	142,369	-
Other local revenues	200,672	200,899	204,393	221,547
Intergovernmental	51,866,741	53,233,060	51,642,603	42,563,950
Total revenues	<u>84,823,641</u>	<u>87,650,957</u>	<u>88,447,100</u>	<u>85,057,184</u>
<b>Expenditures</b>				
Current:				
Instruction	48,974,881	47,816,574	45,381,711	42,666,670
Support services:				
Pupil	5,502,709	4,825,255	4,454,170	4,318,458
Instructional staff	5,182,361	5,827,474	5,809,655	4,338,546
Board of education	51,456	101,002	39,105	-
Administration	5,327,370	5,809,833	5,702,554	5,064,734
Fiscal	654,400	1,417,411	1,329,362	1,626,470
Business	444,542	485,305	456,107	425,545
Operations and maintenance	6,239,542	6,735,701	8,125,211	6,992,725
Pupil transportation	3,527,369	3,472,888	3,379,531	3,116,607
Central	3,782,437	1,954,306	2,221,285	1,715,473
Operation of non-instructional services	3,834,439	3,583,679	3,756,691	3,685,944
Extracurricular activities	1,008,812	977,802	1,014,207	789,531
Facilities acquisition and construction	701,820	510,385	1,206,649	-
Capital outlay	1,348,767	-	478,000	13,708,012
Debt service:				
Principal retirement	880,261	2,357,860	2,229,778	2,813,657
Interest and fiscal charges	3,007,587	3,036,523	3,167,536	3,178,262
Total expenditures	<u>90,468,753</u>	<u>88,911,998</u>	<u>88,751,552</u>	<u>94,440,634</u>
Excess of revenues over (under) expenditures	(5,645,112)	(1,261,041)	(304,452)	(9,383,450)
<b>Other Financing Sources (Uses)</b>				
Transfers in	692,375	699,567	1,932	366,669
Transfers (out)	(692,375)	(699,567)	(1,932)	(366,669)
Sale of notes	-	-	-	-
Refund of prior year receipts	-	-	-	-
Sale of capital assets	46,120	62,461	913	33,602
Capital lease transaction	1,348,767	-	478,000	-
Issuance of long term debt	-	-	-	677,662
Sale of refunding bonds	-	-	-	-
Refunding bond issue costs	-	-	-	-
Payments to refunding bond escrow agent	-	-	-	-
Premium on the sale of refunding bonds	-	-	-	-
Insurance proceeds	-	-	438,257	-
Issuance of bonds	-	-	-	-
Total other financing sources (uses)	<u>1,394,887</u>	<u>62,461</u>	<u>917,170</u>	<u>711,264</u>
Net change in fund balances	<u>\$ (4,250,225)</u>	<u>\$ (1,198,580)</u>	<u>\$ 612,718</u>	<u>\$ (8,672,186)</u>
Capital expenditures	\$ 1,787,485	\$ 485,751	\$ 1,731,427	\$ 14,805,754
Debt service as a percentage of noncapital expenditures	4.38%	6.10%	6.20%	7.52%

Source: School District financial records.

	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
\$	39,823,228	\$ 38,451,663	\$ 35,174,840	\$ 31,977,851	\$ 30,360,512	\$ 24,996,519
	-	-	-	-	55,096	-
	1,027,156	939,407	638,515	653,559	389,861	176,775
	-	-	-	-	-	-
	2,131,508	1,667,994	1,933,143	715,854	514,161	738,280
	811,212	823,804	1,113,242	1,225,238	-	-
	254,306	228,349	229,091	239,873	273,536	287,543
	-	-	-	-	-	-
	275,698	354,519	899,993	278,851	384,531	225,185
	41,943,602	37,336,145	33,965,516	33,728,062	31,272,030	31,988,568
	<u>86,266,710</u>	<u>79,801,881</u>	<u>73,954,340</u>	<u>68,819,288</u>	<u>63,249,727</u>	<u>58,412,870</u>
	41,718,933	42,426,014	41,082,618	39,833,435	39,331,434	35,954,906
	4,484,000	4,161,383	4,294,936	4,249,898	4,033,639	3,920,210
	4,747,707	4,024,607	3,517,975	3,423,316	3,756,598	3,418,662
	-	-	-	-	-	-
	5,535,204	5,258,967	6,055,443	5,705,428	5,902,488	5,415,517
	1,567,948	1,331,297	1,484,731	1,320,047	1,194,161	1,093,594
	489,650	288,765	329,267	257,521	220,962	181,619
	8,997,255	7,343,598	6,983,690	6,859,066	7,074,712	6,750,096
	2,913,572	2,693,862	2,750,990	2,485,935	2,504,501	2,174,030
	2,033,815	1,548,663	1,794,486	1,584,175	1,665,322	1,777,628
	3,072,757	3,999,121	3,634,918	3,935,230	909,419	843,677
	913,324	792,039	677,981	802,265	741,966	754,181
	-	-	-	-	-	-
	25,417,655	32,295,128	8,501,833	459,630	-	208,113
	2,049,492	1,872,944	4,269,617	122,636	50,739	-
	2,651,808	3,408,083	3,270,067	1,424,838	17,976	-
	<u>106,593,120</u>	<u>111,444,471</u>	<u>88,648,552</u>	<u>72,463,420</u>	<u>67,403,917</u>	<u>62,492,233</u>
	(20,326,410)	(31,642,590)	(14,694,212)	(3,644,132)	(4,154,190)	(4,079,363)
	963,581	-	100	76,060,346	523,102	8,713
	(963,581)	-	(100)	(76,060,346)	(523,102)	(8,713)
	-	-	-	-	-	-
	-	-	-	-	-	-
	3,949	10,660	45,485	7,120	40,983	258,005
	-	921,653	3,254,828	-	374,688	-
	-	-	-	70,800,000	-	-
	55,465,000	-	-	-	-	-
	(765,639)	-	-	-	-	-
	(59,855,611)	-	-	-	-	-
	5,156,250	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	3,184,930	-	-
	<u>3,949</u>	<u>932,313</u>	<u>3,300,313</u>	<u>73,992,050</u>	<u>415,671</u>	<u>258,005</u>
\$	<u>(20,322,461)</u>	<u>(30,710,277)</u>	<u>(11,393,899)</u>	<u>70,347,918</u>	<u>(3,738,519)</u>	<u>(3,821,358)</u>
\$	28,067,984	\$ 32,261,024	\$ 8,192,813	\$ 1,179,640	\$ 1,205,769	\$ 1,845,939
	5.99%	6.67%	9.37%	2.17%	0.10%	0.00%

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

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN CALENDAR YEARS (1)  
SCHEDULE 5

<u>Tax Year</u>	<u>Real Property Assessed Value</u>	<u>Tangible Personal Property Assessed Value</u>	<u>Public Utilities Personal Assessed Value</u>	<u>Total Assessed Value</u>	<u>Total Estimated Actual Value</u>	<u>Total Direct Rate</u>
2010	\$ 739,511,220	\$ 50,482,380	-	\$ 789,993,600	\$ 2,337,259,172	46.99
2009	750,828,210	-	40,785,100	791,613,310	2,342,051,213	47.00
2008	799,643,380	-	38,837,820	838,481,200	2,480,713,609	45.75
2007	717,245,370	133,592,134	36,901,260	887,738,764	2,620,542,282	45.75
2006	761,885,206	271,040,472	48,930,248	1,081,855,926	3,309,907,010	45.13
2005	696,828,230	247,896,469	44,752,120	989,476,819	3,033,378,357	38.08
2004	769,265,780	261,226,106	44,182,110	1,074,673,996	3,293,013,596	38.08
2003	685,392,310	236,048,065	38,401,320	959,841,695	2,946,093,867	33.58
2002	665,606,070	245,768,523	41,319,270	952,693,863	2,931,759,437	34.78
2001	658,757,370	229,281,088	61,598,530	949,636,988	2,908,799,065	34.98

**Source:** State of Ohio Department of Taxation tax year 2008 and forward: note that these values are a combination of Butler County and Warren County

1) At June 30, 2000 the district formerly known as the Middletown/Monroe City School District was separated into two districts, Middletown City School District and Monroe Local School District.

Note: The assessed value of real property (including public utility real property) is 35 percent of estimated true value.

The tangible personal property tax of general business and railroad property was eliminated in 2009.

The tangible personal property tax on telephone and telecommunications property will be eliminated by 2011.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates generated the property tax revenue to be received in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by 10 percent, 2 1/2 percent and homestead exemption exemptions before being billed.

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

DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN CALENDAR YEARS  
SCHEDULE 6

Calendar Year	District Direct Rates					Overlapping Rates					
	Voted			Unvoted	Total	Butler County	Warren County	Franklin Township (1)	Turtlecreek Township (2)	City of Middletown	Butler County Joint Vocational School
	General	Emergency	Bond								
2010	18.27	18.81	4.99	4.92	46.99	9.72	5.78	3.87	0.61	5.90	1.93
2009	18.27	18.89	4.92	4.92	47.00	9.75	5.78	4.00	1.61	5.90	1.93
2008	18.27	17.82	4.74	4.92	45.75	9.75	5.21	7.17	1.61	5.90	1.93
2007	18.27	17.82	4.74	4.92	45.75	10.95	6.71	N/A	N/A	5.90	1.93
2006	18.27	17.20	4.74	4.92	45.13	10.95	6.46	N/A	N/A	5.90	1.93
2005	18.27	10.15	4.74	4.92	38.08	8.75	6.53	N/A	N/A	5.86	1.93
2004	18.27	10.15	4.74	4.92	38.08	8.75	4.96	N/A	N/A	5.86	1.93
2003	18.27	10.15	0.24	4.92	33.58	8.75	4.00	N/A	N/A	5.86	1.93
2002	18.27	11.35	0.24	4.92	34.78	8.45	4.00	N/A	N/A	5.86	1.93
2001	18.27	11.55	0.24	4.92	34.98	8.45	4.00	N/A	N/A	6.36	1.93

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.

N/A - Information not available.

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

PRINCIPAL PROPERTY TAX PAYERS  
CURRENT CALENDAR YEAR AND FIVE YEARS AGO (1)  
SCHEDULE 7

<b>2010</b>		
<b>Taxpayer</b>	<b>Assessed Value</b>	<b>Percentage of Total Assessed Value</b>
Duke Energy Ohio Inc	\$ 34,815,660	4.41%
AK Steel Corp	13,160,100	1.67%
Precision Strip Inc	4,154,670	0.53%
Southwestern Ohio Steel	4,028,020	0.51%
Boymel Sam	3,978,830	0.50%
Bavarian Woods LLC	2,865,170	0.36%
Liberty Retirement Properties	2,563,510	0.32%
Texas Eastern Transmission Corp	2,423,530	0.31%
Chaka-Chak LLC	2,060,340	0.26%
Compartir LLC	1,907,240	0.24%
Total	\$ 71,957,070	9.11%

<b>2005</b>		
<b>Taxpayer</b>	<b>Assessed Value</b>	<b>Percentage of Total Assessed Value</b>
Cincinnati Gas and Electric	\$ 31,002,250	3.13%
AK Steel Corp.	15,095,550	1.53%
Ohio Bell Telephone	5,836,540	0.59%
Precision Strip Inc.	4,166,220	0.42%
Southwestern Ohio Steel	4,061,950	0.41%
Boymel Sam	3,567,860	0.36%
Bavarian Woods Apts.	2,272,110	0.23%
Trinity Place Comm	2,033,000	0.21%
Bay West Paper Corp.	1,817,680	0.18%
Riverside Village LTD PRT	1,765,950	0.18%
Total	\$ 71,619,110	7.24%

**Source:** Butler County Auditor's Office

**Note:** Current and five years ago information only available  
Information from nine years prior is not available

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

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN CALENDAR YEARS (1)  
SCHEDULE 8

Calendar Year	Taxes Levied for the Calendar Year	Collected within the Calendar Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 32,511,295	\$ 31,267,882	96.18%	\$ 918,290	\$ 32,186,172	99.00%
2009	35,638,317	30,469,584	85.50%	2,134,606	32,604,190	91.49%
2008	38,249,797	32,358,689	84.60%	2,393,834	34,752,523	90.86%
2007	40,619,396	33,468,165	82.39%	1,726,207	35,194,372	86.64%
2006	32,065,355	29,721,793	92.69%	1,516,132	31,237,925	97.42%
2005	26,179,182	24,403,174	93.22%	1,325,800	25,728,974	98.28%
2004	28,625,917	24,440,699	85.38%	1,173,928	25,614,627	89.48%
2003	24,846,651	22,329,032	89.87%	975,874	23,304,906	93.79%
2002	22,470,749	18,955,457	84.36%	893,360	19,848,817	88.33%
2001	27,097,451	26,743,803	98.69%	353,648	27,097,451	100.00%

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 ( c )
	Construction Bond	Refunding Bonds	Long-Term Capital Notes	Capital Leases	Bond Anticipation Notes	
2011	\$ 3,285,000	\$ 53,340,000	\$ 1,444,436	\$ 1,629,178	\$ 1,020,000	60,718,614
2010	3,610,000	53,380,000	1,596,629	643,479	2,300,000	61,530,108
2009	3,910,000	54,740,000	1,744,916	1,193,052	3,635,000	65,222,968
2008	5,555,000	54,719,650	1,889,478	1,105,268	3,690,000	66,959,396
2007	7,155,000	55,391,656	1,285,060	1,570,681	3,880,000	69,282,397
2006	65,650,000	-	1,354,916	2,030,317	4,225,000	73,260,233
2005	66,970,000	-	1,421,541	1,594,983	4,875,000	74,861,524
2004	70,800,000	-	-	201,313	5,000,000	76,001,313
2003	-	-	-	323,949	-	323,949
2002	-	-	-	-	500,000	500,000

**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.
- (c) Premiums have been removed from this table causing some balances to be restated.
- (d) Assessed values are on a calendar year basis (i.e. fiscal year 2011 is calendar year 2010). See the table on page 121 for details on assessed values.



<b>Ratio of Total Debt to Estimated Actual Value (d)</b>	<b>Percentage of Personal Income (b)</b>	<b>Total Debt Per Capita (b)</b>	<b>Net General Bonded Debt</b>	<b>Net General Bonded Debt Per Capita (b)</b>
2.60%	0.48%	\$ 1,247	\$ 57,645,000	\$ 1,184
2.63%	0.47%	1,192	59,290,000	1,149
2.63%	0.50%	1,264	62,285,000	1,207
2.56%	0.55%	1,298	63,964,650	1,240
2.57%	0.59%	1,343	66,426,656	1,287
2.42%	0.66%	1,420	69,875,000	1,354
2.27%	0.69%	1,451	71,845,000	1,392
2.58%	0.74%	1,473	75,800,000	1,469
0.01%	0.00%	6	-	-
0.02%	0.01%	10	500,000	10

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

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2011  
SCHEDULE 10

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable (1)</b>	<b>Estimated Share of Direct and Overlapping Debt</b>
Overlapping Debt:			
Butler County	\$ 52,090,000	10.50%	\$ 5,469,450
Warren County	7,753,762	1.37%	106,227
City of Middletown	43,234,998	91.88%	39,724,316
Turtlecreek Township	2,100,000	1.40%	29,400
Butler Technology and Career Center Joint Vocational School District	4,500,000	10.67%	480,150
Subtotal, Overlapping Debt	<u>109,678,760</u>		<u>45,809,543</u>
District Direct Debt	<u>60,718,614</u>	100.00%	<u>60,718,614</u>
Total Direct and Overlapping Debt	<u><u>170,397,374</u></u>		<u><u>106,528,157</u></u>

**Source:** Ohio Municipal Advisory Council- net overall debt excluding special assessment and self-supporting debt

(1) - Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the School District by the total assessed valuation of the government

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

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
SCHEDULE 11

<b>Fiscal Year</b>	<b>Voted Debt Limit</b>	<b>Total Debt Applicable to Limit</b>	<b>Debt Service Available Balance</b>	<b>Total Net Debt Applicable to Limit as a Percentage of Debt Limit</b>
2011	\$ 71,099,424	\$ 56,625,000	\$ 725,144	78.84%
2010	71,244,499	59,290,000	-	83.22%
2009	75,419,703	62,285,000	-	82.58%
2008	79,896,489	63,566,816	-	79.56%
2007	97,367,033	66,105,060	-	67.89%
2006	89,052,914	71,229,916	-	79.99%
2005	96,720,660	71,845,000	-	74.28%
2004	86,385,753	70,800,000	-	81.96%
2003	85,742,448	-	-	0.00%
2002	85,467,329	-	-	0.00%

**Source:** District financial records

(1) - Assessed values are on a calendar year basis (i.e. fiscal year 2011 is calendar year 2010)

**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) (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2010	48,694	12,585,955	\$ 34,654	9.1%
2009	51,605	12,959,443	35,921	10.1%
2008	51,605	12,959,443	35,921	9.2%
2007	51,605	12,114,458	33,848	5.1%
2006	51,605	11,707,628	33,130	5.6%
2005	51,605	11,080,584	31,662	5.2%
2004	51,605	10,844,563	29,864	4.3%
2003	51,605	10,285,549	30,297	4.5%
2002	51,605	9,938,473	29,415	4.5%
2001	51,605	9,729,127	28,949	3.2%

Sources:

- (1) - Population estimates provided by U.S. Census Bureau.
- (2) - Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts for Butler County.
- (3) - Per Capita Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts for Butler County.
- (4) - Ohio Bureau of Employment Services, rates are for Butler County.

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

MAJOR EMPLOYERS (1)  
CURRENT YEAR AND FOUR YEARS AGO (2)  
SCHEDULE 13

**2010**

<b>Major Employers</b>	<b>Type</b>	<b>Number of Employees</b>	<b>Percentage of Total Employment</b>
Miami University	Govt	3,400	1.77%
AK Steel	Mfg	3,100	1.62%
Cincinnati Financial Corp.	Ins	2,900	1.51%
Butler County Government	Govt	2,000	1.04%
Lakota School District	Govt	1,969	1.03%
GE Aviation	Mfg	1,675	0.87%
Ft. Hamilton Hospital	Serv	1,250	0.65%
Hamilton City Schools	Govt	1,250	0.65%
Mercy Regional Hospital	Serv	1,200	0.63%
Fairfield City Schools	Govt	1,100	0.57%
BAE Systems	Mfg	1,000	0.52%
Ohio Casualty Insurance Co.	Ins	975	0.51%
Cornerstone Group	Trade	896	0.47%
Pierre Foods	Trade	889	0.46%
Medco Health Solutions	Serv	800	0.42%
		<u>24,404</u>	
Total County Employment		<u>191,700</u>	

**2006**

<b>Employer</b>	<b>Type</b>	<b>Number of Employees</b>	<b>Percentage of Total Employment</b>
Miami University	Govt	4,250	2.30%
AK Steel	Mfg	3,142	1.70%
Cincinnati Insurance Co.	Ins	2,600	1.41%
Butler County Government	Govt	2,000	1.08%
Ft. Hamilton Memorial Hospital	Serv	2,000	1.08%
Middletown Regional Hospital	Serv	1,800	0.98%
Mercy Regional Hospital	Serv	1,601	0.87%
Lakota School District	Govt	1,600	0.87%
Ohio Casualty Insurance Co.	Ins	1,300	0.70%
Hamilton City School District	Govt	1,150	0.62%
		<u>21,443</u>	<u>11.63%</u>
Total County Employment		<u>184,400</u>	

Source: Ohio Department of Development

(1) - For all of Butler County

(2) - Only current fiscal year and four years ago information available

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

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

<u>Type</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006(1)</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Instruction</b>										
Classroom teachers	342.49	380.05	401.00	306.50	337.50	354.50	367.00	408.00	435.00	455.00
Special education teachers and tutors	95.41	84.65	86.00	80.00	78.00	69.00	70.00	75.00	72.00	70.00
Educational aides	37.80	66.00	67.00	58.00	52.00	41.50	43.00	41.00	40.00	42.00
Special education aides and attendants	57.50	12.00	16.00	9.00	8.00	12.00	12.00	12.00	13.00	11.00
<b>Total Instruction</b>	<u>533.20</u>	<u>542.70</u>	<u>570.00</u>	<u>453.50</u>	<u>475.50</u>	<u>477.00</u>	<u>492.00</u>	<u>536.00</u>	<u>560.00</u>	<u>578.00</u>
<b>Support Services</b>										
<b>Support personnel</b>										
Librarians, nurses, counselors, visiting teachers	70.66	67.35	55.00	91.50	98.00	99.00	92.00	91.00	92.00	92.00
Principals	22.00	23.00	23.00	21.00	23.00	25.00	26.00	28.00	30.00	32.00
Central office administration	12.00	16.00	24.00	20.00	21.00	19.00	23.00	22.00	23.00	22.00
Secretaries and clerical	47.00	50.00	45.00	46.00	57.00	47.00	48.00	51.00	56.00	54.00
Transportation	40.81	43.81	47.00	50.00	55.00	51.00	52.00	51.00	51.00	51.00
Food Service	-	-	-	-	-	-	56.00	60.00	57.00	63.00
Custodial	33.00	33.00	37.00	36.00	44.00	45.00	47.00	51.00	54.00	51.00
Maintenance and mechanics	16.00	16.00	8.00	8.00	11.00	12.00	16.00	16.00	15.00	15.00
<b>Total Support Services</b>	<u>241.47</u>	<u>249.16</u>	<u>239.00</u>	<u>272.50</u>	<u>309.00</u>	<u>298.00</u>	<u>360.00</u>	<u>370.00</u>	<u>378.00</u>	<u>380.00</u>
<b>Total</b>	<u>774.67</u>	<u>791.86</u>	<u>809.00</u>	<u>726.00</u>	<u>784.50</u>	<u>775.00</u>	<u>852.00</u>	<u>906.00</u>	<u>938.00</u>	<u>958.00</u>

**Source:** School District records

(1) - Middletown City School District began to outsource its food service

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

OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
SCHEDULE 15

<b>Fiscal Year</b>	<b>Enrollment</b>	<b>Operating Expenditures (1)</b>	<b>Cost per pupil (2)</b>	<b>Percent Change</b>	<b>Expenses (3)</b>	<b>Cost per pupil (4)</b>
2011	6,540	\$ 84,530,318	\$ 12,925	2.16%	\$ 91,722,064	14,025
2010	6,601	83,517,615	12,652	3.05%	88,786,328	13,450
2009	6,750	82,876,238	12,278	8.19%	87,973,950	13,033
2008	6,586	74,740,703	11,348	-4.49%	80,174,221	12,173
2007	6,436	76,474,165	11,882	11.39%	78,158,767	12,144
2006	6,925	73,868,316	10,667	5.75%	78,666,755	11,360
2005	7,198	72,607,035	10,087	4.54%	77,854,588	10,816
2004	7,302	70,456,316	9,649	9.35%	72,218,476	9,890
2003	7,631	67,335,202	8,824	11.01%	67,524,171	8,849
2002	7,836	62,284,120	7,948	N/A	N/A	N/A

**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) - From Ohio Department of Education

Note: N/A indicates the information was not available.



<b>Percent Change</b>	<b>Cost per pupil (\$)</b>	<b>Percent Change</b>	<b>Teaching Staff</b>	<b>Pupil/Teacher Ratio</b>	<b>Percentage of Free or Reduced Lunches</b>
4.27%	\$ 10,843	0.00%	438	15	71.50%
3.20%	10,845	N/A	465	14	70.00%
7.06%	10,858	N/A	487	14	63.89%
0.24%	10,807	1.09%	387	17	65.00%
6.90%	10,690	0.01%	416	15	66.50%
5.03%	10,689	8.20%	424	16	52.29%
9.36%	9,879	4.65%	437	16	52.70%
11.77%	9,440	3.55%	483	15	48.63%
N/A	9,116	7.07%	507	15	42.45%
N/A	8,514	4.27%	525	15	36.01%

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

SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
SCHEDULE 16

School	2011	2010	2009	2008	2007
<b>Elementary Schools</b>					
Amanda Elementary (1961)					
Square feet	68,234	68,234	68,234	68,234	68,234
Capacity (students)	503	503	503	503	503
Enrollment	396	410	411	468	400
Percent of Capacity (3)	79%	82%	82%	93%	80%
Site Acreage	17	17	17	17	17
Old Central Academy Elementary (1960)					
Square feet	(12)	(12)	(12)	30,271	30,271
Capacity (students)	(12)	(12)	(12)	243	243
Enrollment	(12)	(12)	(12)	245	270
Percent of Capacity (3)	(12)	(12)	(12)	101%	111%
Site Acreage	(12)	(12)	(12)	2	2
New Central Academy Elementary (1966)					
Square feet	32,795	32,795	32,795	(9)	(9)
Capacity (students)	262	262	262	(9)	(9)
Enrollment	320	327	293	(9)	(9)
Percent of Capacity (3)	122%	125%	112%	(9)	(9)
Site Acreage	7	7	7	(9)	(9)
Old Creekview Elementary (1961)					
Square feet	(11)	(11)	(11)	40,869	40,869
Capacity (students)	(11)	(11)	(11)	327	327
Enrollment	(11)	(11)	(11)	354	359
Percent of Capacity (3)	(11)	(11)	(11)	108%	110%
Site Acreage	(11)	(11)	(11)	12	12
New Creekview Elementary (2007)					
Square feet	62,000	62,000	62,000	62,000	62,000
Capacity (students)	503	503	503	503	503
Enrollment	449	425	455	442	456
Percent of Capacity (3)	89%	84%	90%	88%	91%
Site Acreage	12	12	12	12	12
Highview Elementary (2007)					
Square feet	62,000	62,000	62,000	62,000	62,000
Capacity (students)	503	503	503	503	503
Enrollment	377	397	455	449	448
Percent of Capacity (3)	75%	79%	90%	89%	89%
Site Acreage	5	5	5	5	5
Jefferson Elementary (1912)					
Square feet	(2)	(2)	(2)	(2)	(2)
Capacity (students)	(2)	(2)	(2)	(2)	(2)
Enrollment	(2)	(2)	(2)	(2)	(2)
Percent of Capacity (3)	(2)	(2)	(2)	(2)	(2)
Site Acreage	3	3	3	3	3
Mayfield Elementary (1939)					
Square feet	49,828	49,828	49,828	49,828	49,828
Capacity (students)	425	425	425	425	425
Enrollment	445	452	376	(6)	(6)
Percent of Capacity (3)	105%	106%	88%	(6)	(6)
Site Acreage	5	5	5	5	5

2006	2005	2004	2003	2002
68,234	68,234	68,234	68,234	68,234
546	546	546	546	546
276	446	385	416	231
51%	82%	71%	76%	42%
17	17	17	17	17
30,271	30,271	30,271	30,271	30,271
243	243	243	243	243
291	292	271	285	270
120%	120%	112%	117%	111%
2	2	2	2	2
(9)	(9)	(9)	(9)	(9)
(9)	(9)	(9)	(9)	(9)
(9)	(9)	(9)	(9)	(9)
(9)	(9)	(9)	(9)	(9)
(9)	(9)	(9)	(9)	(9)
40,869	40,869	40,869	40,869	40,869
327	327	327	327	327
417	383	442	342	358
128%	117%	135%	105%	109%
12	12	12	12	12
(5)	(5)	(5)	(5)	(5)
(5)	(5)	(5)	(5)	(5)
(5)	(5)	(5)	(5)	(5)
(5)	(5)	(5)	(5)	(5)
(5)	(5)	(5)	(5)	(5)
(5)	(5)	(5)	(5)	(5)
(5)	(5)	(5)	(5)	(5)
(5)	(5)	(5)	(5)	(5)
(5)	(5)	(5)	(5)	(5)
(2)	(2)	(2)	41,704	41,704
(2)	(2)	(2)	334	334
(2)	(2)	(2)	312	274
(2)	(2)	(2)	93%	82%
3	3	3	3	3
49,828	49,828	49,828	49,828	49,828
425	425	425	425	425
537	576	447	458	530
126%	136%	105%	108%	125%
5	5	5	5	5

Continued

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

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

School	2011	2010	2009	2008	2007
Elementary Schools (continued)					
McKinley Elementary (1930)					
Square feet	(2)	(2)	(2)	(2)	(2)
Capacity (students)	(2)	(2)	(2)	(2)	(2)
Enrollment	(2)	(2)	(2)	(2)	(2)
Percent of Capacity (3)	(2)	(2)	(2)	(2)	(2)
Site Acreage	(2)	(2)	(2)	(2)	(2)
Miller Ridge Elementary (2008)					
Square feet	62,000	62,000	62,000	62,000	(8)
Capacity (students)	503	502	502	502	(8)
Enrollment	461	448	434	421	(8)
Percent of Capacity (3)	92%	89%	86%	84%	(8)
Site Acreage	37	37	37	37	(8)
Oneida Elementary (1953)					
Square feet	(2)	(2)	(2)	(2)	(2)
Capacity (students)	(2)	(2)	(2)	(2)	(2)
Enrollment	(2)	(2)	(2)	(2)	(2)
Percent of Capacity (3)	(2)	(2)	(2)	(2)	(2)
Site Acreage	11	11	11	11	11
Roosevelt Elementary (1930)					
Square feet	(10)	(10)	(10)	114,456	114,456
Capacity (students)	(10)	(10)	(10)	812	812
Enrollment	(10)	(10)	(10)	414	601
Percent of Capacity (3)	(10)	(10)	(10)	51%	74%
Site Acreage	(10)	(10)	(10)	7	7
Rosa Parks Elementary (2007)					
Square feet	62,000	62,000	62,000	62,000	62,000
Capacity (students)	503	503	503	503	503
Enrollment	423	417	413	457	453
Percent of Capacity (3)	84%	83%	82%	91%	90%
Site Acreage	8	8	8	8	8
Rosedale Elementary (1966)					
Square feet	(9)	(9)	(9)	32,795	32,795
Capacity (students)	(9)	(9)	(9)	262	262
Enrollment	(9)	(9)	(9)	(9)	268
Percent of Capacity (3)	(9)	(9)	(9)	(9)	102%
Site Acreage	(9)	(9)	(9)	7	7
Taft Elementary (1952)					
Square feet	(11)	(11)	(11)	64,456	64,456
Capacity (students)	(11)	(11)	(11)	537	537
Enrollment	(11)	(11)	(11)	(7)	(7)
Percent of Capacity (3)	(11)	(11)	(11)	(7)	(7)
Site Acreage	(11)	(11)	(11)	6	6

2006	2005	2004	2003	2002
76,673	76,673	76,673	76,673	76,673
639	639	639	639	639
227	203	233	330	436
36%	32%	36%	52%	68%
8	8	8	8	8
(8)	(8)	(8)	(8)	(8)
(8)	(8)	(8)	(8)	(8)
(8)	(8)	(8)	(8)	(8)
(8)	(8)	(8)	(8)	(8)
(8)	(8)	(8)	(8)	(8)
(2)	(2)	(2)	(2)	37,255
(2)	(2)	(2)	(2)	299
(2)	(2)	(2)	(2)	265
(2)	(2)	(2)	(2)	89%
11	11	11	11	11
114,456	114,456	114,456	114,456	114,456
812	812	812	812	812
765	746	731	728	669
94%	92%	90%	90%	82%
7	7	7	7	7
(5)	(5)	(5)	(5)	(5)
(5)	(5)	(5)	(5)	(5)
(5)	(5)	(5)	(5)	(5)
(5)	(5)	(5)	(5)	(5)
(5)	(5)	(5)	(5)	(5)
32,795	32,795	32,795	32,795	32,795
262	262	262	262	262
332	325	307	314	338
127%	124%	117%	120%	129%
7	7	7	7	7
64,456	64,456	64,456	64,456	64,456
537	537	537	537	537
271	302	379	313	356
50%	56%	71%	58%	66%
6	6	6	6	6

Continued

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

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

School	2011	2010	2009	2008	2007
<b>Elementary Schools (continued)</b>					
Wildwood Elementary (1959) (4)					
Square feet	44,450	44,450	44,450	44,450	44,450
Capacity (students)	356	356	356	356	356
Enrollment	503	475	457	(6)	(6)
Percent of Capacity (3)	141%	133%	128%	(6)	(6)
Site Acreage	4	4	4	4	4
Wilson Elementary (1951)					
Square feet	(2)	(2)	(2)	(2)	(2)
Capacity (students)	(2)	(2)	(2)	(2)	(2)
Enrollment	(2)	(2)	(2)	(2)	(2)
Percent of Capacity (3)	(2)	(2)	(2)	(2)	(2)
Site Acreage	(2)	(2)	(2)	(2)	(2)
<b>Middle Schools</b>					
Steven Vail Middle (1923)					
Square feet	222,409	222,409	222,409	222,409	222,409
Capacity (students)	1,577	1,577	1,577	1,577	1,577
Enrollment	776	807	802	821	907
Percent of Capacity (3)	49%	51%	51%	52%	58%
Site Acreage	3	3	3	3	3
George M. Verity Middle (1968)					
Square feet	81,589	81,589	81,589	81,589	81,589
Capacity (students)	653	653	653	653	653
Enrollment	596	614	625	625	599
Percent of Capacity (3)	91%	94%	96%	96%	92%
Site Acreage	39	39	39	39	39

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
44,450	44,450	44,450	44,450	44,450
356	356	356	356	356
390	392	433	300	311
110%	110%	122%	84%	87%
4	4	4	4	4
48,313	48,313	48,313	48,313	48,313
387	387	387	387	387
330	337	357	270	284
85%	87%	92%	70%	73%
5	5	5	5	5
222,409	222,409	222,409	222,409	222,409
1,577	1,577	1,577	1,577	1,577
703	736	797	799	827
45%	47%	51%	51%	52%
3	3	3	3	3
81,589	81,589	81,589	81,589	81,589
653	653	653	653	653
489	483	605	617	616
75%	74%	93%	94%	94%
39	39	39	39	39

Continued

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

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

School	2011	2010	2009	2008	2007
<b>High Schools</b>					
Garfield Alternative (1925)					
Square feet	(2)	(2)	(2)	(2)	(2)
Capacity (students)	(2)	(2)	(2)	(2)	(2)
Enrollment	(2)	(2)	(2)	(2)	(2)
Percent of Capacity (3)	(2)	(2)	(2)	(2)	(2)
Site Acreage	3	3	3	3	3
Middletown High (1969)					
Square feet	363,627	363,627	363,627	363,627	363,627
Capacity (students)	2,178	2,178	2,178	2,178	2,178
Enrollment	1,794	1,829	1,840	1,834	1,797
Percent of Capacity (3)	82%	84%	84%	84%	83%
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



<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
56,038	56,038	56,038	56,038	56,038
312	312	312	312	312
66	122	158	177	148
21%	39%	51%	57%	47%
3	3	3	3	3
363,627	363,627	363,627	363,627	363,627
2,178	2,178	2,178	2,178	2,178
1,831	1,809	1,754	1,832	1,839
84%	83%	81%	84%	84%
8	8	8	8	8

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