

Comprehensive Annual Financial Report



Middletown City School District

One Donham Plaza
Middletown, Ohio 45042
www.middletowncityschools.com

For the Fiscal Year Ended June 30, 2014

Middletown City School District
Middletown, Ohio

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014

Prepared By:
Middletown City School District's
Treasurer's Office

Introductory Section

www.middletoncityschools.com

Middletown City School District
Butler County, Ohio
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2014

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Office of the Treasurer

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4th FLOOR
MIDDLETOWN, OHIO 45042

www.middletowncityschools.com

December 27, 2014

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, 2014, is hereby submitted. This report, prepared by the Treasurer's office, includes an opinion from our auditor, Clark, Schaefer, Hackett & Co., and conforms to generally accepted accounting principles [GAAP] as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. This report will provide the residents of the Middletown City School District with comprehensive financial data in a format that will enable them to gain an understanding of the District's financial affairs. Copies will be available upon request to taxpayers, financial rating services, banking institutions and other interested parties.

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

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

The District receives pass through grants from the State and distributes these grants to parochial/private schools located within the District. This activity is included in the entity as the Auxiliary Services Special Revenue Fund because of the District's administrative involvement in the program. The parochial/private school served is John XXIII Elementary School. 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 7.8 percent for Butler County.

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

DESCRIPTION OF THE DISTRICT

The District serves an area of 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 2013-14 school year, the District had 6,543 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, and several sports fields. The District has eleven active buildings with the average built year of 1974 but four buildings were in 2007 or after. The projected funded enrollment for fiscal year 2015 is 6,395.

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. The GED program is operated by Butler Tech.

ORGANIZATION OF THE SCHOOL DISTRICT

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

The Board members represent a cross section of professions in the community. The Board members on June 30, 2014, were as follows:

Board Member	Began Service	Term Expires	Profession
Mrs. Marcia Andrew	January, 2006	December, 2017	Attorney
Rev. Gregory Tyus	Jan 1999 – Dec 2013		Pastor
	January, 2007	December, 2015	
Ms. Christi Delloma	April, 2013	December, 2015	Education
Mrs. Katie McNeil	January, 1996	December, 2015	Executive V.P. of Manufacturing
Mrs. DeAnna Shores	January, 2012	December, 2015	Education

The Superintendent is the Chief Executive Officer of the District, responsible directly to the Board for all educational and support operations. Dr. Sam Ison was appointed Superintendent in July, 2013. Prior to his appointment, Dr. Ison served as Director of Instructional Leadership in Middletown City Schools and was a high school principal in Lebanon City Schools prior to that. Dr. Ison holds a Doctorate Degree in Educational Administration from Miami 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. Kelley Thorpe became Treasurer August 1, 2011. Mrs. Thorpe holds a Master's of Business Administration in Public Administration from the University of Phoenix.

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

EMPLOYEE RELATIONS

The District employed 586 full and part-time staff members during the 2013-14 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, 2014 and expires June 30, 2017. This contract includes modest increases in wages and maintains benefits on the part of the union members, which the Board applied unilaterally to all District employees.

The Middletown Classified Employees Association (MCEA), also an affiliate of the Ohio Education Association (OEA), represents a majority of the support staff of the District. Classified employees are responsible for providing the necessary support services of the District, including: transportation services, clerical support, building maintenance and custodial needs. The current MCEA collective bargaining is effective July 1, 2014 through June 30, 2017 that includes modest increases in wages and maintains benefits on the part of the union members, which the Board applied unilaterally to all District employees.

SERVICES PROVIDED

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

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

MAJOR CURRENT AND FUTURE INITIATIVES

The Middletown City Schools developed a shared vision- "*Success for Each Student*". With that vision statement as the focus, the district has accepted the challenge of "Career and College Readiness". Each building leader has developed goals with their respective staffs to bring *careers and college* as a supplement of what we do each day with our students. The daily instruction aligns with the Ohio Academic Learning Standards which moves our students toward academic success. Classroom teachers participate in professional development which helps the teacher utilize the latest methods and standards to gear instruction with high expectations for students.

The District calendar has 4 full days for professional development. Teaching strategies developed by Robert Marzano are included in the teacher evaluation along with student growth measures. The teachers receive training about the teaching strategies and growth measures. The teachers have written the SLO's (Student Learning Objectives) for the necessary courses and are involved with the Ohio School Improvement Process for continuous improvement.

Overall, Middletown City Schools is on the cutting edge for professional development, teaching strategies and the utilization of data to make decisions on student learning.

The Middletown City School District is currently engaged in a school construction program within Classroom Facilities Assistance Program 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 completion in the summer of 2008.

The second phase of the project consists of the construction of a new middle school and renovation of the current high school pending an approved bond issue by the voters. The November 2013 ballot issue was defeated. In May 2014 the District successfully passed the \$55,000,000 bond issue for completing the District wide construction program. The District is currently working with OSFC, its architects, bond counsel, bond underwriting and municipal advisors to complete this project by 2018. This final phase will include the construction of a new middle school next to the high school, renovating the high school and razing of other vacant school buildings.

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 does not foresee the need to ask the voters for increased operating revenue in the near future.

RELEVANT FINANCIAL POLICIES

In June of 2006, the State legislature passed House Bill 66. House Bill 66 phases out the tax on tangible personal property of general business, telephone and telecommunications companies, and railroads. The tax on general business and railroad property began being phased out in 2007 and was eliminated in 2009. The tax on telephone and telecommunication property began being phased out in 2009 and was eliminated in 2011. The tax is being phased out by reducing the assessment rate on the property each year. The District was reimbursed fully for the lost revenue through May 2013; in the following six years, the reimbursements will be phased out.

FINANCIAL INFORMATION

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

INTERNAL ACCOUNTING AND BUDGETARY CONTROL

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

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

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

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

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

The accounting system used by the District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation 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 Clark, Schaefer, Hackett & Co. performed the audit for the fiscal year ended June 30, 2014. The auditor's unmodified opinion rendered on the District's basic financial statements, and their report on the combining and individual fund statements and schedules, is included in the financial section of this report. Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all units of local education agencies in Ohio. The District adopted and has been in conformance with that system effective with its annual financial report since the 1979 calendar year.

AWARDS

GFOA Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. 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, 2012 and 2013. The District believes that the Comprehensive Annual Financial Report for fiscal year June 30, 2014, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

Acknowledgements

The preparation of the 2014 Comprehensive Annual Financial Report of the Middletown City School District was made possible by the combined efforts of the District's Finance Department and Fraunfelter Accounting Services. 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,

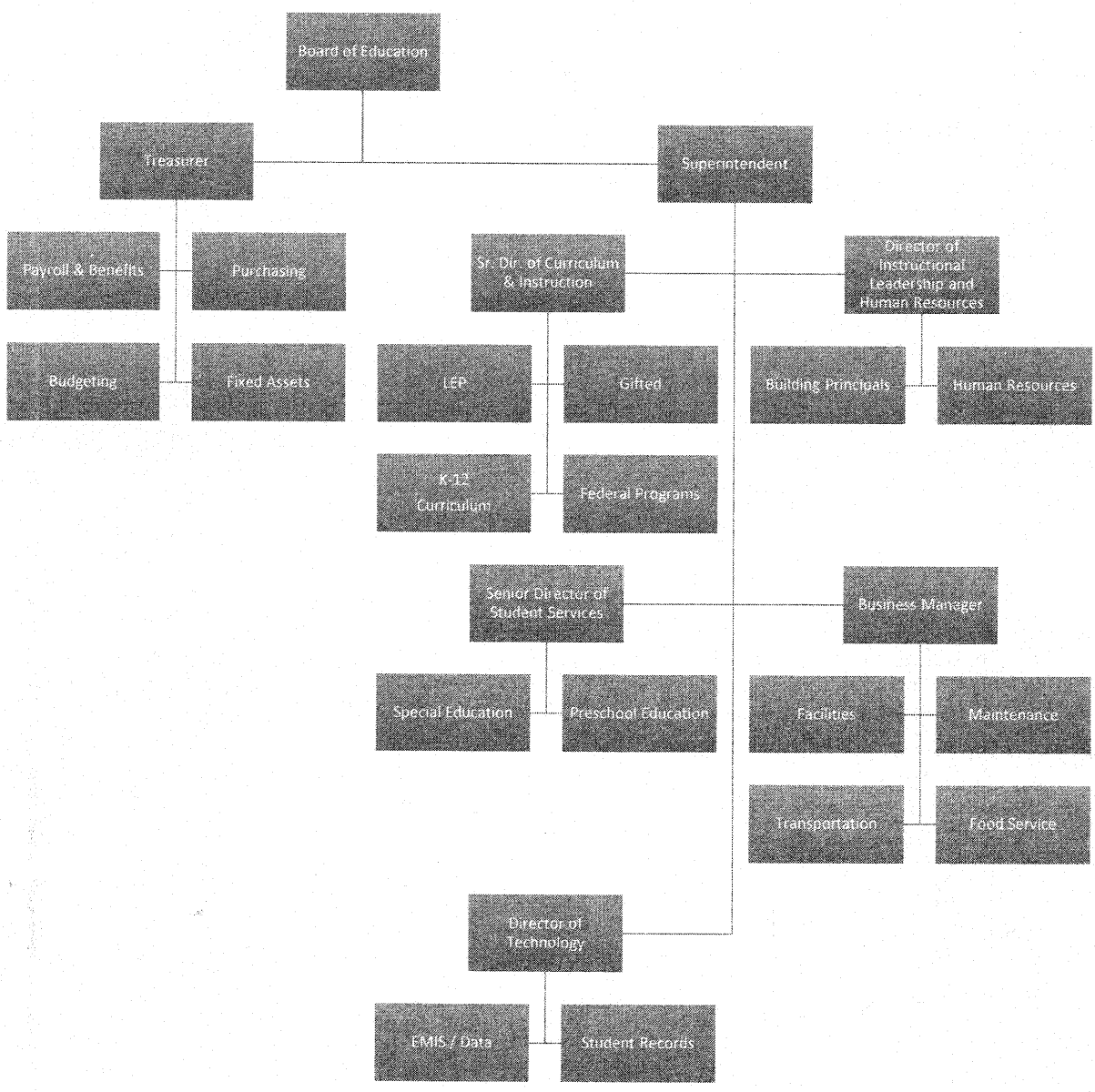
Randall R. Bertram, Treasurer/CFO

**MIDDLETOWN CITY SCHOOL DISTRICT
 BUTLER COUNTY, OHIO
 LIST OF PRINCIPAL OFFICIALS
 JUNE 30, 2014**

BOARD OF EDUCATION	
President	Mrs. Marcia Andrew
Vice President	Rev. Gregory Tyus
Board Member	Mrs. Katie McNeil
Board Member	Mrs. DeAnna Shores
Board Member	Ms. Christi Delloma

ADMINISTRATIVE OFFICIALS	
Superintendent	Dr. Sam Ison
Treasurer/CFO	Mrs. Kelley Thorpe
Director of Human Resources & Instructional Leadership	Mr. Eric Gearhart
Director of Student Services	Dr. Betsy L. Carter
Director of Curriculum & Instruction	Dr. Elizabeth Lolli
Director of Athletics	Mr. Gary Lebo
Director of Technology	Dr. Robin Surland
Legal Counsel	Don Crain, Esq. - Frost, Brown & Todd, Attorneys at Law

Middletown City School District Organizational Chart





Government Finance Officers Association

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

Presented to

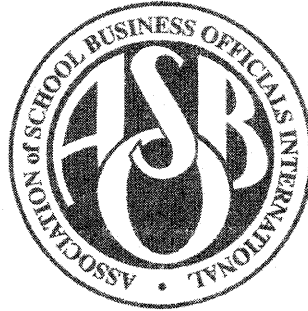
**Middletown City School District
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

Association of School Business Officials International



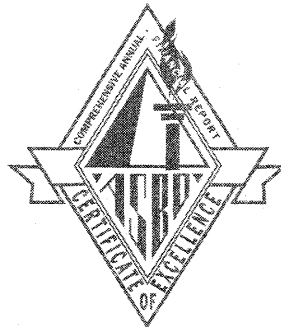
*The Certificate of Excellence in Financial Reporting Award
is presented to*

Middletown City School District

For Its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2013

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, reading 'Terrie S. Simmons'.

Terrie S. Simmons, RSBA, CSBO
President

A handwritten signature in black ink, reading 'John D. Musso'.

John D. Musso, CAE, RSBA
Executive Director

Financial Section

www.middletowncityschools.com

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(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, 2014. 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 2014 are as follows:

- In total, net position of governmental activities increased \$1,840,016 which represents a 35.54% increase from June 30, 2013 balance.
- General revenues accounted for \$74,957,070 in revenue or 83.85% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$14,442,158 or 16.15% for total revenues of \$89,399,228.
- The District had \$87,559,212 in expenses related to governmental activities; \$14,442,158 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) were adequate to provide for these programs.
- The District has two major funds which include the general fund and the bond retirement fund. The general fund had \$75,707,112 in revenues and other financing sources and \$73,209,179 in expenditures and other financing uses. The general fund's fund balance increased \$2,497,933 from a deficit balance of \$3,521,465 to a deficit of \$1,023,532.
- The bond retirement fund had \$3,736,472 in revenues and \$3,451,555 in expenditures. The bond retirement fund's fund balance increased \$284,917 from \$1,332,329 to a fund balance of \$1,617,246.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 21-23 of this report.

Reporting the District's Fiduciary Responsibilities

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 27-55 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 and notes are provided on pages 56-60 of this report.

The District as a Whole

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

The table below provides a summary of the District's net position at June 30, 2014 and 2013.

	Governmental Activities 2014	Governmental Activities 2013	Percentage Change
<u>Assets</u>			
Current and other assets	\$ 41,342,719	\$ 38,983,175	6.05 %
Capital assets, net	<u>65,128,217</u>	<u>66,727,183</u>	(2.40) %
Total assets	<u>106,470,936</u>	<u>105,710,358</u>	0.72 %
<u>Deferred Outflows of Resources</u>			
Deferred Charge on Refunding	<u>52,388</u>	<u>55,382</u>	(5.41) %
<u>Liabilities</u>			
Current liabilities	8,983,713	8,183,081	9.78 %
Long-term liabilities	<u>64,620,143</u>	<u>64,114,379</u>	0.79 %
Total liabilities	<u>73,603,856</u>	<u>72,297,460</u>	1.81 %
<u>Deferred Inflows of Resources</u>			
Property Taxes	25,656,343	28,290,743	(9.31) %
Revenue in Lieu of Taxes	<u>245,572</u>	<u>-</u>	100.00 %
Total Deferred Inflows of Resources	<u>25,901,915</u>	<u>28,290,743</u>	(8.44) %
<u>Net Position</u>			
Net investment in capital assets	3,003,649	6,234,371	(51.82) %
Restricted	3,938,419	2,337,991	68.45 %
Unrestricted (deficit)	<u>75,485</u>	<u>(3,394,825)</u>	4,597.35 %
Total net position	<u>\$ 7,017,553</u>	<u>\$ 5,177,537</u>	35.54 %

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2014 and June 30, 2013, the District's assets exceeded liabilities by \$7,017,553 and \$5,177,537, respectively. Net position increased \$1,840,016 from June 30, 2013.

Assets of the District increased \$760,578 or 0.72%. The most significant increase was in current and other assets, primarily intergovernmental receivable. This \$1,914,892 increase was mainly from the District spending the funds related to state and federal grants but not submitting the draw requests by year end.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

At year-end, capital assets represented 61.17% of total assets. The decrease in capital assets of \$1,598,966 or 2.40% is the result of depreciation expense of \$3,057,907 and disposals of \$67,094 (net of accumulated depreciation) exceeding additions of \$1,526,035.

The District saw total liabilities increase as the District issued two new long-term debt issues for \$2,445,000 and saw accounts and contracts payable increased by \$796,199 as the service contracts with several education service centers were not billed for multiple quarters until after year end. The deferred inflows of resources decreased over 22% as a result of a lower taxes receivable but also because of the large tax advance available to the District reduced the deferral. That advance is reported as a revenue since it was available as year-end.

A portion of the District's net position, \$3,938,419, represents resources that are subject to external restriction on how they may be used. Of the restricted net position, \$30,686 is restricted for capital projects, \$1,643,946 is restricted for debt service and \$2,263,787 is restricted for federally funded programs. The remaining balance of unrestricted net position is \$75,485.

The table below shows the change in net position for fiscal years 2014 and 2013.

	Change in Net Position		
	Governmental Activities 2014	Governmental Activities 2013	Percentage Change
	<u> </u>	<u> </u>	<u> </u>
<u>Revenues</u>			
Program revenues:			
Charges for services and sales	\$ 1,775,340	\$ 1,480,690	19.90 %
Operating grants and contributions	12,666,818	10,881,913	16.40 %
General revenues:			
Taxes	34,238,674	29,876,616	14.60 %
Grants and entitlements not restricted	40,073,523	37,215,406	7.68 %
Payment in lieu of taxes	226,369	303,813	(25.49) %
Investment earnings	1,166	1,923	(39.37) %
Other	<u>417,338</u>	<u>117,880</u>	254.04 %
 Total revenues	 <u>89,399,228</u>	 <u>79,878,241</u>	 11.92 %

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

	Governmental Activities 2014	Governmental Activities 2013	Percentage Change
<u>Expenses</u>			
Program expenses:			
Instruction:			
Regular	\$ 27,603,444	\$ 27,304,790	1.09 %
Special	9,012,116	9,588,139	(6.01) %
Adult/continuing	-	408,882	(100.00) %
Other	13,030,926	11,082,207	17.58 %
Support services:			
Pupil	4,442,512	4,265,190	4.16 %
Instructional staff	3,389,719	3,868,239	(12.37) %
Board of education	66,159	43,835	50.93 %
Administration	4,663,891	4,445,825	4.90 %
Fiscal	785,642	688,210	14.16 %
Business	209,337	254,239	(17.66) %
Operations and maintenance	9,294,379	7,914,945	17.43 %
Pupil transportation	4,022,409	3,812,314	5.51 %
Central	2,669,861	1,486,066	79.66 %
Operations of non-instructional services			
Food service operations	3,969,272	3,809,155	4.20 %
Other non-instructional services	826,523	734,153	12.58 %
Extracurricular activities	900,838	890,157	1.20 %
Interest and fiscal charges	<u>2,672,184</u>	<u>2,713,127</u>	(1.51) %
Total expenses	<u>87,559,212</u>	<u>83,309,473</u>	5.10 %
Change in net position	1,840,016	(3,431,232)	153.63 %
Net position, beginning of year	<u>5,177,537</u>	<u>8,608,769</u>	(39.86) %
Net position, end of year	<u>\$ 7,017,553</u>	<u>\$ 5,177,537</u>	35.54 %

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

Governmental Activities

Net position of the District's governmental activities increased \$1,840,016 in fiscal year 2014 and decreased \$3,431,232 in fiscal year 2013. Program revenues supported 14.84% of the total governmental expenses during fiscal year 2013 and slightly higher at 16.49% of total governmental expenses during fiscal year 2014.

Total revenues of the District increased by \$9,520,987 during fiscal year 2014 mainly from the increase in property tax revenue as the District had \$5,284,198 in available advances for 2014 compared to \$1,725,074 in 2013. The District also saw the unrestricted grants in the general fund increase on a cash basis by \$2,196,817 as the District received higher state foundation revenue in 2014.

Expenses also increased by \$4,249,739. This increase was primarily in two areas. The other instruction includes community school payments. With the additional number of community schools that Middletown students attend, the District is responsible for transferring their school foundation revenue to cover those students' costs. The District also saw the operation and maintenance support service increase as the District spent more on energy projects.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

	Governmental Activities			
	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
	<u>2014</u>	<u>2014</u>	<u>2013</u>	<u>2013</u>
Program expenses				
Instruction:				
Regular	\$ 27,603,444	\$ 25,602,294	\$ 27,304,790	\$ 26,132,206
Special	9,012,116	6,327,831	9,588,139	7,848,879
Adult/continuing	-	-	408,882	27,686
Other	13,030,926	12,991,544	11,082,207	11,082,207
Support services:				
Pupil	4,442,512	4,050,129	4,265,190	3,894,052
Instructional staff	3,389,719	(114,603)	3,868,239	768,689
Board of education	66,159	66,159	43,835	43,835
Administration	4,663,891	3,888,814	4,445,825	3,754,108
Fiscal	785,642	785,642	688,210	688,210
Business	209,337	209,337	254,239	254,239
Operations and maintenance	9,294,379	9,260,746	7,914,945	7,892,270
Pupil transportation	4,022,409	4,000,655	3,812,314	3,727,250
Central	2,669,861	2,646,205	1,486,066	1,465,265
Operations of non-instructional services:				
Food service operations	3,969,272	(64,357)	3,809,155	(112,860)
Other non-instructional services	826,523	133,138	734,153	94,668
Extracurricular activities	900,838	661,336	890,157	673,039
Interest and fiscal charges	<u>2,672,184</u>	<u>2,672,184</u>	<u>2,713,127</u>	<u>2,713,127</u>
 Total	 <u>\$ 87,559,212</u>	 <u>\$ 73,117,054</u>	 <u>\$ 83,309,473</u>	 <u>\$ 70,946,870</u>

The dependence upon tax and other general revenues for governmental activities is apparent, 90.48% of instruction activities were supported through taxes and other general revenues during fiscal year 2014 and 93.19% in fiscal year 2013. For all governmental activities, general revenue support was 85.61% in fiscal year 2014 and 85.16% in fiscal year 2013. 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
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

The District's Funds

The District's governmental funds (as presented on the balance sheet on page 19) reported a combined fund balance of \$1,127,541, which is better than last year's total of (\$1,252,222). The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2014 and 2013.

	Fund Balance / (Deficit) <u>June 30, 2014</u>	Fund Balance / (Deficit) <u>June 30, 2013</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
General	\$ (1,023,532)	\$ (3,521,465)	\$ 2,497,933	70.93 %
Bond Retirement	1,617,246	1,332,329	284,917	21.38 %
Nonmajor Governmental	<u>533,827</u>	<u>936,914</u>	<u>(403,087)</u>	(43.02) %
Total	<u>\$ 1,127,541</u>	<u>\$ (1,252,222)</u>	<u>\$ 2,379,763</u>	(190.04) %

General Fund

The general fund increased \$2,497,933 during fiscal year 2014. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 30,803,350	\$ 28,061,386	\$ 2,741,964	9.77 %
Tuition and fees	1,126,473	566,267	560,206	98.93 %
Revenue in Lieu of Taxes	497,553	444,506	53,047	11.93 %
Intergovernmental	39,841,070	36,730,159	3,110,911	8.47 %
Other revenues	<u>743,035</u>	<u>373,131</u>	<u>369,904</u>	99.14 %
 Total	 <u>\$ 73,011,481</u>	 <u>\$ 66,175,449</u>	 <u>\$ 6,836,032</u>	 10.33 %
 <u>Expenditures</u>				
Instruction	\$ 46,377,978	\$ 45,076,564	\$ 1,301,414	2.89 %
Support services	25,165,486	19,241,104	5,924,382	30.79 %
Operation of				
non-instructional services	72,127	229	71,898	100.00+ %
Extracurricular activities	78,952	41,812	37,140	88.83 %
Capital outlay	259,741	-	259,741	100.00 %
Debt service	<u>644,541</u>	<u>579,906</u>	<u>64,635</u>	11.15 %
 Total	 <u>\$ 72,598,825</u>	 <u>\$ 64,939,615</u>	 <u>\$ 7,659,210</u>	 11.79 %

Revenues of the general fund increased \$6,836,032 or 10.33%. The most significant increases were in the areas of taxes and intergovernmental. This increase for taxes is the result of higher amount available for advance as discussed earlier. Intergovernmental revenues increased \$3,110,911 or 8.47%. The increase for intergovernmental revenue is from unrestricted grant funds and the foundation revenue increased by \$2,238,765 between the two years.

Expenditures of the general fund increased \$7,659,210 or 11.79%. This increase is primarily the result of increased costs in the operation and maintenance line item as discussed in the government wide statements. The central support services also increased by \$2,283,717 as the District saw increased expenses from the relocation of the central management offices.

Although not shown above, the District did realize a net increase of \$2,085,277 in other financing sources and uses as the District issued two new long term debt issues (\$2,445,000) while only transferring out \$610,354.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

Bond Retirement Fund

The bond retirement fund saw the fund balance increase as the revenue, all from property taxes and intergovernmental revenues, exceeded mainly debt service expenditures during the year. Fiscal year 2014 saw total debt service expenditures actually decrease \$22,587 which pushed the fund balance higher by 21.38%.

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 2014, the District amended its general fund budget several times. For the general fund, final budgeted revenues and other financing sources of \$72,991,641 were \$7,234,902 higher than the original budgeted revenues and other financing sources estimate of \$65,756,739. The main differences were in intergovernmental revenue as the foundation revenue ended up higher than expected. The remaining difference is comes from other financing sources with the two bond issues, almost a million in prior year expenditure refunds and \$1,202,161 in advances to other funds. The actual revenues were in line with the final budget as the District prepared the final certificate (budget) near the end of June 2014.

General fund original appropriations were \$70,305,717. Final appropriations (budgeted expenditures plus other financing uses) of \$73,997,148 were \$3,691,431 higher than original budgeted expenditures. Approximately \$2 million the difference are the transfers and advances the District made at the end of the year that were not anticipated in the original budget. Most of the expenditures saw slight increases with regular instruction realizing the largest (\$986,850). The District's original budget was completed before it was known what employees compensation costs would be for the fiscal year. Actual expenditures and other financing uses were virtually the same as the final budget as the District passed the final budget at the end of June when all the expenditures were known.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the District had \$65,128,217 invested in land, buildings and improvements and equipment. This entire amount is reported in governmental activities.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

The following table shows June 30, 2014 balances compared to June 30, 2013.

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

	Governmental Activities	
	2014	2013
Land	\$ 1,211,493	\$ 1,037,059
Buildings and improvements	62,199,494	63,459,544
Equipment	1,717,230	2,230,580
Total	\$ 65,128,217	\$ 66,727,183

The capital assets decreased \$1,598,966. This is due to depreciation expense of \$3,057,907 and disposals (net of accumulated depreciation) of \$67,094 exceeding additions of \$1,526,035. See Note 8 to the basic financial statements for detail on the District's capital assets.

Debt Administration

At June 30, 2014 the District had \$62,863,146 in general obligation bonds, notes and capital lease obligations outstanding. Of this total, \$2,924,829 is due within one year and \$59,938,317 is due in greater than one year.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

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

Outstanding Debt, at Year End

	Governmental Activities 2014	Governmental Activities 2013
	<u>2014</u>	<u>2013</u>
Construction bonds	\$ 1,680,000	\$ 2,325,000
2007 refunding bonds		
Current Interest and term	53,255,000	53,280,000
Premium	3,609,375	3,815,625
HB 264 conservation notes	691,422	788,738
2008 HB 264 conservation notes	271,065	338,831
2014 HB 264 conservation notes	845,000	-
Long-Term Bond Anticipation note	1,600,000	-
Capital lease obligations	<u>911,284</u>	<u>1,005,254</u>
 Total	 <u>\$ 62,863,146</u>	 <u>\$ 61,553,448</u>

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

For the Future

The District has experienced a steady decline in student enrollment over the past several years as a result of students leaving Middletown schools to attend charter/community schools, other public schools (open enrollment), and participate in the state voucher program for parochial schools. Over 860 students attended schools other than Middletown in fiscal year 2014 while residing within the district boundaries. 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 the last few years. Enrollment appears to have stabilized in the current academic year.

While these measures have helped to control rising costs and improve financial efficiencies, the Board recognized the need for stabilized operating revenues. After several failed operating levies and one successful levy, the District combined and substituted two tax levies in May, 2010. The levies will collect \$18.3 million annually and are continuous.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

The District's efforts at cost savings and increased revenues have started to show as the forecast for fiscal year 2015 is showing an ending balance of \$801,083 that will increase over the following four years resulting in a forecasted ending balance of \$3,073,008. The District's forecast shows the projected tax revenue less than fiscal year 2014 for the next four fiscal years.

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 Mr. Randall Bertram, Treasurer/CFO, Middletown City School District, 1 Donham Plaza, Middletown, Ohio, 45042.

Middletown City School District
Butler County, Ohio
Statement of Net Position
June 30, 2014

	Governmental Activities
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$3,718,948
Materials and Supplies Inventory	97,652
Accounts Receivable	116,393
Intergovernmental Receivable	3,139,193
Property Taxes Receivable	34,000,351
Revenue in Lieu of Taxes Receivable	245,572
Restricted Equity in Pooled Cash and Cash Equivalents	24,610
Capital Assets:	
Non-depreciable Capital Assets	1,211,493
Depreciable Capital Assets, Net	63,916,724
<i>Total Assets</i>	106,470,936
<u>Deferred Outflows of Resources:</u>	
<i>Deferred Charge on Refunding</i>	52,388
<i>Total Deferred Outflows of Resources</i>	52,388
<u>Liabilities:</u>	
Accounts Payable	1,874,014
Contracts Payable	179,798
Accrued Wages and Benefits Payable	4,927,213
Intergovernmental Payable	1,733,251
Accrued Interest Payable	269,437
Long-Term Liabilities:	
Due Within One Year	3,490,745
Due in More Than One Year	61,129,398
<i>Total Liabilities</i>	73,603,856
<u>Deferred Inflows of Resources:</u>	
Property Taxes	25,656,343
Revenue in Lieu of Taxes	245,572
<i>Total Deferred Inflows of Resources</i>	25,901,915
<u>Net Position:</u>	
Net Investment in Capital Assets	3,003,649
Restricted for Debt Service	1,643,946
Restricted for Capital Projects	30,686
Restricted for Grants	2,105,194
Restricted for Athletics	13,320
Restricted for Auxiliary Services	78,990
Restricted for Other Purposes	66,283
Unrestricted	75,485
<i>Total Net Position</i>	\$7,017,553

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, 2014

	Program Revenues			Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Revenue and Changes in Net Position
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$27,603,444	\$1,327,361	\$673,789	(\$25,602,294)
Special	9,012,116	299	2,683,986	(6,327,831)
Community Schools	6,854,951	0	0	(6,854,951)
Other	6,175,975	1,337	38,045	(6,136,593)
Support Services:				
Pupils	4,442,512	41,351	351,032	(4,050,129)
Instructional Staff	3,389,719	0	3,504,322	114,603
Board of Education	66,159	0	0	(66,159)
Administration	4,663,891	0	775,077	(3,888,814)
Fiscal	785,642	0	0	(785,642)
Business	209,337	0	0	(209,337)
Operation and Maintenance of Plant	9,294,379	33,633	0	(9,260,746)
Pupil Transportation	4,022,409	0	21,754	(4,000,655)
Central	2,669,861	0	23,656	(2,646,205)
Operation of Non-Instructional Services				
Food Service Operations	3,969,272	145,067	3,888,562	64,357
Auxiliary Services	826,523	0	693,385	(133,138)
Extracurricular Activities	900,838	226,292	13,210	(661,336)
Interest on Long-Term Debt	2,672,184	0	0	(2,672,184)
Total Governmental Activities	\$87,559,212	\$1,775,340	\$12,666,818	(73,117,054)
 <u>General Revenues:</u>				
Property Taxes Levied for:				
General Purposes				30,753,332
Debt Service				3,317,360
Capital Projects				167,982
Revenue In Lieu of Taxes				226,369
Grants and Entitlements not Restricted to Specific Programs				40,073,523
Interest				1,166
Miscellaneous				417,338
Total General Revenues				74,957,070
Change in Net Position				1,840,016
Net Position at Beginning of Year				5,177,537
Net Position at End of Year				\$7,017,553

See Accompanying Notes to the Basic Financial Statements

*Middletown City School District
Butler County, Ohio
Balance Sheet
Governmental Funds
June 30, 2014*

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,383,371	\$1,105,839	\$1,229,738	\$3,718,948
Receivables:				
Property Taxes	30,487,957	3,361,137	130,028	33,979,122
Revenue in Lieu of Taxes	245,572	0	0	245,572
Intergovernmental	478,647	0	2,660,546	3,139,193
Accounts	115,777	0	616	116,393
Interfund	7,848	0	0	7,848
Materials and Supplies Inventory	0	0	97,652	97,652
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	24,610	0	0	24,610
Total Assets	\$32,743,782	\$4,466,976	\$4,118,580	\$41,329,338
<u>Liabilities, Deferred Inflows and Fund Balances</u>				
<u>Liabilities:</u>				
Accounts Payable	1,242,781	\$0	\$631,233	\$1,874,014
Contracts Payable	179,798	0	0	179,798
Accrued Wages and Benefits Payable	4,500,170	0	427,043	4,927,213
Intergovernmental Payable	1,334,759	0	398,492	1,733,251
Interfund Payable	-	0	7,848	7,848
Matured Compensated Absences Payable	311,227	0	54,812	366,039
Total Liabilities	7,568,735	0	1,519,428	9,088,163
<u>Deferred Inflows of Resources:</u>				
Property Taxes	25,741,009	2,849,730	104,185	28,694,924
Revenue in Lieu of Taxes	245,572	0	0	245,572
Intergovernmental Revenue	211,998	0	1,961,140	2,173,138
Total Deferred Inflows of Resources	26,198,579	2,849,730	2,065,325	31,113,634
<u>Fund Balances:</u>				
Nonspendable	0	0	97,652	97,652
Restricted	24,610	1,617,246	518,483	2,160,339
Committed	0	0	29,970	29,970
Assigned	65,935	0	0	65,935
Unassigned (Deficit)	(1,114,077)	0	(112,278)	(1,226,355)
Total Fund Balances	(1,023,532)	1,617,246	533,827	1,127,541
Total Liabilities and Fund Balances	\$32,743,782	\$4,466,976	\$4,118,580	\$41,329,338

See Accompanying Notes to the Basic Financial Statements

*Middletown City School District
Butler County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2014*

Total Governmental Fund Balances		\$1,127,541
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Capital assets	107,407,387	
Accumulated depreciation	(42,279,170)	
Total capital assets	65,128,217	65,128,217
Some of the District's revenues will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		
Delinquent property taxes	3,059,810	
Intergovernmental	2,173,138	
	5,232,948	5,232,948
Unamortized premiums on long term bonds payable are not recognized in governmental fund but allocated as an expense over the life of the debt on a full accrual basis.		
		(3,609,375)
Unamortized deferred amount on refundings are not recognized in governmental fund but allocated as an expense over the life of the debt on a full accrual basis.		
		52,388
In the Statement of Net Position, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		(269,437)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Bonds payable	(54,935,000)	
Energy Conservation Note Payables	(1,807,487)	
Long Term Note Payable	(1,600,000)	
Capital leases	(911,284)	
Retirement Incentive Payable	(138,494)	
Compensated absences	(1,252,464)	
Total liabilities	(60,644,729)	(60,644,729)
Net Position of Governmental Activities		\$7,017,553

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, 2014

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Property Taxes	\$30,803,350	\$3,323,540	\$167,921	\$34,294,811
Revenue in Lieu of Taxes	497,553	0	0	497,553
Intergovernmental	39,841,070	412,932	10,667,079	50,921,081
Interest	926	0	240	1,166
Tuition and Fees	1,126,473	0	0	1,126,473
Extracurricular Activities	60,555	0	196,751	257,306
Rent	33,633	0	0	33,633
Charges for Services	204,147	0	145,067	349,214
Gifts and Donations	227,886	0	34,729	262,615
Miscellaneous	215,888	0	7,377	223,265
Total Revenues	73,011,481	3,736,472	11,219,164	87,967,117
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	26,622,700	0	664,550	27,287,250
Special	6,782,700	0	2,181,134	8,963,834
Adult/Continuing	8,645	0	0	8,645
Community School Services	6,854,951	0	0	6,854,951
Other	6,108,982	0	55,710	6,164,692
Support Services:				
Pupils	4,127,357	0	297,051	4,424,408
Instructional Staff	898,925	0	2,518,313	3,417,238
Board of Education	66,159	0	0	66,159
Administration	3,967,619	0	688,466	4,656,085
Fiscal	774,705	3,611	5,825	784,141
Business	209,442	0	0	209,442
Operation and Maintenance of Plant	7,887,596	0	37,945	7,925,541
Pupil Transportation	3,873,527	0	31,834	3,905,361
Central	3,360,156	50,078	49,133	3,459,367
Operation of Non-Instructional Services	72,127	0	4,682,713	4,754,840
Extracurricular Activities	78,952	0	845,996	924,948
Capital Outlay	259,741	0	173,935	433,676
Debt Service:				
Principal Retirement	507,325	670,000	0	1,177,325
Interest and Fiscal Charges	137,216	2,727,866	0	2,865,082
Total Expenditures	72,598,825	3,451,555	12,232,605	88,282,985
Excess of Revenues Over (Under) Expenditures	412,656	284,917	(1,013,441)	(315,868)
<u>Other Financing Sources (Uses):</u>				
Face Value of Bonds Issued	845,000	0	0	845,000
Inception of Capital Leases	248,273	0	0	248,273
Proceeds from Bond Anticipation Notes	1,600,000	0	0	1,600,000
Proceeds from Sale of Capital Assets	2,358	0	0	2,358
Transfers In	0	0	610,354	610,354
Transfers Out	(610,354)	0	0	(610,354)
Total Other Financing Sources (Uses)	2,085,277	0	610,354	2,695,631
Net Change in Fund Balances	2,497,933	284,917	(403,087)	2,379,763
Fund Balances (Deficit) at Beginning of Year	(3,521,465)	1,332,329	936,914	(1,252,222)
Fund Balances (Deficit) at End of Year	(\$1,023,532)	\$1,617,246	\$533,827	\$1,127,541

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, 2014*

Net Change in Fund Balances - Total Governmental Funds \$2,379,763

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

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital assets additions	1,526,035	
Depreciation expense	(3,057,907)	
Excess of depreciation expense over capital outlay		(1,531,872)

The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of capital assets is removed from the capital assets account in the Statement of Net Position and offset against the proceeds from the sale of capital assets resulting in a loss on the sale of capital assets in the Statement of Activities.

Loss on disposal of capital assets		(67,094)
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Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.

Delinquent property taxes	(56,137)	
Revenue in lieu of taxes	(271,184)	
Intergovernmental	1,759,428	
		1,432,107

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	(10,358)	
Amortization of deferred refunding charges	(2,994)	
		(13,352)

The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, which the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds reported the effect of premiums, whereas these amounts are deferred and amortized in the statement of activities. This amount is net effect of these differences in the treatment of long-term debt and related items. The details are as follows:

Debts issued or incurred:		
Capital Lease Financing	(248,273)	
HB264 Energy Conservation Notes issued	(845,000)	
Long-Term Bond Anticipation Notes issued	(1,600,000)	
Plus Premium on Bond Payable Amortized	206,250	
Principal Payments		
General Obligation Bond payments	670,000	
Energy Conservation Note payments	165,082	
Capital lease payments	342,243	
		(1,309,698)

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.

		950,162
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Change in Net Position of Governmental Activities		\$1,840,016
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See Accompanying Notes to the Basic Financial Statements

Middletown City School District
Butler County, Ohio
 Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2014

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$19,550	\$79,703
<u>Liabilities:</u>		
Undistributed Monies	0	79,703
<i>Total Liabilities</i>	0	\$79,703
<u>Net Position</u>		
Held in Trust for Scholarships	\$19,550	

See Accompanying Notes to the Basic Financial Statements

Middletown City School District
Butler County, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2014

	Private Purpose Trust
<u>Additions:</u>	
Contributions and Donations	\$ 23,552
Total Additions	23,552
<u>Deductions:</u>	
Payments in Accordance with Trust Agreements	22,625
Total Deductions	22,625
<i>Change in Net Position</i>	927
<i>Net Position at Beginning of Year</i>	18,623
<i>Net Position at End of Year</i>	\$19,550

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, 2014**

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 112 classified personnel and 500 certified teaching and administrative personnel to provide services to students and other community members.

In terms of enrollment, the District is the 38th largest in the State of Ohio (among 918 districts and community schools) and the 4th 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

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 \$164,042 for services provided during the year. Financial information can be obtained from Mr. Michael Crumley, who serves as Director, at 3607 Hamilton-Middletown Rd., Hamilton, 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

B. Measurement Focus

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

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

C. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

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

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

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

FIDUCIARY FUNDS

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

D. Basis of Accounting

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position represents a composition of net position that applies to future periods and so will not be recognized as an outflow of resources until then. The District reports a deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred inflows of resources arises when assets are recognized before revenue recognition criteria have been satisfied. Delinquent property taxes, income taxes, and grants and entitlements received before the eligibility requirements are met are also recorded as deferred inflows of resources. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred inflows of resources. On the statement of net position, property taxes for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations, have been recorded as a deferred inflow.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

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 2014, 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, 2014.

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 2014 amounted to \$926, which includes \$478 assigned from other funds. The food service and auxiliary services special revenue funds and building capital projects fund also received interest of \$139, \$94 and \$7, respectively.

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

F. Inventory

On government-wide and fund financial statements, purchased inventories are reported at cost 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

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.

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

G. Capital Assets

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

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

All reported capital assets except land 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 position.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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, 2014 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments. The entire compensated absence liability is reported on the government-wide financial statements.

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

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

K. Bond Premiums

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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 fund balance relates to the value of consumable inventories.

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

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

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

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

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

M. Net Position

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net investment in capital assets is capital assets net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The restriction for other purposes includes monies restricted by State statute for school bus purchases (see Notes 15 and 16).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Of the District's \$2,198,625 in restricted net position, none were restricted by enabling legislation.

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 15 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.

NOTE 3 - ACCOUNTABILITY

Fund balances at June 30, 2014 include the following individual fund deficits:

<u>Major fund</u>	<u>Deficit</u>
General Fund	\$1,023,532
<u>Nonmajor fund</u>	
Public Preschool Grant	106,070
Alternative Schools	6,208

**MIDDLETOWN CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 - ACCOUNTABILITY – (Continued)

The General Fund deficit fund balance was due to adjustments for accrued liabilities. The District is monitoring the General Fund deficit and will take appropriate action if deemed necessary. The deficits in the nonmajor funds were due to timing of grant reimbursements at year end. The General Fund deficit has improved by \$2,497,933 during fiscal year 2014. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

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;

**MIDDLETOWN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2014, the carrying amount of all District deposits was \$3,827,910. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2014, \$3,824,574 of the District's bank balance of \$4,411,933 was exposed to custodial risk as discussed below, while \$587,359 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, 2014, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities 6 months or less</u>	<u>Concentration of Credit Risk</u>
STAR Ohio	\$ 13,901	\$ 13,901	100%

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

NOTE 5 - INTERFUND TRANSACTIONS

Interfund balances at June 30, 2014, consist of the following individual receivables and payables and transfers in the governmental balance sheet (such amounts are removed from consolidated columns in the statement of net position):

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$7,848
<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$610,354

The interfund receivable/payable was the resulting grant timing with the miscellaneous state grants special revenue fund. The receivable is expected to be repaid within a year. 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) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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's fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

**MIDDLETOWN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 6 - PROPERTY TAXES - (Continued)

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 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, 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 2014 represent the collection of calendar year 2013 taxes. Public utility real and personal property taxes received in calendar year 2013 became a lien on December 31, 2012, were levied after April 1, 2013, 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.

The District receives property taxes from Butler and Warren Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available as an advance at June 30, 2014 was \$5,284,198 in the general, debt service and permanent improvement funds. The amount available for advance at June 30, 2013 was \$1,725,074 in the general, debt service and permanent improvement funds. 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 property taxes which are measurable as of June 30, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second Half Collections		2014 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 665,572,990	92.92	\$ 657,709,970	92.34
Public Utility personal	<u>50,710,520</u>	<u>7.08</u>	<u>54,597,780</u>	<u>7.66</u>
 Total	 <u>\$ 716,283,510</u>	 <u>100.00</u>	 <u>\$ 712,307,750</u>	 <u>100.00</u>

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

General	\$23.19	\$23.19
Emergency	18.99	20.77
Debt service	4.75	4.75

NOTE 7 - RECEIVABLES

Receivables at June 30, 2014 consisted of property taxes, revenue 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 position follows:

Governmental activities:	
Property taxes	\$34,000,351
Payment in lieu of taxes	245,572
Accounts	116,393

**MIDDLETOWN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 7 – RECEIVABLES - (Continued)

Governmental activities: - (Continued)	
Intergovernmental:	
Excess Cost Tuition	\$ 266,649
SERS Refund	211,998
Local Grants	23
District Managed Activities	8,299
Public Preschool	160,000
Alternative schools	5,729
Miscellaneous State Grants	20,869
Race to the Top	165,356
Title VI-B	531,015
Title III	13,087
Title I	1,299,538
Improving Teacher Quality	456,630
Total	\$3,139,193

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

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance <u>6/30/13</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6/30/14</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,037,059	\$ 174,434	\$ -	\$ 1,211,493
Total capital assets, not being depreciated	1,037,059	174,434	-	1,211,493
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	88,061,986	802,829	-	88,864,815
Equipment	17,083,406	548,772	(301,099)	17,331,079
Total capital assets, being depreciated	105,145,392	1,351,601	(301,099)	106,195,894
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(24,602,442)	(2,062,879)	-	(26,665,321)
Equipment	(14,852,826)	(995,028)	234,005	(15,613,849)
Total accumulated depreciation	(39,455,268)	(3,057,907)	234,005	(42,279,170)
Governmental activities capital assets, net	\$ 66,727,183	\$ (1,531,872)	\$ (67,094)	\$ 65,128,217

**MIDDLETOWN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 8 - CAPITAL ASSETS – (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 290,833
Special	50,944
Other	3,477
<u>Support services:</u>	
Pupil	1,400
Instructional staff	1,947
Administration	3,847
Fiscal	1,728
Operations and maintenance	2,293,227
Pupil transportation	117,048
Central	272,612
<u>Operation of non-instructional services:</u>	
Food service operations	13,912
Extracurricular activities	<u>6,932</u>
Total depreciation expense	<u>\$ 3,057,907</u>

NOTE 9 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2014, the following changes occurred in governmental activities long term obligations:

	Balance Outstanding <u>6/30/13</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>6/30/14</u>	Amounts Due in <u>One Year</u>
Construction bonds	\$ 2,325,000	\$ -	\$ (645,000)	\$ 1,680,000	\$ 690,000
2007 refunding bonds:					
2007 current interest and term bonds	53,280,000	-	(25,000)	53,255,000	35,000
Premium on 2007 refunding bonds	3,815,625	-	(206,250)	3,609,375	-
HB 264 energy conservation note	788,738	-	(97,316)	691,422	102,036
2008 HB 264 energy conservation note	338,831	-	(67,766)	271,065	67,766
2014 HB 264 energy conservation note	-	845,000	-	845,000	45,000
Long Term Bond Anticipation note	<u>-</u>	<u>1,600,000</u>	<u>-</u>	<u>1,600,000</u>	<u>1,600,000</u>
Total bonds and notes	60,548,194	2,445,000	(1,041,332)	61,951,862	2,539,802
Capital leases	<u>1,005,254</u>	<u>248,273</u>	<u>(342,243)</u>	<u>911,284</u>	<u>385,027</u>
Total long term debt	61,553,448	2,693,273	(1,383,575)	62,863,146	2,924,829
Retirement incentive	1,167,889	-	(1,029,395)	138,494	138,494
Compensated absences	<u>1,393,042</u>	<u>499,387</u>	<u>(273,926)</u>	<u>1,618,503</u>	<u>427,422</u>
Total governmental activities	<u>\$ 64,114,379</u>	<u>\$ 3,192,660</u>	<u>\$ (2,686,896)</u>	<u>\$ 64,620,143</u>	<u>\$ 3,490,745</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 9 - LONG-TERM OBLIGATIONS – (Continued)

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

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 (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 position. At June 30, 2014, \$56,975,000 of bonds outstanding are considered to be defeased. The bonds issued had a premium of \$5,156,250 and have a final maturity date of December 1, 2031.

The reacquisition price exceeded the net carrying amount of the old debt by \$74,841. This amount is being 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.

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

In fiscal year 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 notes maturing in fiscal year 2018. The first payment on the notes was made in fiscal year 2009.

In fiscal year 2014, the District issued \$845,000 in notes that was used for energy conservation within the District. The interest rate ranges from 3.00% to 4.75% with the notes maturing in fiscal year 2022. The first payment on the notes will be made in fiscal year 2015.

In fiscal year 2014, the District issued \$1,600,000 in bond anticipation notes were used to for the Barnitz renovation. On July 10, 2015, the District refunded the notes with a new bond anticipation note for \$1,600,000. The fiscal year 2014 bond anticipation notes were issued at a 1% interest rate.

**MIDDLETOWN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 9 - LONG-TERM OBLIGATIONS – (Continued)

Retirement incentive - During fiscal year 2012, 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, 2012. 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 the ESP will receive 100% of his or her fiscal year 2012 base salary, not to exceed \$20,000, plus an amount equivalent to the employee’s applicable contractual sick leave pay. A total of 6 employees elected the ESP for a total liability in fiscal year 2012 of \$2,177,724. The remaining \$138,494 at June 30, 2014 is due within one year. The total liability is recorded on the governmental activities statement of net position 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,	<u>General Obligation Bonds and Notes</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 2,539,802	\$ 2,780,947	\$ 5,320,749
2016	1,214,751	2,722,794	3,937,545
2017	1,284,939	2,670,044	3,954,983
2018	1,375,379	2,610,918	3,986,297
2019	2,143,318	2,529,493	4,672,811
2020-2024	13,039,298	11,014,712	24,054,010
2025-2029	20,245,000	7,047,775	27,292,775
2030-2032	16,500,000	1,352,400	17,852,400
	<u>\$ 58,342,487</u>	<u>\$ 32,729,083</u>	<u>\$ 91,071,570</u>

**MIDDLETOWN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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, 2014, are a voted debt margin of \$6,471,173 and an unvoted debt margin of \$712,308.

NOTE 10 - CAPITAL LEASES

The District entered into a capital lease during fiscal year 2014 for copiers and, in prior years, has entered into capital leases for computers.

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 lessee. Capital lease payments for the computers will be made from the general fund.

Equipment, from all prior leases, in the amount of \$2,249,676 has not been capitalized since the assets do not individually meet the District's capitalization threshold. The equipment lease for fiscal year 2014 does qualify for capitalization resulting in \$248,273 being reported on the statement of net position. \$686,190 of the remaining capital lease obligation of \$911,284 has not been included in the calculation of "net investment in capital assets".

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 10 - CAPITAL LEASES – (Continued)

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

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2015	\$413,464
2016	413,464
2017	53,554
2018	53,554
2019	<u>26,777</u>
Total minimum lease payments	960,813
Less: amount representing interest	(49,529)
Total	<u><u>\$911,284</u></u>

NOTE 11 - RISK MANAGEMENT

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

During the fiscal year, the District contracted with 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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 11 - RISK MANAGEMENT – (Continued)

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 12 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability 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 on SERS' website at www.ohsers.org under Employer/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate amount four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year 2014, the allocation to pension and benefits is 13.10 percent. The remaining .90% of the 14% employer contribution rate is allocated to the Health Care and Medicare B funds. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013, and 2012 were \$401,088, \$489,893, and \$756,899 respectively; 85.58 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. The remaining pension liability is presented as a component of "intergovernmental payable" on the basic financial statements.

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 East Broad Street, Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org, under "Publications".

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 12 - PENSION PLANS - (Continued)

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 2014, plan members were required to contribute 11 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, 2014, 2013, and 2012 were \$3,770,348, \$4,121,051, and \$4,580,597, respectively; 87.45 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. The remaining pension liability is presented as a component of "intergovernmental payable" on the basic financial statements. Contributions to the DC and Combined Plans for fiscal year 2014 were \$110,026 made by the District and \$86,449 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by SERS/STRS Ohio have an option to choose Social Security or SERS/STRS Ohio. As of June 30, 2014, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

In addition to a cost-sharing multiple-employer defined pension plan the School Employees Retirement System of Ohio (SERS) administers two post-employment benefit plans.

Medicare Part B

Medicare B plan reimburses Medicare B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefits 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 premium or the current premium. The Medicare Part B premium for calendar year 2014 was \$99.90 for most participants, but could go as high as \$319.70 per month depending on their income. SERS' reimbursement for retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal 2014, the actuarial required allocation is 0.76 percent District's contributions for the years ended June 30, 2014, 2013, and 2012 were \$23,269, \$27,673, and \$40,548, respectively; 85.58 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. The remaining medicare liability is presented as a component of "intergovernmental payable" on the basic financial statements.

Health Care Plan

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, 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 ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

The Health Care Fund was established under, and is administered in accordance with the Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the year ended June 30, 2014, the health care allocation is 0.14 percent. An additional health care surcharge on employers is collected for employees earning less than the actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provides that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

For the fiscal year June 30, 2014, the minimum compensation level was established at \$20,250. The surcharge added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the year ended June 30, 2014, 2013 and 2012, was \$131,084, \$133,496 and \$162,455, respectively; 85.58 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. The remaining healthcare liability is presented as a component of "intergovernmental 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, 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 2014, 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, 2014, 2013, and 2012 were \$290,027, \$317,004, and \$325,043, respectively; 87.45 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. The remaining health care liability is presented as a component of "intergovernmental payable" on the basic financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 14 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2014.

B. Litigation

The District is not party to legal proceedings.

NOTE 15 - SET-ASIDES

The District is required by State statute to annually set-aside in the general fund an amount based on a statutory formula for 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.

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

	<u>Improvements</u>
Set-aside balance June 30, 2013	\$ -
Current year set-aside requirement	1,067,930
Current year qualifying expenditures	(1,886,718)
Current year offset for bond proceeds carryover	<u>-</u>
Total	<u>\$ (818,788)</u>
Balance carried forward to fiscal year 2015	<u>\$ -</u>
Set-aside balance June 30, 2014	<u>\$ -</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 15 - SET-ASIDES - (Continued)

Although the District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount to below zero for the capital improvements set-aside, this amount may not be used to reduce the set-aside requirement for future fiscal years. The negative balance is therefore not presented as being carried forward to future fiscal years. The District has \$75,014,137 remaining from 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, 2014 follows:

Amount restricted for school bus purchases	\$ 24,610
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NOTE 16 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$1,131,530
Nonmajor governmental funds	1,243,923
 Total	 <u><u>\$2,375,453</u></u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 17 - FUND BALANCE ALLOCATION

The District has chosen to present the consolidated summary of fund balance classification on the financial statements. The detail of those fund balance classifications is outlined below:

Fund Balances:	General	Bond Retirement	Non-Major Funds
Nonspendable:			
Inventory	\$0	\$0	\$97,652
Restricted for:			
State Mandates	24,610	0	0
Debt Service	0	1,617,246	0
Food Service	0	0	109,584
District Activities	0	0	5,021
Auxiliary Services	0	0	78,990
Grants	0	0	324,888
Committed for:			
Capital Improvements	0	0	29,970
Assigned to:			
Neediest Kids of All	2,636	0	0
Public School Support	63,299	0	0
Unassigned	(1,114,077)	0	(112,278)
Total Fund Balances	<u>(\$1,023,532)</u>	<u>\$1,617,246</u>	<u>\$533,827</u>

The committed fund balance for capital improvements comes from the Board of Education's resolution to transfer funds in prior years into the permanent improvement fund for a specific purpose. The assigned fund balance comes from cash basis funds created by the administration without specific revenue sources causing the cash basis fund being combined into the General Fund under GAAP reporting.

*Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
General Fund
For the Fiscal Year Ended June 30, 2014*

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$27,755,000	\$27,605,681	\$27,605,681	\$0
Intergovernmental	37,815,927	38,906,621	38,906,621	0
Interest	750	1,049	1,049	0
Tuition and Fees	423,000	846,322	846,322	0
Rent	35,000	35,923	35,923	0
Extracurricular Activities	3,000	22,569	22,569	0
Gifts and Donations	200,000	200,000	200,000	0
Customers Sales and Services	200,000	204,586	204,586	0
Revenue in Lieu of Taxes	289,966	436,253	436,253	0
Miscellaneous	133,000	133,546	133,546	0
Total Revenues	66,855,643	68,392,550	68,392,550	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	26,000,000	26,986,850	26,986,850	0
Special	6,785,631	6,923,824	6,923,824	0
Adult	59,877	3,919	3,919	0
Special Education	1,500,000	1,805,827	1,805,827	0
Community School	6,500,000	6,854,951	6,854,951	0
Other	5,000,000	4,302,166	4,302,166	0
Support Services:				
Pupils	3,700,000	3,755,025	3,755,025	0
Instructional Staff	1,655,381	925,818	925,818	0
Board of Education	54,353	59,854	59,854	0
Administration	4,149,500	3,996,773	3,996,773	0
Fiscal	732,348	743,963	743,963	0
Business	165,078	212,609	212,609	0
Operation and Maintenance of Plant	7,700,000	7,718,668	8,047,119	(328,451)
Pupil Transportation	4,000,000	3,975,819	3,975,819	0
Central	2,056,701	3,334,902	3,334,902	0
Operation of Non-				
Instructional Services	0	71,668	71,668	0
Extracurricular Activities	71,848	79,460	79,460	0
Capital Outlay	0	11,468	11,468	0
Debt Service:				
Principal Retirement	123,000	165,082	165,082	0
Interest and Fiscal Charges	52,000	70,240	79,599	(9,359)
Total Expenditures	70,305,717	71,998,886	72,336,696	(337,810)
Excess of Revenues over (Under) Expenditures	(3,450,074)	(3,606,336)	(3,944,146)	(337,810)
<u>Other Financing Sources (Uses):</u>				
Advances In	1,200,000	1,202,161	1,202,161	0
Face Value from Sale of Bonds	845,000	2,435,641	2,445,000	9,359
Proceeds from Sale of Capital Assets	500	2,358	2,358	0
Refund of Prior Year Expenditures	0	958,931	958,931	0
Advances Out	0	(1,387,908)	(1,387,908)	0
Transfers Out	0	(610,354)	(610,354)	0
Total Other Financing Sources (Uses)	2,045,500	2,600,829	2,610,188	9,359
Net Change in Fund Balance	(1,404,574)	(1,005,507)	(1,333,958)	(328,451)
Fund Balances at Beginning of Year	785,140	785,140	785,140	0
Prior Year Encumbrances Appropriated	738,092	738,092	738,092	0
Fund Balances at End of Year	\$118,658	\$517,725	\$189,274	(\$328,451)

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, 2014**

NOTE 1 – BUDGETARY PROCESS

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

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

Tax Budget:

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

Estimated Resources:

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

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 – BUDGETARY PROCESS – (Continued)

Appropriations:

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

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

Encumbrances:

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

Lapsing of Appropriations:

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

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

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 – BUDGETARY PROCESS – (Continued)

The Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budget Basis) – 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:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).
4. Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
5. Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets budget basis.

	General Fund
	\$2,497,933
GAAP Basis	
Adjustments:	
Revenue Accruals	(4,493,674)
Expenditure Accruals	1,962,158
Fund budgeted elsewhere	16,902
Advances	(185,747)
Encumbrances	(1,131,530)
Budget Basis	(\$1,333,958)

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 at 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.

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 (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2014

	Spotlight and Neediest Kids Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Miscellaneous	\$1,900	\$500	\$500	\$0
Total Revenues	1,900	500	500	0
<u>Expenditures:</u>				
Current:				
Support Services:				
Pupils	1,500	1,500	1,042	458
Total Expenditures	1,500	1,500	1,042	458
Net Change in Fund Balance	400	(1,000)	(542)	458
Fund Balances at Beginning of Year	3,178	3,178	3,178	0
Fund Balances at End of Year	\$3,578	\$2,178	\$2,636	\$458

*Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2014*

	Uniform School Supply Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Tuition and Fees	\$50,000	\$3,137	\$3,137	\$0
Total Revenues	50,000	3,137	3,137	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	395,000	181,037	181,037	0
Total Expenditures	395,000	181,037	181,037	0
Excess of Revenues Over (Under) Expenditures	(345,000)	(177,900)	(177,900)	0
<u>Other Financing Sources (Uses):</u>				
Transfers In	100,000	0	0	0
Advances In	356,027	527,513	527,513	0
Advances Out	0	(349,613)	(349,613)	0
Total Other Financing Sources (Uses)	456,027	177,900	177,900	0
Net Change in Fund Balance	111,027	0	0	0
Fund Balances (Deficit) at Beginning of Year	0	0	0	0
Fund Balances at End of Year	\$111,027	\$0	\$0	\$0

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2014

	Special Rotary Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<i>Revenues:</i>				
Extracurricular Activities	\$0	\$299	\$299	\$0
Gifts and Donations	1,500	2,783	2,783	0
Total Revenues	1,500	3,082	3,082	0
<i>Expenditures:</i>				
Current:				
Instruction:				
Regular	4,813	3,029	3,029	0
Total Expenditures	4,813	3,029	3,029	0
Net Change in Fund Balance	(3,313)	53	53	0
Fund Balances at Beginning of Year	2,514	2,514	2,514	0
Prior Year Encumbrances Appropriated	800	800	800	0
Fund Balances at End of Year	\$1	\$3,367	\$3,367	\$0

*Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2014*

	Adult Education Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Miscellaneous	\$2,007	\$1,337	\$1,337	\$0
Total Revenues	2,007	1,337	1,337	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Adult	10,000	10,496	10,496	0
Support Services:				
Fiscal	5,532	6,382	6,382	0
Total Expenditures	15,532	16,878	16,878	0
Excess of Revenues Over (Under) Expenditures	(13,525)	(15,541)	(15,541)	0
<u>Other Financing Sources:</u>				
Refund of Prior Year Expenditures	0	670	670	0
Total Other Financing Sources	0	670	670	0
Net Change in Fund Balance	(13,525)	(14,871)	(14,871)	0
Fund Balances at Beginning of Year	13,790	13,790	13,790	0
Prior Year Encumbrances Appropriated	1,081	1,081	1,081	0
Fund Balances at End of Year	<u>\$1,346</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

*Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2014*

	Public School Support Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Tuition and Fees	\$6,000	\$5,814	\$5,814	\$0
Extracurricular Activities	38,000	37,837	37,837	0
Gifts and Donations	30,000	25,103	25,103	0
Miscellaneous	62,747	51,508	51,508	0
Total Revenues	136,747	120,262	120,262	0
<u>Expenditures:</u>				
Current:				
Support Services:				
Pupils	203,576	139,049	139,049	0
Total Expenditures	203,576	139,049	139,049	0
Excess of Revenues (Under) Expenditures	(66,829)	(18,787)	(18,787)	0
<u>Other Financing Source (Uses):</u>				
Refund of Prior Year Expenditures	0	6	6	0
Refund of Prior Year Receipts	0	(600)	(600)	0
Total Other Financing Sources (Uses)	0	(594)	(594)	0
Net Change in Fund Balance	(66,829)	(19,381)	(19,381)	0
Fund Balances at Beginning of Year	60,347	60,347	60,347	0
Prior Year Encumbrances Appropriated	6,579	6,579	6,579	0
Fund Balances at End of Year	\$97	\$47,545	\$47,545	\$0

*Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Major Bond Retirement Fund
For the Fiscal Year Ended June 30, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$3,000,000	\$2,979,465	\$2,979,465	\$0
Intergovernmental	444,000	409,090	409,090	0
Total Revenues	<u>3,444,000</u>	<u>3,388,555</u>	<u>3,388,555</u>	<u>0</u>
<u>Expenditures:</u>				
Current:				
Support Services:				
Fiscal	3,611	3,611	3,611	0
Central	48,559	50,078	50,078	0
Debt Service:				
Principal Retirement	670,000	670,000	670,000	0
Interest and Fiscal Charges	<u>2,727,866</u>	<u>2,727,866</u>	<u>2,727,866</u>	<u>0</u>
Total Expenditures	<u>3,450,036</u>	<u>3,451,555</u>	<u>3,451,555</u>	<u>0</u>
Excess of Revenues Under Expenditures	(6,036)	(63,000)	(63,000)	0
<u>Other Financing Sources:</u>				
Refund of Prior Year Expenditures	<u>0</u>	<u>3,842</u>	<u>3,842</u>	<u>0</u>
Total Other Financing Sources	<u>0</u>	<u>3,842</u>	<u>3,842</u>	<u>0</u>
Net Change in Fund Balance	(6,036)	(59,158)	(59,158)	0
Fund Balances at Beginning of Year	<u>1,164,997</u>	<u>1,164,997</u>	<u>1,164,997</u>	<u>0</u>
Fund Balances at End of Year	<u><u>\$1,158,961</u></u>	<u><u>\$1,105,839</u></u>	<u><u>\$1,105,839</u></u>	<u><u>\$0</u></u>

***Middletown City School District
Butler County, Ohio***

Fund Descriptions

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes. The following are descriptions of the School District's nonmajor special revenue funds:

Nonmajor Special Revenue Funds

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

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

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

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

Public Preschool Grant – This fund accounts the costs of preschool programs for three to four year olds.

Data Communications Grant - This fund provides to account for money appropriated for Ohio Educational Computer Network Connections.

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

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

**Middletown City School District
Butler County, Ohio**

**Fund Descriptions
Nonmajor Special Revenue Funds (continued)**

Adult Basic Education – This fund accounts for instructional programs for persons sixteen year of age or older who are not enrolled in secondary school and who have less than a twelfth-grade education or its equivalent.

Race to the Top Grant – This fund provides for either a new program or expansion of an existing program to support initiatives in the following areas: Standards and Assessments; Using Data to improve Instruction; Great Teachers and Leaders; and Turning Around the Lowest- Achieving Schools.

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

School Improvement Grant – This fund helps the School improve the teaching and learning of children failing, or most at risk of failing to meet the challenging State academic achievement standards.

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

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

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

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

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

***Middletown City School District
Butler County, Ohio***

Fund Descriptions

Capital Projects Funds

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

Nonmajor Capital Projects Funds

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

Building Fund – This fund accounts for receipts and expenditures related to all special bond funds in the District.

*Middletown City School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2014*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 1,212,884	\$ 16,854	\$ 1,229,738
Receivables:			
Property and Other Taxes	-	130,028	130,028
Accounts	616	-	616
Intergovernmental	2,660,546	-	2,660,546
Materials and Supplies Inventory	<u>97,652</u>	<u>-</u>	<u>97,652</u>
 Total Assets	 <u><u>3,971,698</u></u>	 <u><u>146,882</u></u>	 <u><u>4,118,580</u></u>
<u>Liabilities, Deferred Inflows and Fund Balances</u>			
<u>Liabilities:</u>			
Payables:			
Accounts	618,506	12,727	631,233
Intergovernmental	398,492	-	398,492
Accrued Wages and Benefits Payable	427,043	-	427,043
Interfund	7,848	-	7,848
Matured Compensated Absences Payable	<u>54,812</u>	<u>-</u>	<u>54,812</u>
 Total Liabilities	 <u><u>1,506,701</u></u>	 <u><u>12,727</u></u>	 <u><u>1,519,428</u></u>
<u>Deferred Inflows of Resources:</u>			
Intergovernmental Revenue	1,961,140	-	1,961,140
Property Taxes	<u>-</u>	<u>104,185</u>	<u>104,185</u>
 Total Deferred Inflows of Resources	 <u><u>1,961,140</u></u>	 <u><u>104,185</u></u>	 <u><u>2,065,325</u></u>
<u>Fund Balances:</u>			
Nonspendable	97,652	-	97,652
Restricted	518,483	-	518,483
Committed	-	29,970	29,970
Unassigned (Deficit)	<u>(112,278)</u>	<u>-</u>	<u>(112,278)</u>
 Total Fund Balances	 <u><u>503,857</u></u>	 <u><u>29,970</u></u>	 <u><u>533,827</u></u>
 Total Liabilities, Deferred Inflows and Fund Balances	 <u><u>\$ 3,971,698</u></u>	 <u><u>\$ 146,882</u></u>	 <u><u>\$ 4,118,580</u></u>

*Middletown City School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
For the Year Ended June 30, 2014*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Property and Other Taxes	\$ -	\$ 167,921	\$ 167,921
Intergovernmental	10,646,121	20,958	10,667,079
Charges for Services	145,067	-	145,067
Interest	233	7	240
Gifts and Donations	34,729	-	34,729
Extracurricular Activities	196,751	-	196,751
Miscellaneous	7,377	-	7,377
Total Revenues	11,030,278	188,886	11,219,164
Expenditures:			
Current:			
Instruction:			
Regular	605,040	59,510	664,550
Special	2,181,134	-	2,181,134
Other	55,710	-	55,710
Support Services:			
Pupils	297,051	-	297,051
Instructional Staff	2,474,802	43,511	2,518,313
Administration	679,809	8,657	688,466
Fiscal	-	5,825	5,825
Operation and Maintenance of Plant	-	37,945	37,945
Pupil Transportation	31,834	-	31,834
Central	23,209	25,924	49,133
Operation of Non-Instructional Services	4,682,713	-	4,682,713
Extracurricular Activities	845,996	-	845,996
Capital Outlay	-	173,935	173,935
Total Expenditures	11,877,298	355,307	12,232,605
Excess of Revenues Under Expenditures	(847,020)	(166,421)	(1,013,441)
Other Financing Sources			
Transfers - In	610,354	-	610,354
Total Other Financing Sources	610,354	-	610,354
Net Change in Fund Balances	(236,666)	(166,421)	(403,087)
Fund Balances - beginning	740,523	196,391	936,914
Fund Balances - ending	\$ 503,857	\$ 29,970	\$ 533,827

*Middletown City School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2014*

	Food Service	Other Grant	District Managed Activities	Auxiliary Services	Public Preschool Grant
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$ 442,025	\$ 71,962	\$ 41,652	\$ 165,986	\$ 1
Receivables:					
Accounts	616	-	-	-	-
Intergovernmental	-	23	8,299	-	160,000
Materials and Supplies Inventory	97,652	-	-	-	-
Total Assets	<u>540,293</u>	<u>71,985</u>	<u>49,951</u>	<u>165,986</u>	<u>160,001</u>
<u>Liabilities and Fund Balances</u>					
<u>Liabilities:</u>					
Payables:					
Accounts	333,057	3,287	10,862	15,912	-
Intergovernmental	-	787	21,386	24,151	106,071
Accrued Wages and Benefits Payable	-	1,628	4,383	46,933	-
Interfund	-	-	-	-	-
Compensated Absences	-	-	-	-	-
Total Liabilities	<u>333,057</u>	<u>5,702</u>	<u>36,631</u>	<u>86,996</u>	<u>106,071</u>
<u>Deferred Inflows of Resources:</u>					
Intergovernmental Revenue	-	23	8,299	-	160,000
Total Deferred Inflows of Resources	<u>-</u>	<u>23</u>	<u>8,299</u>	<u>-</u>	<u>160,000</u>
<u>Fund Balances:</u>					
Nonspendable	97,652	-	-	-	-
Restricted	109,584	66,260	5,021	78,990	-
Unassigned	-	-	-	-	(106,070)
Total Fund Balances (Deficit)	<u>207,236</u>	<u>66,260</u>	<u>5,021</u>	<u>78,990</u>	<u>(106,070)</u>
Total Liabilities and Fund Balances	<u>\$ 540,293</u>	<u>\$ 71,985</u>	<u>\$ 49,951</u>	<u>\$ 165,986</u>	<u>\$ 160,001</u>

*Middletown City School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2014*

Alternative Schools	Miscellaneous State Grants	Adult Basic Education	Race to the Top Grant	Title VI-B Grant	Title III Grant
\$ 11,571	\$ 35,794	\$ 182	\$ 34,333	\$ 180,707	\$ 4,547
-	-	-	-	-	-
5,729	20,869	-	165,356	531,015	13,087
-	-	-	-	-	-
<u>17,300</u>	<u>56,663</u>	<u>182</u>	<u>199,689</u>	<u>711,722</u>	<u>17,634</u>
-	439	-	524	221,859	-
3,331	805	-	81,617	27,303	2,273
20,177	-	-	58,805	133,469	7,194
-	7,848	-	-	-	-
-	-	-	-	19,095	-
<u>23,508</u>	<u>9,092</u>	<u>-</u>	<u>140,946</u>	<u>401,726</u>	<u>9,467</u>
-	12,394	-	45,257	267,324	7,355
-	12,394	-	45,257	267,324	7,355
-	-	-	-	-	-
-	35,177	182	13,486	42,672	812
(6,208)	-	-	-	-	-
<u>(6,208)</u>	<u>35,177</u>	<u>182</u>	<u>13,486</u>	<u>42,672</u>	<u>812</u>
<u>\$ 17,300</u>	<u>\$ 56,663</u>	<u>\$ 182</u>	<u>\$ 199,689</u>	<u>\$ 711,722</u>	<u>\$ 17,634</u>

(continued)

*Middletown City School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2014
(Continued)*

	Title I Grant	Improving Teacher Quality	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 178,881	\$ 20,924	\$ 24,319	\$ 1,212,884
Receivables:				
Accounts	-	-	-	616
Intergovernmental	1,299,538	456,630	-	2,660,546
Materials and Supplies Inventory	-	-	-	97,652
	<u>1,478,419</u>	<u>477,554</u>	<u>24,319</u>	<u>3,971,698</u>
Total Assets	<u>1,478,419</u>	<u>477,554</u>	<u>24,319</u>	<u>3,971,698</u>
<u>Liabilities and Fund Balances</u>				
<u>Liabilities:</u>				
Payables:				
Accounts	30,193	2,373	-	618,506
Intergovernmental	120,866	9,902	-	398,492
Accrued Wages and Benefits Payable	154,183	271	-	427,043
Interfund	-	-	-	7,848
Compensated Absences	35,717	-	-	54,812
	<u>340,959</u>	<u>12,546</u>	<u>-</u>	<u>1,506,701</u>
Total Liabilities	<u>340,959</u>	<u>12,546</u>	<u>-</u>	<u>1,506,701</u>
<u>Deferred Inflows of Resources:</u>				
Intergovernmental Revenue	<u>1,018,858</u>	<u>441,630</u>	<u>-</u>	<u>1,961,140</u>
Total Deferred Inflows of Resources	<u>1,018,858</u>	<u>441,630</u>	<u>-</u>	<u>1,961,140</u>
<u>Fund Balances:</u>				
Nonspendable	-	-	-	97,652
Restricted	118,602	23,378	24,319	518,483
Unassigned	-	-	-	(112,278)
	<u>118,602</u>	<u>23,378</u>	<u>24,319</u>	<u>503,857</u>
Total Fund Balances (Deficit)	<u>118,602</u>	<u>23,378</u>	<u>24,319</u>	<u>503,857</u>
Total Liabilities and Fund Balances	<u>\$ 1,478,419</u>	<u>\$ 477,554</u>	<u>\$ 24,319</u>	<u>\$ 3,971,698</u>

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*Middletown City School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2014*

	Food Service	Other Grant	District Managed Activities	Auxiliary Services	Public Preschool Grant
Revenues:					
Intergovernmental	\$ 3,888,562	\$ 39,453	\$ -	\$ 623,280	\$ 120,000
Charges for Services	145,067	-	-	-	-
Interest	139	-	-	94	-
Gifts and Donations	-	29,818	4,911	-	-
Extracurricular Activities	-	255	196,496	-	-
Miscellaneous	-	-	7,377	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	4,033,768	69,526	208,784	623,374	120,000
Expenditures:					
Current:					
Instruction:					
Regular	-	34,379	-	-	226,070
Special	-	-	-	-	-
Other	-	756	-	-	-
Support Services:					
Pupils	-	-	-	-	-
Instructional Staff	-	14,327	-	-	-
Administration	-	394	-	-	-
Operation and Maintenance of Plant	-	-	-	-	-
Pupil Transportation	-	492	-	-	-
Central	880	4,329	-	-	-
Operation of Non-Instructional Services	3,944,961	-	-	597,363	-
Extracurricular Activities	-	-	845,996	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	3,945,841	54,677	845,996	597,363	226,070
Excess (deficiency) of Revenues Over (Under) Expenditures	87,927	14,849	(637,212)	26,011	(106,070)
Other Financing Sources					
Transfers - In	-	-	610,354	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources	-	-	610,354	-	-
Net Change in Fund Balances	87,927	14,849	(26,858)	26,011	(106,070)
Fund Balances (deficit) - beginning	119,309	51,411	31,879	52,979	-
Fund Balances (deficit) - ending	<u>\$ 207,236</u>	<u>\$ 66,260</u>	<u>\$ 5,021</u>	<u>\$ 78,990</u>	<u>\$ (106,070)</u>

*Middletown City School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2014*

Data Communications Grant	Alternative Schools	Miscellaneous State Grants	Adult Basic Education	Race to the Top Grant
\$ 18,000	\$ 135,482	\$ 262,606	\$ -	\$ 620,740
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
18,000	135,482	262,606	-	620,740
-	147,421	196,840	-	-
-	-	-	-	-
-	-	-	21,063	-
-	-	627	-	48,808
-	-	38,852	1,638	431,240
-	-	-	-	185,904
-	-	-	-	-
-	-	21,205	-	-
18,000	-	-	-	-
-	-	5,534	-	600
-	-	-	-	-
18,000	147,421	263,058	22,701	666,552
-	(11,939)	(452)	(22,701)	(45,812)
-	-	-	-	-
-	-	-	-	-
-	(11,939)	(452)	(22,701)	(45,812)
-	5,731	35,629	22,883	59,298
\$ -	\$ (6,208)	\$ 35,177	\$ 182	\$ 13,486

(continued)

*Middletown City School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2014
(continued)*

	Title VI-B Grant	School Improvement Grant	Title III Grant	Title I Grant
Revenues:				
Intergovernmental	\$ 1,823,425	\$ -	\$ 59,984	\$ 2,765,674
Charges for Services	-	-	-	-
Interest	-	-	-	-
Gifts and Donations	-	-	-	-
Extracurricular Activities	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	1,823,425	-	59,984	2,765,674
Expenditures:				
Current:				
Instruction:				
Regular	-	-	330	-
Special	1,227,926	-	-	953,208
Other	33,891	-	-	-
Support Services:				
Pupils	165,917	-	56,109	-
Instructional Staff	52,882	7,996	2,488	1,635,837
Administration	319,400	-	-	174,111
Operation and Maintenance of Plant	-	-	-	-
Pupil Transportation	-	-	-	10,137
Central	-	-	-	-
Operation of Non-Instructional Services	62,450	-	-	71,805
Extracurricular Activities	-	-	-	-
Total Expenditures	1,862,466	7,996	58,927	2,845,098
Excess (deficiency) of Revenues Over (Under) Expenditures	(39,041)	(7,996)	1,057	(79,424)
Other Financing Sources (Uses)				
Transfers - In	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	(39,041)	(7,996)	1,057	(79,424)
Fund Balances (deficit) - beginning	81,713	7,996	(245)	198,026
Fund Balances (deficit) - ending	<u>\$ 42,672</u>	<u>\$ -</u>	<u>\$ 812</u>	<u>\$ 118,602</u>

Middletown City School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2014
(continued)

EHA Preschool Grant	Improving Teacher Quality	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 25,589	\$ 263,323	\$ 3	\$ 10,646,121
-	-	-	145,067
-	-	-	233
-	-	-	34,729
-	-	-	196,751
-	-	-	7,377
<u>25,589</u>	<u>263,323</u>	<u>3</u>	<u>11,030,278</u>
-	-	-	605,040
-	-	-	2,181,134
-	-	-	55,710
25,590	-	-	297,051
-	289,542	-	2,474,802
-	-	-	679,809
-	-	-	-
-	-	-	31,834
-	-	-	23,209
-	-	-	4,682,713
-	-	-	845,996
<u>25,590</u>	<u>289,542</u>	<u>-</u>	<u>11,877,298</u>
(1)	(26,219)	3	(847,020)
<u>-</u>	<u>-</u>	<u>-</u>	<u>610,354</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>610,354</u>
(1)	(26,219)	3	(236,666)
<u>1</u>	<u>49,597</u>	<u>24,316</u>	<u>740,523</u>
<u>\$ -</u>	<u>\$ 23,378</u>	<u>\$ 24,319</u>	<u>\$ 503,857</u>

*Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2014*

	Food Service Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$3,121,400	\$3,767,953	\$3,767,953	\$0
Interest	600	139	139	0
Charges for Services	426,600	144,492	144,492	0
Total Revenues	3,548,600	3,912,584	3,912,584	0
<u>Expenditures:</u>				
Current:				
Support Services:				
Operation and Maintenance of Plant	313,000	312,342	312,342	0
Central	1,000	880	880	0
Operation of Non-Instructional Services	3,691,708	3,974,115	3,974,115	0
Total Expenditures	4,005,708	4,287,337	4,287,337	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,548,600	3,912,584	3,912,584	0
<u>Other Financing Sources:</u>				
Refund of Prior Year Expenditures	0	3	3	0
Total Other Financing Sources	0	3	3	0
Net Change in Fund Balance	(457,108)	(374,750)	(374,750)	0
Fund Balances at Beginning of Year	474,488	474,488	474,488	0
Prior Year Encumbrances Appropriated	5,710	5,710	5,710	0
Fund Balances at End of Year	\$23,090	\$105,448	\$105,448	\$0

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Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2014*

	Other Grants			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$20,000	\$39,453	\$39,453	\$0
Extracurricular Activities	200	255	255	0
Gifts and Donations	5,690	29,818	29,818	0
Total Revenues	<u>25,890</u>	<u>69,526</u>	<u>69,526</u>	<u>0</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	50,671	42,029	42,029	0
Vocational	1,000	756	756	0
Support Services:				
Pupils	200	200	200	0
Instructional Staff	13,000	12,939	12,939	0
Administration	400	394	394	0
Pupil Transportation	500	492	492	0
Central	5,000	4,366	4,366	0
Total Expenditures	<u>70,771</u>	<u>61,176</u>	<u>61,176</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	(44,881)	8,350	8,350	0
<u>Other Financing Sources:</u>				
Refund of Prior Year Expenditures	<u>0</u>	<u>41</u>	<u>41</u>	<u>0</u>
Total Other Financing Sources	<u>0</u>	<u>41</u>	<u>41</u>	<u>0</u>
Net Change in Fund Balance	(44,881)	8,391	8,391	0
Fund Balances at Beginning of Year	51,447	51,447	51,447	0
Prior Year Encumbrances Appropriated	<u>3,585</u>	<u>3,585</u>	<u>3,585</u>	<u>0</u>
Fund Balances at End of Year	<u><u>\$10,151</u></u>	<u><u>\$63,423</u></u>	<u><u>\$63,423</u></u>	<u><u>\$0</u></u>

*Middletown City School District
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Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2014*

	District Managed Activities			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Extracurricular Activities	\$244,600	\$196,496	\$196,496	\$0
Gifts and Donations	10,100	4,911	4,911	0
Miscellaneous	8,450	7,377	7,377	0
Total Revenues	<u>263,150</u>	<u>208,784</u>	<u>208,784</u>	<u>0</u>
<u>Expenditures:</u>				
Current:				
Extracurricular Activities	950,706	851,181	851,181	0
Total Expenditures	<u>950,706</u>	<u>851,181</u>	<u>851,181</u>	<u>0</u>
Excess of Revenues (Under) Expenditures	(687,556)	(642,397)	(642,397)	0
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	0	2,696	2,696	0
Advances In	0	342,315	342,315	0
Advances Out	0	(342,315)	(342,315)	0
Transfers In	650,000	610,354	610,354	0
Total Other Financing Sources (Uses)	<u>650,000</u>	<u>613,050</u>	<u>613,050</u>	<u>0</u>
Net Change in Fund Balance	(37,556)	(29,347)	(29,347)	0
Fund Balances at Beginning of Year	18,426	18,426	18,426	0
Prior Year Encumbrances Appropriated	<u>32,487</u>	<u>32,487</u>	<u>32,487</u>	<u>0</u>
Fund Balances at End of Year	<u><u>\$13,357</u></u>	<u><u>\$21,566</u></u>	<u><u>\$21,566</u></u>	<u><u>\$0</u></u>

*Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
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Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2014*

	Auxiliary Services			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$658,771	\$623,280	\$623,280	\$0
Interest	0	94	94	0
Total Revenues	<u>658,771</u>	<u>623,374</u>	<u>623,374</u>	<u>0</u>
<u>Expenditures:</u>				
Current:				
Operation of Non- Instructional Services	789,136	670,895	670,895	0
Total Expenditures	<u>789,136</u>	<u>670,895</u>	<u>670,895</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	(130,365)	(47,521)	(47,521)	0
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	0	1,550	1,550	0
Refund of Prior Year Receipts	(8,103)	(8,103)	(8,103)	0
Total Other Financing Sources (Uses)	<u>(8,103)</u>	<u>(6,553)</u>	<u>(6,553)</u>	<u>0</u>
Net Change in Fund Balance	(138,468)	(54,074)	(54,074)	0
Fund Balances at Beginning of Year	3,119	3,119	3,119	0
Prior Year Encumbrances Appropriated	<u>140,366</u>	<u>140,366</u>	<u>140,366</u>	<u>0</u>
Fund Balances (Deficit) at End of Year	<u><u>\$5,017</u></u>	<u><u>\$89,411</u></u>	<u><u>\$89,411</u></u>	<u><u>\$0</u></u>

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2014

	Public School Preschool			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$120,000	\$120,000	\$120,000	\$0
Total Revenues	120,000	120,000	120,000	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	120,000	120,000	120,000	0
Total Expenditures	120,000	120,000	120,000	0
Net Change in Fund Balance	0	0	0	0
Fund Balances at Beginning of Year	0	0	0	0
Fund Balances at End of Year	\$0	\$0	\$0	\$0

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
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Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2014

	Data Communications Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$0	\$18,000	\$18,000	\$0
Total Revenues	0	18,000	18,000	0
<u>Expenditures:</u>				
Current:				
Support Services:				
Central	0	18,000	18,000	0
Total Expenditures	0	18,000	18,000	0
Net Change in Fund Balance	0	0	0	0
Fund Balances at Beginning of Year	0	0	0	0
Fund Balances at End of Year	\$0	\$0	\$0	\$0

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Butler County, Ohio
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Nonmajor Special Revenue Funds
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	Alternative Schools			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$149,230	\$149,230	\$143,501	(\$5,729)
Total Revenues	149,230	149,230	143,501	(5,729)
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	159,324	163,225	163,225	0
Total Expenditures	159,324	163,225	163,225	0
Excess of Revenues Over (Under) Expenditures	(10,094)	(13,995)	(19,724)	(5,729)
<u>Other Financing Sources:</u>				
Refund of Prior Year Expenditures		539	539	0
Total Other Financing Sources	0	539	539	0
Net Change in Fund Balance	(10,094)	(13,456)	(19,185)	(5,729)
Fund Balances (Deficit) at Beginning of Year	(9,848)	(9,848)	(9,848)	0
Prior Year Encumbrances Appropriated	23,843	23,843	23,843	0
Fund Balances (Deficit) at End of Year	<u>\$3,901</u>	<u>\$539</u>	<u>(\$5,190)</u>	<u>(\$5,729)</u>

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Nonmajor Special Revenue Funds
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	Miscellaneous State Grants			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$342,200	\$275,000	\$254,131	(\$20,869)
Total Revenues	342,200	275,000	254,131	(20,869)
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	250,000	203,934	203,934	0
Support Services:				
Instructional Staff	70,000	38,838	38,838	0
Pupil Transportation	40,000	21,205	21,205	0
Operation of Non- Instructional Services	17,985	5,534	5,534	0
Total Expenditures	377,985	269,511	269,511	0
Excess of Revenues Over (Under) Expenditures	(35,785)	5,489	(15,380)	(20,869)
<u>Other Financing Sources:</u>				
Advances In	0	7,848	7,848	0
Total Other Financing Sources	0	7,848	7,848	0
Net Change in Fund Balance	(35,785)	13,337	(7,532)	(20,869)
Fund Balances at Beginning of Year	35,793	35,793	35,793	0
Fund Balances (Deficit) at End of Year	\$8	\$49,130	\$28,261	(\$20,869)

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	Adult Basic Education			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$123,947	\$123,947	\$123,947	\$0
Total Revenues	<u>123,947</u>	<u>123,947</u>	<u>123,947</u>	<u>0</u>
<u>Expenditures:</u>				
Current:				
Adult/Continuing	149,244	149,946	149,946	0
Support Services:				
Instructional Staff	<u>0</u>	<u>1,638</u>	<u>1,638</u>	<u>0</u>
Total Expenditures	<u>149,244</u>	<u>151,584</u>	<u>151,584</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	(25,297)	(27,637)	(27,637)	0
<u>Other Financing Sources:</u>				
Refund of Prior Year Expenditures	<u>0</u>	<u>324</u>	<u>324</u>	<u>0</u>
Total Other Financing Sources	<u>0</u>	<u>324</u>	<u>324</u>	<u>0</u>
Net Change in Fund Balance	(25,297)	(27,313)	(27,313)	0
Fund Balances (Deficit) at Beginning of Year	(121,748)	(121,748)	(121,748)	0
Prior Year Encumbrances Appropriated	<u>149,243</u>	<u>149,243</u>	<u>149,243</u>	<u>0</u>
Fund Balances at End of Year	<u><u>\$2,198</u></u>	<u><u>\$182</u></u>	<u><u>\$182</u></u>	<u><u>\$0</u></u>

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Nonmajor Special Revenue Funds
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	Race to the Top Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$1,016,613	\$996,148	\$584,327	(\$411,821)
Total Revenues	1,016,613	996,148	584,327	(411,821)
<u>Expenditures:</u>				
Current:				
Support Services:				
Pupils	40,000	48,852	48,852	0
Instructional Staff	400,000	477,232	477,232	0
Administration	147,617	204,107	204,107	0
Operation of Non- Instructional Services	0	600	600	0
Total Expenditures	587,617	730,791	730,791	0
Excess of Revenues Over (Under) Expenditures	428,996	265,357	(146,464)	(411,821)
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	0	1,632	1,632	0
Refund of Prior Year Receipts	0	(109)	(109)	0
Transfers In	0	20,193	20,193	0
Transfers Out	0	(20,193)	(20,193)	0
Total Other Financing Sources (Uses)	0	1,523	1,523	0
Net Change in Fund Balance	428,996	266,880	(144,941)	(411,821)
Fund Balances (Deficit) at Beginning of Year	(336,661)	(336,661)	(336,661)	0
Prior Year Encumbrances Appropriated	353,379	353,379	353,379	0
Fund Balances (Deficit) at End of Year	\$445,714	\$283,598	(\$128,223)	(\$411,821)

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	Title VI-B Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$2,255,133	\$2,225,828	\$1,704,537	(\$521,291)
Total Revenues	2,255,133	2,225,828	1,704,537	(521,291)
<u>Expenditures:</u>				
Current:				
Instruction:				
Special	1,359,168	1,450,320	1,445,300	5,020
Other	34,000	33,891	33,891	0
Support Services:				
Pupils	173,000	173,380	173,380	0
Instructional Staff	64,000	64,727	64,727	0
Administration	320,000	321,861	321,861	0
Pupil Transportation	0	0	0	0
Operation of Non- Instructional Services	75,000	75,289	75,289	0
Total Expenditures	2,025,168	2,119,468	2,114,448	5,020
Excess of Revenues Over (Under) Expenditures	229,965	106,360	(409,911)	(516,271)
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	0	7,370	7,370	0
Transfers In	268,746	22,858	22,858	0
Transfers Out	0	(22,858)	(22,858)	0
Total Other Financing Sources (Uses)	268,746	7,370	7,370	0
Net Change in Fund Balance	498,711	113,730	(402,541)	(516,271)
Fund Balances (Deficit) at Beginning of Year	(161,188)	(161,188)	(161,188)	0
Prior Year Encumbrances Appropriated	286,494	286,494	286,494	0
Fund Balances (Deficit) at End of Year	<u>\$624,017</u>	<u>\$239,036</u>	<u>(\$277,235)</u>	<u>(\$516,271)</u>

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	School Improvement Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$26,225	\$0	\$0	\$0
Total Revenues	26,225	0	0	0
<u>Expenditures:</u>				
Current:				
Support Services:				
Instructional Staff	15,133	1,212	1,212	0
Total Expenditures	15,133	1,212	1,212	0
Excess of Revenues Over (Under) Expenditures	11,092	(1,212)	(1,212)	0
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Receipts	0	(7,151)	(7,151)	0
Transfers In	0	7,151	7,151	0
Transfers Out	0	(7,151)	(7,151)	0
Total Other Financing Sources (Uses)	0	(7,151)	(7,151)	0
Net Change in Fund Balance	11,092	(8,363)	(8,363)	0
Fund Balances (Deficit) at Beginning of Year	(6,771)	(6,771)	(6,771)	0
Prior Year Encumbrances Appropriated	15,134	15,134	15,134	0
Fund Balances at End of Year	<u>\$19,455</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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	Title III Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$68,066	\$71,223	\$59,029	(\$12,194)
Total Revenues	68,066	71,223	59,029	(12,194)
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	2,000	1,970	1,970	0
Support Services:				
Pupils	54,675	64,725	64,725	0
Instructional Staff	3,000	2,488	2,488	0
Total Expenditures	59,675	69,183	69,183	0
Excess of Revenues Over (Under) Expenditures	8,391	2,040	(10,154)	(12,194)
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	0	191	191	0
Transfers In	0	7	7	0
Transfers Out	0	(7)	(7)	0
Total Other Financing Sources (Uses)	0	191	191	0
Net Change in Fund Balance	8,391	2,231	(9,963)	(12,194)
Fund Balances (Deficit) at Beginning of Year	(4,750)	(4,750)	(4,750)	0
Prior Year Encumbrances Appropriated	8,795	8,795	8,795	0
Fund Balances (Deficit) at End of Year	<u>\$12,436</u>	<u>\$6,276</u>	<u>(\$5,918)</u>	<u>(\$12,194)</u>

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	Title I Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$4,231,504	\$4,221,882	\$2,678,093	(\$1,543,789)
Total Revenues	4,231,504	4,221,882	2,678,093	(1,543,789)
<u>Expenditures:</u>				
Current:				
Instruction:				
Special	1,500,000	1,129,730	1,116,830	12,900
Support Services:				
Instructional Staff	1,909,557	1,726,185	1,726,185	0
Administration	170,000	164,557	164,557	0
Pupil Transportation	10,000	10,137	10,137	0
Operation of Non- Instructional Services	125,000	82,495	82,495	0
Total Expenditures	3,714,557	3,113,104	3,100,204	12,900
Excess of Revenues Over (Under) Expenditures	516,947	1,108,778	(422,111)	(1,530,889)
<u>Other Financing Sources:</u>				
Refund of Prior Year Expenditures	0	17,084	17,084	0
Total Other Financing Sources	0	17,084	17,084	0
Net Change in Fund Balance	516,947	1,125,862	(405,027)	(1,530,889)
Fund Balances (Deficit) at Beginning of Year	(557,029)	(557,029)	(557,029)	0
Prior Year Encumbrances Appropriated	736,050	736,050	736,050	0
Fund Balances (Deficit) at End of Year	<u>\$695,968</u>	<u>\$1,304,883</u>	<u>(\$226,006)</u>	<u>(\$1,530,889)</u>

Middletown City School District
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Schedule of Revenues, Expenditures and Changes
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For the Fiscal Year Ended June 30, 2014

	EHA Preschool Grant			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$25,589	\$25,589	\$25,589	\$0
Total Revenues	25,589	25,589	25,589	0
<u>Expenditures:</u>				
Current:				
Support Services:				
Pupils	25,589	25,589	25,589	0
Total Expenditures	25,589	25,589	25,589	0
Net Change in Fund Balance	0	0	0	0
Fund Balances at Beginning of Year	0	0	0	0
Fund Balances at End of Year	\$0	\$0	\$0	\$0

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	Improving Teacher Quality			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$898,728	\$863,915	\$311,724	(\$552,191)
Total Revenues	898,728	863,915	311,724	(552,191)
<u>Expenditures:</u>				
Current:				
Support Services:				
Instructional Staff	650,151	332,844	332,844	0
Total Expenditures	650,151	332,844	332,844	0
Excess of Revenues Over Expenditures	248,577	531,071	(21,120)	(552,191)
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	0	1,092	1,092	0
Transfers In	0	31,866	31,866	0
Transfers Out	0	(31,866)	(31,866)	0
Total Other Financing Sources (Uses)	0	1,092	1,092	0
Net Change in Fund Balance	248,577	532,163	(20,028)	(552,191)
Fund Balances (Deficit) at Beginning of Year	(159,276)	(159,276)	(159,276)	0
Prior Year Encumbrances Appropriated	172,407	172,407	172,407	0
Fund Balances (Deficit) at End of Year	\$261,708	\$545,294	(\$6,897)	(\$552,191)

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2014

	Miscellaneous Federal Grants			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Total Revenues	\$0	\$0	\$0	\$0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	24,317	0	0	0
Total Expenditures	24,317	0	0	0
Excess of Revenues Over (Under) Expenditures	(24,317)	0	0	0
<u>Other Financing Sources:</u>				
Refund of Prior Year Expenditures	0	2	2	0
Total Other Financing Sources	0	2	2	0
Net Change in Fund Balance	(24,317)	2	2	0
Fund Balances at Beginning of Year	24,317	24,317	24,317	0
Fund Balances at End of Year	\$0	\$24,319	\$24,319	\$0

*Middletown City School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Capital Projects Funds
June 30, 2014*

	Permanent Improvement
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$ 16,854
Receivables:	
Property and Other Taxes	130,028
Total Assets	146,882
<u>Liabilities, Deferred Inflows and Fund Balances</u>	
<u>Liabilities:</u>	
Payables:	
Accounts	12,727
Total Liabilities	12,727
<u>Deferred Inflows of Resources:</u>	
Property Taxes	104,185
Total Deferred Inflows of Resources	104,185
<u>Fund Balances:</u>	
Committed	29,970
Total Fund Balances	29,970
Total Liabilities, Deferred Inflows and Fund Balances	\$ 146,882

*Middletown City School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2014*

	Permanent Improvement	Building Fund	Total Nonmajor Capital Projects Funds
<u>Revenues:</u>			
Property and other taxes	\$ 167,921	\$ -	\$ 167,921
Intergovernmental	20,958	-	20,958
Interest	-	7	7
	<hr/>	<hr/>	<hr/>
Total Revenues	188,879	7	188,886
	<hr/>	<hr/>	<hr/>
<u>Expenditures:</u>			
Instruction:			
Regular	59,510	-	59,510
Support Services:			
Instructional Staff	34,400	9,111	43,511
Administration	8,657	-	8,657
Fiscal	5,825	-	5,825
Operation and Maintenance of Plant	33,056	4,889	37,945
Central	25,924	-	25,924
Capital Outlay	-	173,935	173,935
	<hr/>	<hr/>	<hr/>
Total Expenditures	167,372	187,935	355,307
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	21,507	(187,928)	(166,421)
	<hr/>	<hr/>	<hr/>
Fund Balances - beginning	8,463	187,928	196,391
Fund Balances - ending	<u>\$ 29,970</u>	<u>\$ -</u>	<u>\$ 29,970</u>

*Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2014*

	Permanent Improvement			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$150,000	\$150,541	\$150,541	\$0
Intergovernmental	39,538	20,764	20,764	0
Total Revenues	<u>189,538</u>	<u>171,305</u>	<u>171,305</u>	<u>0</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	70,000	59,510	59,510	0
Special	1,000	845	845	0
Support Services:				
Instructional Staff	40,000	34,400	34,400	
Administration	9,000	8,657	8,657	0
Fiscal	6,000	5,825	5,825	0
Operation and Maintenance of Plant	44,803	37,015	33,056	3,959
Central	34,000	34,008	34,008	0
Total Expenditures	<u>204,803</u>	<u>180,260</u>	<u>176,301</u>	<u>3,959</u>
Excess of Revenues Over Expenditures	(15,265)	(8,955)	(4,996)	3,959
<u>Other Financing Sources (Uses)</u>				
Advances In	135,000	135,542	135,542	0
Advances Out	0	(135,542)	(135,542)	0
Refund of Prior Year Expenditures	0	194	194	0
Total Other Financing Sources (Uses)	<u>135,000</u>	<u>194</u>	<u>194</u>	<u>0</u>
Net Change in Fund Balance	119,735	(8,761)	(4,802)	3,959
Fund Balances (Deficit) at Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	<u>4,803</u>	<u>4,803</u>	<u>4,803</u>	<u>0</u>
Fund Balances (Deficit) at End of Year	<u>\$124,538</u>	<u>(\$3,958)</u>	<u>\$1</u>	<u>\$3,959</u>

*Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2014*

	Building Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<u>Revenues:</u>				
Interest	\$0	\$42	\$42	\$0
Total Revenues	0	42	42	0
<u>Expenditures:</u>				
Current:				
Support Services:				
Instructional Staff	70,000	69,992	69,992	0
Operation and Maintenance of Plant	40,000	37,562	37,562	0
Central		0	0	0
Capital Outlay	571,946	174,436	174,436	0
Total Expenditures	681,946	281,990	281,990	0
Excess of Revenues (Under) Expenditures	(681,946)	(281,948)	(281,948)	0
<u>Other Financing Sources</u>				
Advances In	400,200	374,691	374,691	0
Advances Out	0	(374,691)	(374,691)	0
Total Other Financing Sources	400,200	0	0	0
Net Change in Fund Balance	(281,746)	(281,948)	(281,948)	0
Fund Balances at Beginning of Year	2	2	2	0
Prior Year Encumbrances Appropriated	281,946	281,946	281,946	0
Fund Balances (Deficit) at End of Year	\$202	\$0	\$0	\$0

Middletown City School District
Butler County, Ohio
Combining Statement of Changes
in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2014

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Student Managed Activities				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 89,501	\$ 66,805	\$ 76,603	\$ 79,703
Total Assets	<u>89,501</u>	<u>66,805</u>	<u>76,603</u>	<u>79,703</u>
<u>Liabilities:</u>				
Undistributed Monies	89,501	66,805	76,603	79,703
Total Liabilities	<u>\$ 89,501</u>	<u>\$ 66,805</u>	<u>\$ 76,603</u>	<u>\$ 79,703</u>

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Statistical Section

www.middletowncityschools.com

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

**STATISTICAL SECTION DESCRIPTIONS
JUNE 30, 2014**

This part of the School District's report presents detailed information as a context for understanding what the information in the financial statements, note disclosure, and required supplementary information says about the School District's overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the School District's financial performance and situation have changed over time.	105-110
Revenue Capacity These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax and income tax.	111-114
Debt Capacity These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	115-121
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within in which the School District's financial activities takes place.	122-123
Operating Information These schedules contain operational data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	124-127

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Middletown City School District
 Butler County, Ohio
 Net Position by Component
 Last Ten Years
 (accrual basis of accounting)

	2014	2013	2012 (1)	2011	2010
Governmental Activities					
Net Investment in Capital Assets	\$ 3,003,649	\$ 6,234,371	\$ 8,239,520	\$ 8,243,758	\$ 6,999,059
Restricted	3,938,419	2,337,991	3,507,622	5,998,474	3,734,017
Unrestricted (Deficit)	75,485	(3,394,825)	(3,138,373)	(2,282,638)	6,290,172
<i>Total Governmental Activities Net Position</i>	<u>\$ 7,017,553</u>	<u>\$ 5,177,537</u>	<u>\$ 8,608,769</u>	<u>\$ 11,959,594</u>	<u>\$ 17,023,248</u>
	2009 (1)	2008	2007	2006	2005
Governmental Activities					
Net Investment in Capital Assets	\$ 5,483,895	\$ 12,290,959	\$ 7,823,154	\$ 3,333,501	\$ 3,139,917
Restricted	4,704,174	5,485,245	17,120,766	12,868,892	9,985,928
Unrestricted (Deficit)	8,488,821	7,913,355	(4,558,346)	(3,327,956)	(2,697,142)
<i>Total Governmental Activities Net Position</i>	<u>\$ 18,676,890</u>	<u>\$ 25,689,559</u>	<u>\$ 20,385,574</u>	<u>\$ 12,874,437</u>	<u>\$ 10,428,703</u>

Source: School District financial records

(1) Amounts have been restated as previously reported.

Middletown City School District
Butler County, Ohio
Changes in Net Position
Last Ten Years
(accrual basis of accounting)

	2014	2013	2012 (1)	2011
Expenses				
Governmental Activities:				
Instruction	49,646,486	48,384,018	46,929,114	50,188,859
Support Services:				
Pupils	4,442,512	4,265,190	4,655,026	5,585,042
Instructional Staff	3,389,719	3,868,239	4,939,816	5,229,348
Board of Education	66,159	43,835	56,405	52,578
Administration	4,663,891	4,445,825	4,530,426	5,343,818
Fiscal	785,642	688,210	723,250	670,419
Business	209,337	254,239	441,139	469,884
Operation and Maintenance of Plant	9,294,379	7,914,945	7,792,863	7,399,143
Pupil Transportation	4,022,409	3,812,314	3,758,699	3,682,543
Central	2,669,861	1,486,066	3,397,181	5,344,434
Operation of Non-Instructional Services	4,795,795	4,543,308	4,369,441	3,886,436
Extracurricular Activities	900,838	890,157	1,025,636	1,028,730
Interest on Long-Term Debt	2,672,184	2,713,127	2,703,229	2,840,830
<i>Total Governmental Activities Expenses</i>	<u>87,559,212</u>	<u>83,309,473</u>	<u>85,322,225</u>	<u>91,722,064</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
Instruction	1,328,997	728,828	760,855	747,531
Support Services	74,984	60,921	101,071	169,629
Other	371,359	690,941	816,136	781,124
Operating Grants and Contributions	12,666,818	10,881,913	12,112,072	19,941,094
Capital Grants and Contributions	0	0	0	0
<i>Total Governmental Activities Program Revenues</i>	<u>14,442,158</u>	<u>12,362,603</u>	<u>13,790,134</u>	<u>21,639,378</u>
Net (Expense)/Revenue	<u>(73,117,054)</u>	<u>(70,946,870)</u>	<u>(71,532,091)</u>	<u>(70,082,686)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes:				
General purposes	30,753,332	26,836,512	27,947,132	28,460,928
Special revenue	-	-	-	-
Debt service	3,317,360	2,907,788	3,816,214	3,477,334
Capital projects	167,982	132,316	113,113	-
Grants and Entitlements not Restricted to Specific Programs	40,073,523	37,215,406	35,874,604	32,733,997
Investment Earnings	1,166	1,923	9,601	28,936
Payments in Lieu of Taxes	226,369	303,813	552,566	280,612
Unrestricted contributions	0	0	0	0
Miscellaneous	417,338	117,880	465,234	37,225
<i>Total Governmental Activities</i>	<u>74,957,070</u>	<u>67,515,638</u>	<u>68,778,464</u>	<u>65,019,032</u>
Change in Net Position	<u>\$ 1,840,016</u>	<u>\$ (3,431,232)</u>	<u>\$ (2,753,627)</u>	<u>\$ (5,063,654)</u>

Source: School District financial records

- (1) Amounts have been reclassified to conform to fiscal year 2013's presentation
(2) Amounts have been reclassified to conform to fiscal year 2011's presentation
(3) Amounts have been reclassified to conform to fiscal year 2009's presentation.

2010 (2)	2009	2008 (3)	2007	2006	2005
49,044,574	47,565,415	43,559,450	42,406,738	42,988,158	42,252,745
4,919,527	4,664,923	4,269,073	4,499,071	4,182,323	4,358,304
5,980,662	5,950,980	4,294,621	4,767,755	4,104,223	3,540,476
103,269	39,990	0	0	0	0
5,899,057	5,918,107	4,998,030	5,583,789	5,297,966	6,118,189
1,455,723	1,350,653	1,602,802	1,565,314	1,346,439	1,486,704
511,414	484,511	378,914	498,372	302,611	355,906
7,712,461	8,501,464	8,650,520	7,228,123	7,612,955	7,256,478
3,685,251	3,292,293	3,179,889	3,062,815	2,919,435	3,000,568
1,963,221	2,330,840	1,764,603	2,098,304	1,707,030	1,909,674
3,651,317	3,843,355	3,689,463	3,097,638	3,960,309	3,636,886
1,002,233	1,022,353	787,327	912,856	795,465	680,257
2,857,619	3,009,066	2,999,529	2,437,992	3,449,841	3,258,401
88,786,328	87,973,950	80,174,221	78,158,767	78,666,755	77,854,588
708,352	717,696	536,644	826,053	698,140	512,974
206,090	178,057	470,327	254,075	306,150	177,214
864,398	917,389	921,098	1,088,329	1,103,420	1,319,498
18,469,879	17,762,109	17,204,236	18,905,396	14,625,856	10,463,524
316,140	66,437	14,078	94,861	27,023	99,364
20,564,859	19,641,688	19,146,383	21,168,714	16,760,589	12,572,574
(68,221,469)	(68,332,262)	(61,027,838)	(56,990,053)	(61,906,166)	(65,282,014)
15,443,139	16,749,487	19,017,594	19,301,596	21,009,706	20,001,616
13,390,494	14,565,287	15,925,322	15,998,068	13,680,223	9,568,394
3,404,818	3,862,804	4,373,040	4,243,108	4,513,669	4,779,338
-	-	-	-	-	-
33,774,716	33,102,516	25,460,103	22,572,267	23,692,530	23,197,208
26,337	228,509	1,391,914	2,131,508	1,667,994	1,933,251
517,839	0	0	54,728	75,613	96,121
0	0	24,728	22,223	4,977	11,547
10,484	23,272	139,122	177,692	244,051	850,121
66,567,827	68,531,875	66,331,823	64,501,190	64,888,763	60,437,596
\$ (1,653,642)	\$ 199,613	\$ 5,303,985	\$ 7,511,137	\$ 2,982,597	\$ (4,844,418)

Middletown City School District
Butler County, Ohio
Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	2014	2013	2012	2011 (1)	2010	2009	2008	2007	2006	2005
General Fund										
Restricted	\$ 24,610	\$ 24,610	\$ 24,610	\$ 186,444	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Assigned	65,935	386,691	306,347	739,638	0	0	0	0	0	0
Unassigned	(1,114,077)	(3,932,766)	(4,483,802)	(3,717,700)	0	0	0	0	0	0
Reserved	0	0	0	0	1,305,189	1,392,826	1,280,574	21,167	920,335	1,124,195
Unreserved	0	0	0	0	2,589,792	(1,245,433)	(3,511,819)	(6,546,685)	(4,806,920)	(4,218,816)
Total General Fund	(1,023,532)	(3,521,465)	(4,152,845)	(2,791,618)	3,894,981	147,393	(2,231,245)	(6,525,518)	(3,886,585)	(3,094,621)
All Other Governmental Funds										
Nonspendable	\$ 97,652	\$ 48,607	\$ 29,397	\$ 41,988	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Restricted	2,135,729	2,212,418	3,253,825	4,631,246	0	0	0	0	0	0
Committed	29,970	8,463	8,111	51,081	0	0	0	0	0	0
Unassigned	(112,278)	(245)	(25,155)	(20,782)	0	0	0	0	0	0
Reserved	0	0	0	0	1,457,598	2,351,469	7,505,213	16,761,290	36,190,661	20,901,245
Undesignated, Reported in:										
Special Revenue funds	0	0	0	0	(469,675)	3,774,571	3,183,607	4,710,288	(1,083,966)	(1,324,002)
Debt Service funds	0	0	0	0	2,186,547	2,352,696	1,896	2,040,524	7,444,955	53,297,603
Capital Projects funds	0	0	0	0	(907,311)	(1,265,409)	(1,711,469)	(1,566,396)	(2,922,416)	(3,327,299)
Total All Other Governmental Funds	2,151,073	2,269,243	3,266,178	4,703,533	2,267,159	7,213,327	8,979,247	21,945,706	39,629,234	69,547,547
Total Governmental Funds	\$1,127,541	(\$1,252,222)	(\$886,667)	\$1,911,915	\$6,162,140	\$7,360,720	\$6,748,002	\$15,420,188	\$35,742,649	\$66,452,926

Source: The School District records.
(1) The School District implemented GASB 54 for 2011 and has chosen to not retroactively implement it.

Middletown City School District
 Butler County, Ohio
 Changes in Fund Balances, Governmental Funds
 Last Ten Years
 (modified accrual basis of accounting)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Property Taxes	\$34,294,811	\$31,261,754	\$31,341,229	\$30,834,774	\$31,981,033	\$34,695,348	\$39,009,403	\$39,823,228	\$38,451,663	\$35,174,640
Payment in Lieu of Taxes	497,553	444,506	148,212	279,392	511,536	0	0	0	0	0
Tuition and Fees	1,126,473	566,267	724,610	525,839	516,322	493,420	972,600	1,027,156	939,407	638,515
Transportation Fees	0	0	0	65,664	144,614	97,048	0	0	0	0
Interest	1,166	1,923	9,601	29,126	31,260	223,963	1,391,914	2,131,508	1,667,994	1,933,143
Rent	33,633	22,675	10,458	0	0	0	0	0	0	0
Charges for Services	349,214	651,126	588,504	561,722	614,698	667,441	637,736	811,212	823,804	1,113,242
Extracurricular Activities	257,306	233,516	341,328	320,910	308,493	280,515	260,034	254,306	228,349	229,091
Classroom materials and fees	0	0	0	138,801	109,042	142,369	0	0	0	0
Gifts and Donations	262,615	46,956	110,623	0	0	0	0	0	0	0
Miscellaneous	223,265	123,851	477,276	200,672	200,899	204,393	221,547	275,698	354,519	899,993
Intergovernmental	50,921,081	48,067,339	48,553,938	51,866,741	53,233,060	51,642,603	42,563,950	41,943,602	37,336,145	33,965,516
Total Revenues	87,967,117	81,419,913	82,305,779	84,823,641	87,650,957	88,447,100	85,057,184	86,266,710	79,801,881	73,954,340
Expenditures										
Current:										
Instruction:										
Support Services	49,279,372	48,133,204	47,192,759	48,974,881	47,816,574	45,381,711	42,666,670	41,718,933	42,426,014	41,082,618
Pupils	4,424,408	4,379,076	4,695,154	5,502,709	4,825,255	4,454,170	4,318,458	4,484,000	4,161,383	4,294,936
Instructional Staff	3,417,238	3,832,670	4,964,134	5,182,361	5,827,474	5,809,655	4,338,546	4,747,707	4,024,607	3,517,975
Board of Education	66,159	43,835	56,405	51,456	101,002	39,105	0	0	0	0
Administration	4,656,085	4,458,818	4,517,281	5,327,370	5,809,833	5,702,954	5,064,734	5,535,204	5,256,967	6,055,443
Fiscal	784,141	689,018	717,447	654,400	1,417,411	1,329,362	1,626,470	1,567,948	1,331,297	1,484,731
Business	209,442	253,527	427,734	444,542	485,305	456,107	425,545	489,650	288,765	329,267
Operation and Maintenance of Plant	7,901,230	5,684,361	5,454,243	6,239,542	6,735,701	8,125,211	6,992,725	8,997,255	7,343,598	6,983,690
Pupil Transportation	3,905,361	3,689,610	3,629,508	3,527,369	3,472,888	3,379,531	3,116,607	2,913,572	2,693,862	2,750,990
Central	3,459,367	1,257,761	3,853,759	3,782,437	1,954,306	2,221,285	1,715,473	2,033,815	1,548,663	1,794,486
Operation of Non-Instructional Services	4,779,151	4,518,730	4,382,701	3,834,439	3,583,679	3,756,691	3,685,944	3,072,757	3,999,121	3,634,918
Extracurricular Activities	924,948	883,030	1,017,934	1,008,812	977,802	1,014,207	789,531	913,324	792,039	677,981
Facilities acquisition and construction	0	0	0	701,820	510,385	1,206,649	0	0	0	0
Capital Outlay	433,676	8,723	397,027	1,348,767	0	478,000	13,708,012	25,417,655	32,295,128	8,501,633
Debt service:										
Principal Retirement	1,177,325	1,033,416	927,375	880,261	2,357,860	2,229,778	2,813,657	2,049,492	1,872,944	4,269,617
Interest and Fiscal Charges	2,865,082	2,921,769	2,881,709	3,007,587	3,036,523	3,167,536	3,178,262	2,651,808	3,408,083	3,270,067
Total Expenditures	88,282,985	81,786,948	85,115,170	90,468,753	88,911,998	88,751,552	94,440,634	106,593,120	111,444,471	88,648,552
Excess of Revenues Over (Under) Expenditures	(315,868)	(366,035)	(2,809,391)	(5,645,112)	(1,261,041)	(304,452)	(9,383,450)	(20,326,410)	(31,642,590)	(14,694,212)
Other Financing Sources (Uses)										
Transfers In	610,354	604,934	620,080	692,375	699,567	1,932	366,669	963,561	0	100
Transfers Out	(610,354)	(604,934)	(620,080)	(692,375)	(699,567)	(1,932)	(366,669)	(963,561)	0	(100)
Sale of capital assets	2,358	480	10,810	46,120	62,461	913	33,602	3,949	10,680	45,485
Capital lease transaction	248,273	0	0	1,348,767	0	478,000	0	0	921,653	3,254,828
Issuance of long term debt	2,445,000	0	0	0	0	0	677,662	0	0	0
Sale of refunding bonds	0	0	0	0	0	0	0	55,465,000	0	0
Refunding bond issuance costs	0	0	0	0	0	0	0	(765,639)	0	0
Payments to refunding bond escrow agent	0	0	0	0	0	0	0	(59,855,611)	0	0

Middletown City School District
Butler County, Ohio
 Changes in Fund Balances, Governmental Funds
 Last Ten Years
 (modified accrual basis of accounting)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Premium on the sale of refunding bonds	0	0	0	0	0	0	0	5,156,250	0	0
Insurance proceeds	0	0	0	0	0	438,257	0	0	0	0
Issuance of bonds	0	0	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	2,695,631	480	10,810	1,394,887	62,461	917,170	711,264	3,949	932,313	3,300,313
Net Change in Fund Balances	\$2,379,763	(\$365,555)	(\$2,798,581)	(\$4,250,225)	(\$1,198,680)	\$612,718	(\$8,672,186)	(\$20,322,461)	(\$30,710,277)	(\$11,393,899)
Debt Service as a Percentage of Noncapital Expenditures	4.66%	4.85%	4.55%	4.38%	6.10%	6.20%	7.52%	5.99%	6.67%	9.37%

Source: School District records

**Middletown City School District
Butler County, Ohio**

Assessed and Estimated Actual Value of Taxable Property
Last Ten Collection (Calendar) Years

Tax Year	Real Property		Tangible Personal Property		Public Utilities Personal		Total		Direct Rate	Ratio		
	Assessed Value		Assessed Value		Assessed Value		Assessed Value	Estimated Actual Value				
2004	\$	769,265,780	\$	261,226,106	\$	44,182,110	\$	1,074,673,996	\$	3,293,013,596	38.08	32.63%
2005		696,828,230		247,896,469		44,752,120		989,476,819		3,033,378,357	38.08	32.62%
2006		761,885,206		271,040,472		48,930,248		1,081,855,926		3,309,907,010	45.13	32.69%
2007		717,245,370		133,592,134		36,901,260		887,738,764		2,620,542,282	45.75	33.88%
2008		799,643,380		-		38,837,820		838,481,200		2,480,713,609	45.75	33.80%
2009		750,828,210		-		40,785,100		791,613,310		2,342,051,213	47.00	33.80%
2010		739,511,220		-		50,482,380		789,993,600		2,337,259,172	46.99	33.80%
2011		673,961,050		-		51,549,940		725,510,990		2,072,888,543	47.16	35.00%
2012		665,572,990		-		50,710,520		716,283,510		2,046,524,314	47.16	35.00%
2013		657,709,970		-		54,597,780		712,307,750		2,035,165,000	48.95	35.00%

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

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

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

The tangible personal property tax of telephone and telecommunications property was eliminated in 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 before being billed.

Middletown City School District

Butler County, Ohio

Property Tax Rates (Per \$1,000 of Assessed Value)

Direct and Overlapping Governments

Last Ten Collection (Calendar) Years

Calendar Years	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Middletown City School District										
General	\$ 18.27	\$ 18.27	\$ 18.27	\$ 18.27	\$ 18.27	\$ 18.27	\$ 18.27	\$ 18.27	\$ 18.27	\$ 18.27
Emergency	10.15	10.15	17.20	17.82	17.82	18.89	18.81	18.81	18.98	20.77
Bond	4.74	4.74	4.74	4.74	4.74	4.92	4.99	4.75	4.75	4.75
Unvoted	4.92	4.92	4.92	4.92	4.92	4.92	4.92	5.16	5.16	5.16
Total	38.08	38.08	45.13	45.75	45.75	47.00	46.99	46.99	47.16	48.95
Overlapping Rates										
Butler County	8.75	8.75	10.95	10.95	9.75	9.75	9.72	9.72	9.72	9.72
Warren County	4.96	6.53	6.46	6.71	5.21	5.78	5.78	7.78	7.78	7.78
Franklin Township (1)	NA	NA	NA	NA	7.17	4.00	3.87	3.87	3.87	3.87
Turtlecreek Township (2)	NA	NA	NA	NA	1.61	1.61	0.61	9.12	9.12	9.12
City of Middletown	5.86	5.86	5.90	5.90	5.90	5.90	5.90	5.90	5.90	6.72
Butler Tech	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93
Metroparks										0.50
Midpointe Library										0.75
Total	7.79	7.79	7.83	7.83	16.61	13.44	12.31	20.82	20.82	19.62
Total	\$ 45.87	\$ 45.87	\$ 52.96	\$ 53.58	\$ 62.36	\$ 60.44	\$ 59.30	\$ 67.81	\$ 67.98	\$ 68.57

Source:

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

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

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

NA - Information not available.

Middletown City School District

Butler County, Ohio

Property Tax Levies and Collections - Real and Public Utility Property

Last Ten Collection (Calendar) Years

Calendar Year	Taxes Levied for the Calendar Year (1)		Collected within the Calendar Year of the Levy		Collections from Subsequent Years		Total Collections to Date		Outstanding Delinquent Taxes (3)	Percent of Outstanding Delinquent Taxes to Tax Levied
	Amount (2)	Percentage of Levy	Amount (2)	Percentage of Levy	Years	Amount	Percent of Levy			
2004	\$ 28,625,917	85.38%	\$ 24,440,699	85.38%	1,173,928	\$ 25,614,627	89.48%	NA	0.00%	
2005	26,179,182	93.22%	24,403,174	93.22%	1,325,800	25,728,974	98.28%	NA	0.00%	
2006	32,065,355	92.69%	29,721,793	92.69%	1,516,132	31,237,925	97.42%	3,045,480	9.50%	
2007	40,619,396	82.39%	33,468,165	82.39%	1,726,207	35,194,372	86.64%	4,273,994	10.52%	
2008	38,249,797	84.60%	32,358,689	84.60%	2,393,834	34,752,523	90.86%	3,893,720	10.18%	
2009	35,638,317	85.50%	30,469,584	85.50%	2,134,606	32,604,190	91.49%	4,202,583	11.79%	
2010	32,511,295	96.18%	31,267,882	96.18%	918,290	32,186,172	99.00%	4,852,706	14.93%	
2011	32,633,101	97.09%	31,682,293	97.09%	1,736,442	33,418,735	102.41%	5,357,474	16.42%	
2012	30,713,002	94.13%	28,911,321	94.13%	2,421,728	31,333,050	102.02%	4,619,013	15.04%	
2013	31,531,399	94.15%	29,686,241	94.15%	2,033,122	31,719,362	100.60%	3,898,991	12.37%	

Source:

Butler County Auditor

- (1) Taxes levied and collected are presented on a cash basis.
- (2) State reimbursements of rollback and homestead exemptions are included.
- (3) Penalties and interest are included, since by Ohio law they become part of the tax obligation as assessment occurs.

Note: The District understands that the information presented in the "collections from subsequent years" is not presented as required; however, this is how the information is supplied by the respective County Auditor. The amount in this column will sometimes result in the percentage of levy exceeding 100% for the respective calendar year.

Middletown City School District
Butler County, Ohio
 Top Ten Principal Taxpayers
 Real Property Only

Current Year and Eight Years Ago

Name of Taxpayer	Calendar Year 2013			Calendar Year 2005		
	Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
Duke Energy Ohio Inc. (formerly Cincinnati Gas/Elec)	\$ 42,026,340	1	5.90%	\$ 31,002,250	1	3.13%
AK Steel Corporation	10,331,010	2	1.45%	15,095,550	2	1.53%
Rockies Express Pipeline	4,804,160	3	0.67%			
Fath Village East Apartments	3,899,220	4	0.55%	3,424,340	9	0.35%
Boymel Sam	3,500,010	5	0.49%	3,567,860	8	0.36%
Meijer Stores Unlimited	3,031,590	6	0.43%	5,373,220	4	0.54%
Middletown Coke	2,814,870	7	0.40%			
Kroger Limited Partners	2,304,390	8	0.32%			
Liberty Retirement Properties	2,278,620	9	0.32%			
Chaka-Chak LLC	2,060,340	10	0.29%			
Ohio Bell Telephone				5,836,540	3	0.59%
Towne Mall				4,284,480	5	0.43%
Southwestern Ohio Steel Inc.				4,061,950	6	0.41%
Precision Strip Inc.			0.00%	4,166,220	7	0.42%
Bavarian Woods LLC				2,272,110	10	0.23%
Total	\$ 77,050,550		10.82%	\$ 79,084,520		7.99%
Total Assessed Valuation	\$ 712,307,750			\$ 989,476,819		

Source: Butler and Warren County Auditors

Note: Information was not available for calendar year 2004; therefore, the District has presented information from eight years ago that was available.

Middletown City School District
Butler County, Ohio

Ratio of Total Debt to Estimated Actual Property Value, Personal Income and per Capita
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities (a)					Total Primary Government (c)	Less Bond Retirement Fund	Net Bond Debt	Ratio of Net Bonded Debt to Estimated Actual Value (d)	Net Bonded Debt to Personal Income (b)	Net Bonded Debt per Capita (b)
	Construction Bonds	Refunding Bonds	Long-Term Capital Notes	Capital Leases							
2005	\$ 66,970,000	\$ -	\$ 1,421,541	\$ 1,594,983	\$ 69,986,524	\$ 7,444,955	\$ 62,541,569	1.90%	6131.82%	\$ 1,212	
2006	65,650,000	-	1,354,916	2,030,317	69,035,233	7,444,955	61,590,278	2.03%	6128.35%	1,203	
2007	7,155,000	55,391,656	1,285,060	1,570,681	65,402,397	2,040,524	63,361,873	1.91%	6325.52%	1,242	
2008	5,555,000	54,719,650	1,889,478	1,105,268	63,269,396	1,896	63,267,500	2.41%	6228.07%	1,223	
2009	3,910,000	54,740,000	1,744,916	1,193,052	61,587,968	2,352,696	59,235,272	2.39%	5867.09%	1,152	
2010	3,610,000	53,380,000	1,596,629	643,479	59,230,108	2,186,547	57,043,561	2.44%	5666.91%	1,164	
2011	3,285,000	53,340,000	1,444,436	1,629,178	59,688,614	725,144	58,973,470	2.52%	5895.45%	1,211	
2012	2,930,000	57,258,498	1,288,149	1,258,090	62,734,737	1,307,781	61,426,956	2.96%	6363.28%	1,255	
2013	2,325,000	57,095,625	1,127,569	1,005,254	61,553,448	1,332,329	60,221,119	2.94%	6238.36%	1,237	
2014	1,680,000	56,864,375	3,407,487	911,284	62,863,146	1,617,246	61,245,900	2.99%	6344.52%	1,258	

Source: School District records

- (a) See notes to the financial statements regarding the District's outstanding debt information and does not include short term notes payable
- (b) See schedule "Demographic and Economic Statistics, 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 2014 is calendar year 2013).

Middletown City School District

Butler County, Ohio

Ratio of Net General Bonded Debt to Estimated Actual Value, Personal Income and per Capita
Last Ten Fiscal Years

Fiscal Year	Governmental Activities (a)		Total Primary Government	Less Bond Retirement Fund	Net Bond Debt	Ratio of Net Bonded Debt to Estimated Actual Value (c)	Net Bonded Debt per Capita (b)
	Construction Bonds	Refunding Bonds					
2005	\$ 66,970,000	\$ -	\$ 66,970,000	\$ 7,444,955	\$ 59,525,045	1.81%	\$ 1,154
2006	65,650,000	-	65,650,000	7,444,955	58,205,045	1.92%	1,137
2007	7,155,000	55,391,656	62,546,656	2,040,524	60,506,132	1.83%	1,186
2008	5,555,000	54,719,650	60,274,650	1,896	60,272,754	2.30%	1,165
2009	3,910,000	54,740,000	58,650,000	2,352,696	56,297,304	2.27%	1,095
2010	3,610,000	53,380,000	56,990,000	2,186,547	54,803,453	2.34%	1,118
2011	3,285,000	53,340,000	56,625,000	725,144	55,899,856	2.39%	1,148
2012	2,930,000	57,258,498	60,188,498	1,307,781	58,880,717	2.84%	1,203
2013	2,325,000	57,095,625	59,420,625	1,332,329	58,088,296	2.84%	1,193
2014	1,680,000	56,864,375	58,544,375	1,617,246	56,927,129	2.80%	1,169

Source: School District records

- (a) See notes to the financial statements regarding the District's outstanding debt information.
- (b) See schedule "Demographic and Economic Statistics, Last Ten Years" for personal income, per capita, population and enrollment information.
- (c) Assessed values are on a calendar year basis (i.e. fiscal year 2014 is calendar year 2013).

Middletown City School District
Butler County, Ohio
 Computation of Direct and Overlapping Debt
 June 30, 2014

Governmental Unit	Direct Debt	Percent Applicable to District (1)	Amount Applicable to District
Direct:			
Middletown City School District	\$ 62,863,146	100.00%	\$ 62,863,146
Overlapping:			
Butler County (2)	55,123,000	10.50%	5,787,915
Warren County (2)	221,000	1.37%	3,028
City of Middletown (2)	24,010,000	91.88%	22,060,388
Total Overlapping	79,354,000		27,851,331
Total Direct and Overlapping Debt	\$ 142,217,146		\$ 90,714,477

Sources:

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

(2) City of Middletown annual financial report for December 31, 2013

Middletown City School District
 Butler County, Ohio
 Computation of Legal Debt Margin
 Last Ten Years

	2014	2013	2012
Assessed Valuation of District	\$ 712,307,750	\$ 716,283,510	\$ 725,510,990
<u>Overall Direct Debt Limit</u>			
Direct Debt Limitation 9% of assessed valuation (1)	\$ 64,107,698	\$ 64,465,516	\$ 65,295,989
Amount available in Debt Service Fund	1,617,246	1,332,329	1,307,781
Gross Indebtedness	59,253,771	57,737,823	62,734,737
Less Exempt Debt: General Obligation Notes	-	-	-
Net Indebtedness	<u>59,253,771</u>	<u>57,737,823</u>	<u>62,734,737</u>
Legal Debt Margin within 9% Limitation	<u>\$ 6,471,173</u>	<u>\$ 8,060,022</u>	<u>\$ 3,869,033</u>
Total Net Debt Applicable to the Limit as a Percentage of the Limit	90.15%	87.75%	94.19%
<u>Unvoted Direct Debt Limitation</u>			
Unvoted Debt Limitation 0.1% of assessed valuation	<u>\$ 712,308</u>	<u>\$ 716,284</u>	<u>\$ 725,511</u>

Source: School District records

(1) Assessed values are on a calendar year basis (i.e fiscal year 2013 is calendar year 2012)

2011 2010 2009 2008 2007 2006 2005

\$ 71,099,424 \$ 71,244,499 \$ 75,419,703 \$ 79,896,489 \$ 97,367,033 \$ 89,052,914 \$ 96,720,660

\$ 952,694 \$ 959,842 \$ 1,074,674 \$ 989,477 \$ 1,081,856 \$ 887,739 \$ 838,481

Middletown City School District
Butler County, Ohio

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

Year	Population (1)	Personal Income 000s (1)	Per-Capita Personal Income	Unemployment Rate (1)
2013	48,702	\$ 969,706	\$ 19,911	7.80%
2012	48,702	965,335	19,821	8.60%
2011	48,962	965,335	19,716	10.10%
2010	48,694	1,000,321	20,543	10.80%
2009	49,000	1,006,607	20,543	11.20%
2008	51,422	1,009,620	19,634	7.20%
2007	51,739	1,015,844	19,634	6.00%
2006	51,018	1,001,687	19,634	7.00%
2005	51,187	1,005,006	19,634	6.00%
2004	51,583	1,019,951	19,773	6.30%

Sources:

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

Middletown City School District
Butler County, Ohio
Principal Employers
Current Year and Nine Years Ago

2013		
Employer	Employees	Percentage of Total City Employment
AK Steel	2,333	11.70 %
Atrium Medical Center	2,013	10.10
Crown Service 36 LLC	1,375	6.90
CBS Temporary Service, LLC	1,064	5.34
Onesource Employee Management LLC	911	4.57
Middletown City School District	868	4.35
CM Temporary Services, Inc.	704	3.53
Miami University	599	3.00
Belcan Services Group II	567	2.84
City of Middletown	535	2.68
Total	10,969	55.01 %
Total City Employees	19,940	

2004		
Employer	Employees	Percentage of Total City Employment
AK Steel	3,498	36.30%
Atrium Medical Center (formerly Middletown Regional Hospital)	1,470	15.26%
Robert Lee Brown	1,451	15.06%
Middletown City School District	986	10.23%
City of Middletown	427	4.43%
Jefferson Smulfit Corporation	343	3.56%
McGraw/Kokosing	511	5.30%
Aeronca	189	1.96%
Miami University	261	2.71%
Bay West Paper Corporation	190	1.97%
Total	9,326	96.79%
Total City Employees	9,636	

Source: City of Middletown annual financial report for December 31, 2013

Middletown City School District
Butler County, Ohio
 Full-Time Equivalent School Employees by Function/Program
 Last Ten Fiscal Years

Function/program	2014	2013	2012 (2)	2011	2010	2009	2008	2007	2006 (1)	2005
Instruction:										
Classroom teachers	367.00	368.00	324.29	342.49	380.05	401.00	306.50	337.50	354.50	367.00
Special Education teachers and tutors	40.00	49.00	78.68	95.41	84.65	86.00	80.00	78.00	69.00	70.00
Educational aides	1.00	1.00	2.00	37.80	66.00	67.00	58.00	52.00	41.50	43.00
Special Education aides and attendants	68.00	62.00	58.00	57.50	12.00	16.00	9.00	8.00	12.00	12.00
Total Instruction	476.00	480.00	462.97	533.20	542.70	570.00	453.50	475.50	477.00	492.00
Support Services:										
Support personnel										
Librarians, nurses, counselors, visiting teachers	52.00	52.00	80.23	70.66	67.35	55.00	91.50	98.00	99.00	92.00
Principals	10.00	11.00	15.00	22.00	23.00	23.00	21.00	23.00	25.00	26.00
Central office administration	10	11	11	12.00	16.00	24.00	20.00	21.00	19.00	23.00
Secretaries and clerical	38.00	40.00	44.60	47.00	50.00	45.00	46.00	57.00	47.00	48.00
Transportation (3)	-	-	-	40.81	43.81	47.00	50.00	55.00	51.00	52.00
Food service (3)	-	-	-	-	-	-	-	-	-	56.00
Custodial (3)	-	-	31.00	33.00	33.00	37.00	36.00	44.00	45.00	47.00
Maintenance and mechanics (3)	-	-	7.00	16.00	16.00	8.00	8.00	11.00	12.00	16.00
Total Support Services	110.00	114.00	188.83	241.47	249.16	239.00	272.50	309.00	298.00	360.00
Total Governmental Activities	586.00	594.00	651.80	774.67	791.86	809.00	726.00	784.50	775.00	852.00

Source: School District records

- (1) Middletown City School District began outsourcing its food service operation.
- (2) Middletown City School District began outsourcing its transportation operation.
- (3) These positions are outsourced.

Middletown City School District
Butler County, Ohio
 Operating Statistics
 Last Ten Fiscal Years

Fiscal Year	Enrollment (ADM)	Operating Expenditures (1)	Cost Per Pupil (2)	Percentage Change	Expenses (3)	Cost per pupil (4)	Percentage Change	Teaching Staff	Pupil/Teacher Ratio	Percentage of Free or Reduced Lunches (5)
2014	6,543	\$ 83,806,902	\$ 12,809	6.25%	\$ 87,559,212	\$ 13,382	5.31%	426	15	100.0%
2013	6,534	78,766,846	12,055	-3.29%	83,029,498	12,707	-3.33%	490	13	72.1%
2012	6,491	80,909,059	12,465	-3.56%	85,322,225	13,145	-6.28%	462	14	72.1%
2011	6,540	84,530,318	12,925	2.16%	91,722,064	14,025	4.27%	438	15	71.5%
2010	6,601	83,517,615	12,652	3.05%	88,786,328	13,450	3.20%	465	14	70.0%
2009	6,750	82,876,238	12,278	8.19%	87,973,950	13,033	7.06%	487	14	63.9%
2008	6,586	74,740,703	11,348	-4.49%	80,174,221	12,173	0.24%	387	17	65.0%
2007	6,436	76,474,165	11,882	11.39%	78,158,767	12,144	6.90%	416	15	66.5%
2006	6,925	73,868,316	10,667	5.75%	78,666,755	11,360	5.03%	424	16	52.3%
2005	7,198	72,607,035	10,087	4.54%	77,854,588	10,816	9.36%	437	16	52.7%

(1) Operating expenditures is total expenditures minus facilities acquisition and construction, capital outlay and debt service from the statement of revenues, expenditures and changes in fund balance.

(2) Operating expenditure by enrollment

(3) Expenses is total expenses from statement of activities

(4) Expenses by enrollment

(5) The District entered a new program for fiscal year 2014 where everyone is provided a free breakfast or lunch and the District receives a higher reimbursement rate.

Source: School District records

Middletown City School District
Butler County, Ohio
 School Building Information
 Last Ten Fiscal Years

	Year Built	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Elementary Schools											
Amanda	1961	68,234	68,234	68,234	68,234	68,234	68,234	68,234	68,234	68,234	68,234
Square Feet		518	518	518	518	518	518	518	518	518	546
Capacity (students)		476	471	490	396	410	411	468	400	276	446
Enrollment		92%	91%	94%	76%	79%	79%	90%	77%	51%	82%
Percentage of capacity (3)		17	17	17	17	17	17	17	17	17	17
Site acreage											
Old Central Academy	1960	(12)	(12)	(12)	(12)	(12)	(12)	30,271	30,271	30,271	30,271
Square Feet		(12)	(12)	(12)	(12)	(12)	(12)	243	243	243	243
Capacity (students)		(12)	(12)	(12)	(12)	(12)	(12)	245	270	291	292
Enrollment		(12)	(12)	(12)	(12)	(12)	(12)	101%	111%	120%	120%
Percentage of capacity (3)		(12)	(12)	(12)	(12)	(12)	(12)	2	2	2	2
Site acreage		(12)	(12)	(12)	(12)	(12)	(12)				
New Central Academy	1966	32,795	32,795	32,795	32,795	32,795	32,795	(9)	(9)	(9)	(9)
Square Feet		350	350	350	350	350	350	(9)	(9)	(9)	(9)
Capacity (students)		360	382	414	320	327	293	(9)	(9)	(9)	(9)
Enrollment		103%	109%	118%	91%	93%	83%	(9)	(9)	(9)	(9)
Percentage of capacity (3)		7	7	7	7	7	7	(9)	(9)	(9)	(9)
Site acreage											
Old Creekview	1961	(11)	(11)	(11)	(11)	(11)	(11)	40,869	40,869	40,869	40,869
Square Feet		(11)	(11)	(11)	(11)	(11)	(11)	327	327	327	327
Capacity (students)		(11)	(11)	(11)	(11)	(11)	(11)	354	359	417	383
Enrollment		(11)	(11)	(11)	(11)	(11)	(11)	108%	110%	128%	117%
Percentage of capacity (3)		(11)	(11)	(11)	(11)	(11)	(11)	12	12	12	12
Site acreage		(11)	(11)	(11)	(11)	(11)	(11)				
New Creekview	2007	62,000	62,000	62,000	62,000	62,000	62,000	62,000	62,000	(5)	(5)
Square Feet		503	503	503	503	503	503	503	503	(5)	(5)
Capacity (students)		453	470	423	449	425	455	442	456	(5)	(5)
Enrollment		90%	93%	84%	89%	84%	90%	88%	91%	(5)	(5)
Percentage of capacity (3)		12	12	12	12	12	12	12	12	(5)	(5)
Site acreage											
Highview	2007	62,000	62,000	62,000	62,000	62,000	62,000	62,000	62,000	(5)	(5)
Square Feet		503	503	503	503	503	503	503	503	(5)	(5)
Capacity (students)		426	436	427	377	397	455	449	448	(5)	(5)
Enrollment		85%	87%	84%	75%	79%	90%	89%	89%	(5)	(5)
Percentage of capacity (3)		5	5	5	5	5	5	5	5	(5)	(5)
Site acreage											
Mayfield	1939	49,828	49,828	49,828	49,828	49,828	49,828	49,828	49,828	49,828	49,828
Square Feet											

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	Year Built	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Capacity (students)		503	503	503	503	503	503	425	425	425	425
Enrollment		505	475	469	445	452	376	(6)	(6)	537	576
Percentage of capacity (3)		100%	94%	93%	88%	89%	74%	(6)	(6)	126%	136%
Site acreage		5	5	5	5	5	5	5	5	5	5
<i>Miller Ridge</i>	2008										
Square Feet		62,000	62,000	62,000	62,000	62,000	62,000	62,000	62,000	(8)	(8)
Capacity (students)		503	503	503	502	502	502	503	503	(8)	(8)
Enrollment		467	495	515	461	448	434	421	414	(8)	(8)
Percentage of capacity (3)		93%	98%	102%	92%	89%	86%	84%	74%	(8)	(8)
Site acreage		37	37	37	37	37	37	37	37	(8)	(8)
<i>Roosevelt</i>	1930										
Square Feet		(10)	(10)	(10)	(10)	(10)	(10)	(10)	114,456	114,456	114,456
Capacity (students)		(10)	(10)	(10)	(10)	(10)	(10)	(10)	812	812	812
Enrollment		(10)	(10)	(10)	(10)	(10)	(10)	(10)	601	601	746
Percentage of capacity (3)		(10)	(10)	(10)	(10)	(10)	(10)	(10)	74%	94%	92%
Site acreage		(10)	(10)	(10)	(10)	(10)	(10)	(10)	7	7	7
<i>Rosa Park</i>	2007										
Square Feet		62,000	62,000	62,000	62,000	62,000	62,000	62,000	62,000	(5)	(5)
Capacity (students)		503	503	503	503	503	503	503	503	(5)	(5)
Enrollment		699	595	608	423	417	413	457	453	(5)	(5)
Percentage of capacity (3)		139%	118%	120%	84%	83%	82%	91%	90%	(5)	(5)
Site acreage		8	8	8	8	8	8	8	8	(5)	(5)
<i>Rosedale</i>	1966										
Square Feet		(9)	(9)	(9)	(9)	(9)	(9)	(9)	32,795	32,795	32,795
Capacity (students)		(9)	(9)	(9)	(9)	(9)	(9)	(9)	262	262	262
Enrollment		(9)	(9)	(9)	(9)	(9)	(9)	(9)	268	332	325
Percentage of capacity (3)		(9)	(9)	(9)	(9)	(9)	(9)	(9)	102%	127%	124%
Site acreage		(9)	(9)	(9)	(9)	(9)	(9)	(9)	7	7	7
<i>Taft</i>	1952										
Square Feet		(11)	(11)	(11)	(11)	(11)	(11)	(11)	64,456	64,456	64,456
Capacity (students)		(11)	(11)	(11)	(11)	(11)	(11)	(11)	537	537	537
Enrollment		(11)	(11)	(11)	(11)	(11)	(11)	(7)	(7)	271	302
Percentage of capacity (3)		(11)	(11)	(11)	(11)	(11)	(11)	(7)	(7)	50%	56%
Site acreage		(11)	(11)	(11)	(11)	(11)	(11)	6	6	6	6
<i>Wildwood</i>	1959 (4)										
Square Feet		44,450	44,450	44,450	44,450	44,450	44,450	44,450	44,450	44,450	44,450
Capacity (students)		503	503	503	503	503	503	356	356	356	356
Enrollment		543	612	564	503	475	457	(6)	(6)	390	392
Percentage of capacity (3)		108%	122%	112%	100%	94%	90%	(6)	(6)	110%	110%

Middletown City School District
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	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Year Built	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Site acreage	4	4	4	4	4	4	4	4	4	4
<i>Wilson</i>										
1951										
Square Feet	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	48,313	48,313
Capacity (students)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	387	387
Enrollment	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	330	337
Percentage of capacity (3)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	85%	87%
Site acreage	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	5	5
Middle Schools										
1923										
<i>Middletown Middle School (formerly Vail)</i>										
Square Feet	222,409	222,409	222,409	222,409	222,409	222,409	222,409	222,409	222,409	222,409
Capacity (students)	1,576	1,576	1,576	1,576	1,576	1,576	1,576	1,576	1,576	1,576
Enrollment	841	785	825	776	807	802	821	907	703	736
Percentage of capacity (3)	53%	50%	52%	49%	51%	51%	52%	58%	45%	47%
Site acreage	3	3	3	3	3	3	3	3	3	3
1968										
<i>George M. Verity - closed</i>										
Square Feet	81,589	81,589	81,589	81,589	81,589	81,589	81,589	81,589	81,589	81,589
Capacity (students)	653	653	653	653	653	653	653	653	653	653
Enrollment	-	-	-	596	625	625	599	489	483	605
Percentage of capacity (3)	0%	0%	0%	91%	96%	96%	92%	75%	74%	93%
Site acreage	39	39	39	39	39	39	39	39	39	39
High Schools										
1925										
<i>Garfield Alternative</i>										
Square Feet	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	56,038	56,038
Capacity (students)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	312	312
Enrollment	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	66	122
Percentage of capacity (3)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	21%	39%
Site acreage	3	3	3	3	3	3	3	3	3	3
1969										
<i>Middletown High</i>										
Square Feet	363,627	363,627	363,627	363,627	363,627	363,627	363,627	363,627	363,627	363,627
Capacity (students)	2,178	2,178	2,178	2,178	2,178	2,178	2,178	2,178	2,178	2,178
Enrollment	1,773	1,813	1,804	1,794	1,829	1,840	1,834	1,797	1,831	1,809
Percentage of capacity (3)	81%	83%	82%	82%	84%	84%	84%	83%	84%	83%
Site acreage	8	8	8	8	8	8	8	8	8	8

Source: School District records

(2) Middletown City School District demolished Oneida Elementary

(3) Enrollment divided by capacity

(4) Annexed in 1993

Middletown City School District
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 School Building Information
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Year Built	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
(5)										
(6)										
(7)										
(8)										
(9)										
(10)										
(11)										
(12)										

(5) Rosa Parks 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 2007.

(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.

Middletown City School District

www.middletowncityschools.com