



Mary Taylor, CPA  
Auditor of State



MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY

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**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Food Distribution Program	None	10.550		\$106,569		\$106,569
Nutrition Cluster:						
School Breakfast Program	05-PU 06/07	10.553	\$300,515		\$300,515	
National School Lunch Program	LL-P4 06/07	10.555	1,248,386		1,248,386	
Summer Food Service Program for Children	24-PU 06	10.559	<u>27,663</u>		<u>27,663</u>	
Total Nutrition Cluster:			<u>1,576,564</u>		<u>1,576,564</u>	
Team Nutrition Grants	TWNT-2004	10.574	0		196	
Total U.S. Department of Agriculture			<u>1,576,564</u>	<u>106,569</u>	<u>1,576,760</u>	<u>106,569</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Adult Basic Education Grant	AB-S1-05	84.002	12,000		13,670	
	AB-S1-06		(28,265)		24,839	
	AB-S1-07		332,695		295,201	
	AB-S2-06		(7,225)		1,094	
	AB-S2-07		<u>25,640</u>		<u>34,762</u>	
Total Adult Basic Education Grant			334,845		369,566	
Title I	C1-S1-06	84.010	339,503		488,069	
	C1-S1-07		2,030,761		1,797,803	
	C1-SK-06		(21,319)		10,600	
	C1-SK-07		<u>0</u>		<u>0</u>	
Total Title I			2,348,945		2,296,472	
Special Education Cluster:						
Special Education Grants to States	6B-SA-06	84.027	4,505		7,521	
	6B-SF-06		316,658		468,763	
	6B-SF-07		<u>1,857,132</u>		<u>1,782,232</u>	
Total Special Education Grants to the States			2,178,295		2,258,516	
Special Education - Preschool Grant	PG-S1-06	84.173	6,013		6,013	
	PG-S1-07		<u>34,586</u>		<u>34,954</u>	
Total Special Education - Preschool Grant			40,599		40,967	
Total Special Education Cluster			2,218,894		2,299,483	
Drug Free Schools Grant - State	DR-S1-06	84.186	(12,751)		1,225	
	DR-S1-07		<u>31,988</u>		<u>28,436</u>	
Total Drug Free Schools Grants - State			19,237		29,661	

(Continued)

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
Title V, Part A - Innovative Education Programs	C2-S1-06	84.298	2,590		6,145	
	C2-S1-07		<u>15,237</u>		<u>97,811</u>	
Total Title V, Part A - Innovative Education			17,827		103,956	
Technology Literacy Fund Grants	TJ-S1-06	84.318	11,416		596	
	TJ-S1-07		<u>5,013</u>		<u>1,398</u>	
Total Technology Literacy Fund Grants			16,429		1,994	
Reading First State Grants	RS-S1-06	84.357	383,194		604,287	
	RS-S1-07		<u>1,786,969</u>		<u>1,533,099</u>	
Total Reading First State Grants			2,170,163		2,137,386	
Title III - Limited English Proficiency	T3-S1-06	84.365	(10,131)		0	
	T3-S1-07		12,644		7,916	
	T3-S2-07		<u>744</u>		<u>0</u>	
			3,257		7,916	
Improving Teacher Quality State Grant (Title II A)	TR-S1-06	84.367	106,990		49,976	
	TR-S1-07		<u>635,303</u>		<u>316,014</u>	
Total Improving Teacher Quality State Grant (Title II A)			742,293		365,990	
Hurricane Education Recovery	HR-01-06	84.938	27,250		27,250	
<i>Passed Through Hamilton City School District:</i>						
Teaching American History	None	84.215	35,642		35,642	
Total U.S. Department of Education			<u>7,934,782</u>		<u>7,675,316</u>	
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities</i>						
Title XIX Medical Assistance Program Community Alternative Funding System	None	93.778	7,508		0	
Total U.S. Department of Health and Human Services			<u>7,508</u>		<u>0</u>	
<b>TOTAL FEDERAL ASSISTANCE</b>			<u><b>\$9,518,854</b></u>	<u><b>\$106,569</b></u>	<u><b>\$9,252,076</b></u>	<u><b>\$106,569</b></u>

*The accompanying notes to this schedule are an integral part of this schedule.*

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B – FOOD DONATION PROGRAM**

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

**NOTE C – MATCHING REQUIREMENTS**

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

**NOTE D – TRANSFERS OF ADULT BASIC EDUCATION GRANT, CFDA# 84.002**

During the audit period the District had \$28,265 of fiscal year 2006 (AB-S1-06) monies transferred to fiscal year 2007 (AB-S1-07). The District also had \$7,225 of fiscal year 2006 (AB-S2-06) monies transferred to fiscal year 2007 (AB-S2-07). The accompanying schedule of federal awards receipts and expenditures has been modified to reflect this transfer.

**NOTE E – TRANSFER AND REFUND OF TITLE I PART A CSEA FUNDS, CFDA# 84.010**

During the audit period the District had \$21,319 of Title I, Part A CSEA of fiscal year 2006 (C1-SK-06) monies transferred to fiscal year 2007 (C1-SK-07). The District also refunded \$26,319 to the Ohio Department of Education (ODE) due to the expiration of the period of availability. The accompanying schedule of federal awards receipts and expenditures has been modified to reflect this transfer and the refund as a reduction of cash receipts.

**NOTE F – TRANSFER OF DRUG FREE SCHOOLS GRANTS FUNDS, CFDA# 84.186**

During the audit period the District had \$12,751 of fiscal year 2006 (DR-S1-06) monies transferred to fiscal year 2007 (DR-S1-07). The accompanying schedule of federal awards receipts and expenditures has been modified to reflect this transfer.

**NOTE G – TRANSFER OF TITLE III, LIMITED ENGLISH PROFICIENCY, CFDA# 84.365**

During the audit period the District had \$10,131 of fiscal year 2006 (T3-S1-06) monies transferred to fiscal year 2007 (T3-S1-07). The accompanying schedule of federal awards receipts and expenditures has been modified to reflect this transfer.

**NOTE H – REFUND OF COMMUNITY ALTERNATIVE FUNDING SOURCE (CAFS)**

During the audit period, the District received \$7,508 in CAFS relating to fiscal year 2000. Expenditures relating to this revenue were incurred during fiscal year 2000. The accompanying schedule of federal awards receipts and expenditures has been modified to reflect this refund as a cash receipt.

**NOTE I – TRANSFER OF IMPROVING TEACHER QUALITY (TITLE II, PART A) (CFDA# 84.367) TO TITLE V, PART A (CFDA# 84.298)**

During the audit period the District had \$151,664 of fiscal year 2006 Improving Teacher Quality monies transferred to Title V, Part A. Also during the audit period the District had \$87,027 of fiscal year 2007 Improving Teacher Quality monies transferred to Title V, Part. Transferred funds are subject to all of the requirements, set-asides, and limitations of the program into which they are transferred.

**NOTE J – CHILD NUTRITION CLUSTER**

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





# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Middletown City School District  
Butler County  
1515 Girard Avenue  
Middletown, Ohio 45044

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Middletown City School District, Butler County, Ohio (the District), as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 31, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the District's management in a separate letter dated January 31, 2008.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated January 31, 2008.

We intend this report solely for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

January 31, 2008



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Middletown City School District  
Butler County  
1515 Girard Avenue  
Middletown, Ohio 45044

To the Board of Education:

### Compliance

We have audited the compliance of Middletown City School District, Butler County, Ohio (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Middletown City School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2007.

### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### **Federal Awards Receipts and Expenditures Schedule**

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Middletown City School District as of and for the year ended June 30, 2007, and have issued our report thereon dated January 31, 2008. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying federal awards receipts and expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

January 31, 2008

**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2007**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA # 84.027 Special Education Cluster CFDA # 84.367 Improving Teacher Quality
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

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**MIDDLETOWN CITY SCHOOL DISTRICT  
BUTLER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2006-001	Ohio Rev. Code Sec. 117.28: Finding for Recovery for public monies illegally expended—Repaid Under Audit	Yes	





**MIDDLETOWN CITY SCHOOL DISTRICT  
MIDDLETOWN, OHIO**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**



**Middletown City School District**  
**Middletown, Ohio**

**Comprehensive Annual Financial Report**  
**For The Fiscal Year Ended June 30, 2007**

Prepared By The Office Of The Treasurer  
Paul E. Sotzing, Treasurer  
Robin B. Long, Assistant Treasurer

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# INTRODUCTORY SECTION

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# Middletown City School District

1515 Girard Avenue  
Middletown, OH 45044  
www.middletowncityschools.com

January 31, 2008

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 [District] for the fiscal year ended June 30, 2007, is hereby submitted. This report, prepared by the Treasurer's office, includes an opinion from our auditor, the Ohio Auditor of State, and conforms to generally accepted accounting principles [GAAP] as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. This report will provide the residents of the Middletown City School District with comprehensive financial data in a format that will enable them to gain an understanding of the District's financial affairs. Copies will be available upon request to taxpayers, financial rating services, banking institutions and other interested parties.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis [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 Accountants' Report.

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

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

## **ECONOMIC CONDITION AND OUTLOOK**

The District is located in southwestern Ohio, midway between the cities of Cincinnati and Dayton, in the northeast corner of Butler County. The eastern boundary of the District is along Interstate 75, which runs from Canada to Florida, making it a desirable location for many businesses that require easy access to the nation's interstate system. Approximately 50 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 positive with low unemployment rates, slow but steady growth in the local tax base, and low inflationary pressures.

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 51,000 residents. The tax base of the District is comprised of a unique blend of residential, commercial, and industrial property, with over 50% of the tax revenue of the District paid by business and industry.

During the 2006-07 school year, the District had 6,436 students enrolled in 8 elementary schools, two middle schools serving grades 6-8, one comprehensive high school for grades 9-12, and one alternative high school. The District also operates a variety of other facilities, including a central administration building, bus garage, central supply warehouse, and several sports fields.

The District provides a full range of programs and services for its students and citizens. These include elementary and secondary course offerings at the general and college preparatory levels; a broad range of co-curricular and extra-curricular activities to complement the students' curricular program; and adult education offerings for improvement beyond the high school level.

## **ORGANIZATION OF THE SCHOOL DISTRICT**

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

The Board members represent a cross section of professions in the community. The Board members on June 30, 2007, were as follows:

<b>Board Member</b>	<b>Began Service</b>	<b>Term Expires</b>	<b>Profession</b>
Mrs. Marcia Andrew	January, 2006	December, 2009	Attorney
Dr. David Kabithe	January, 2006	December, 2009	Physician
Dr. Mark McClure	January, 2004	December, 2007	Chiropractor
Mrs. Katie McNeil	January, 1996	December, 2007	Administrative
Mr. John Venturella	January, 2000	December, 2007	CPA

The Superintendent is the Chief Executive Officer of the District, responsible directly to the Board for all educational and support operations. Dr. Steve Price was appointed Superintendent in 2002 and the current contract runs until July 31, 2011. Prior to his appointment, Dr. Price was superintendent of Perry Local Schools in Massillon, Ohio. Dr. Price holds a Doctorate in Education from Miami University and has 22 years 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. Mr. Paul E. Sotzing has served as Treasurer since 2004 and has a total of 16 years of educational experience with four years as a school Treasurer in Ohio. Mr. Sotzing holds a B.S. Degree in Agriculture from The Ohio State University and a M.B.A. in Business from the Northern Kentucky University. In January, Mr. Sotzing began the first year of a four-year contract which ends on December 31, 2010.

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

## **EMPLOYEE RELATIONS**

The District employed just fewer than 800 full and part-time staff members during the 2006-07 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 must negotiate a new collective bargaining agreement on language, salary and fringe benefits that expired on June 30, 2007.

The Middletown Classified Employees Association (MCEA), also an affiliate of the Ohio Education Association (OEA), represents a majority of the support staff of the District. Classified employees are responsible for providing the necessary support services of the District, including: transportation services, clerical support, building maintenance and custodial needs. The current MCEA collective bargaining agreement expires June 30, 2008.

## **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**

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

In addition, the District has implemented a Comprehensive Diversity Program designed to improve the educational performance of all students and close the achievement gap. The program is guided by the Diversity Action Committee which consists of school district employees and community members providing a strong partnership between the school and community. Professional development for school employees and Board members is a cornerstone of this program.

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

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

The second phase of the project consists of the construction of a new high school and middle school with the bond issue expected to be on the ballot in 2010.

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

While these measures have helped to control rising costs and improve financial efficiencies, the Board recognized the need for increased operating revenues during the fiscal year 2007. That decision resulted in a combined \$4 million renewal and \$3 million increase on the May 2007 ballot. The issue was rejected by the voters and the board immediately implemented significant cuts in programs and services to avoid a significant negative general fund balance in fiscal year 2009. The cuts included items such as reducing the length of the school day to State minimum standards, eliminating course offerings, eliminating extracurricular programs, reducing instructional supply orders, eliminating textbook purchases, reducing equipment expenditures and reducing bussing to State minimum standards.

As anticipated, the District continued to seek additional operating dollars in calendar year 2007 to restore cuts in programs and services implemented after the May 2007 levy failure. The District attempted a similar renewal and increase strategy in August of 2007. The issue consisted of the same \$4 million renewal but a reduced \$1.5 million increase. Unfortunately, the August issue was also defeated by voters and programs and services were unable to be restored.

The amount of the increase was reduced due to an unexpected increase in State Foundation funding as a direct result of increases in the State of Ohio Biennial Budget (House Bill 119). House Bill 119 increased funding to districts with higher percentages of economically disadvantaged students. Middletown City School District's percentage of economically disadvantaged students has risen over the last several years and is expected to exceed 63% in 2008. However, the increased funding must be spent to increase the District's all-day kindergarten program, reduce class size and provide academic intervention.

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

While the timing of the additional levy has not been determined, it is widely known that the District will need to return to the ballot in 2010 to at least renew two emergency operating issues currently generating \$18.3 million dollars. The renewal of both of these issues is critical to the fiscal health of the organization. For the first time, both emergency operating issues expire at the same time and has been referred to as the “perfect storm”. Careful planning, monitoring and communication with the community will need to occur to ensure a stable financial future for the District.

## **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 will be eliminated by 2009. The tax on telephone and telecommunication property will begin being phased out in 2009 and will be eliminated by 2011. The tax is being phased out by reducing the assessment rate on the property each year. In the first five years, the District will be reimbursed fully for the lost revenue; in the following seven years, the reimbursements will be phased out.

## **FINANCIAL INFORMATION**

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

## **INTERNAL ACCOUNTING AND BUDGETARY CONTROL**

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

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

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



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

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

The accounting system used by the District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date. In addition to interim financial statements, each program manager is furnished monthly reports showing the status of the budget accounts for which he or she is responsible. Each program manager may request additional financial reports during the month when necessary.

As an additional safeguard, a blanket bond covers all employees involved with receiving and depositing funds and a separate, higher bond covers certain individuals in policy-making roles.

The basis of accounting and the various funds utilized by the District are fully described in the notes to the basic financial statements. Additional information on the District's budgetary accounts can also be found in the notes to the basic financial statements.

## **INDEPENDENT AUDIT**

The State of Ohio requires an annual audit by either the Ohio Auditor of State or by an independent public accounting firm. The State Auditor was requested by the Treasurer to perform the audit for the fiscal year ended June 30, 2007. The auditor's unqualified opinion rendered on the District's basic financial statements, and their report on the combining and individual fund statements and schedules, is included in the financial section of this report. Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all units of local education agencies in Ohio. The District adopted and has been in conformance with that system effective with its annual financial report since the 1979 calendar year.

## **AWARDS**

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

The Government Finance Officers Association of the United States and Canada [GFOA] awarded a Certificate of Achievement to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006. 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 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, 2006. The District believes that the Comprehensive Annual Financial Report for fiscal year June 30, 2007, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

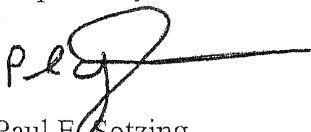
#### Making Your Tax Dollars Count Award

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

#### **ACKNOWLEDGEMENTS**

The preparation of the 2007 Comprehensive Annual Financial Report of the Middletown City School District was made possible by the combined efforts of the District's Finance Department and Plattenburg and Associates, Incorporated. The publication of this Comprehensive Annual Financial Report for the District is a major step in reinforcing the accountability of the District to the taxpayers of the community.

Respectfully submitted,



Paul E. Sotzing  
Treasurer

**MIDDLETOWN CITY SCHOOL DISTRICT  
LIST OF PRINCIPAL OFFICIALS  
JUNE 30, 2007**

**BOARD OF EDUCATION**

**President  
Vice President  
Board Member  
Board Member  
Board Member**

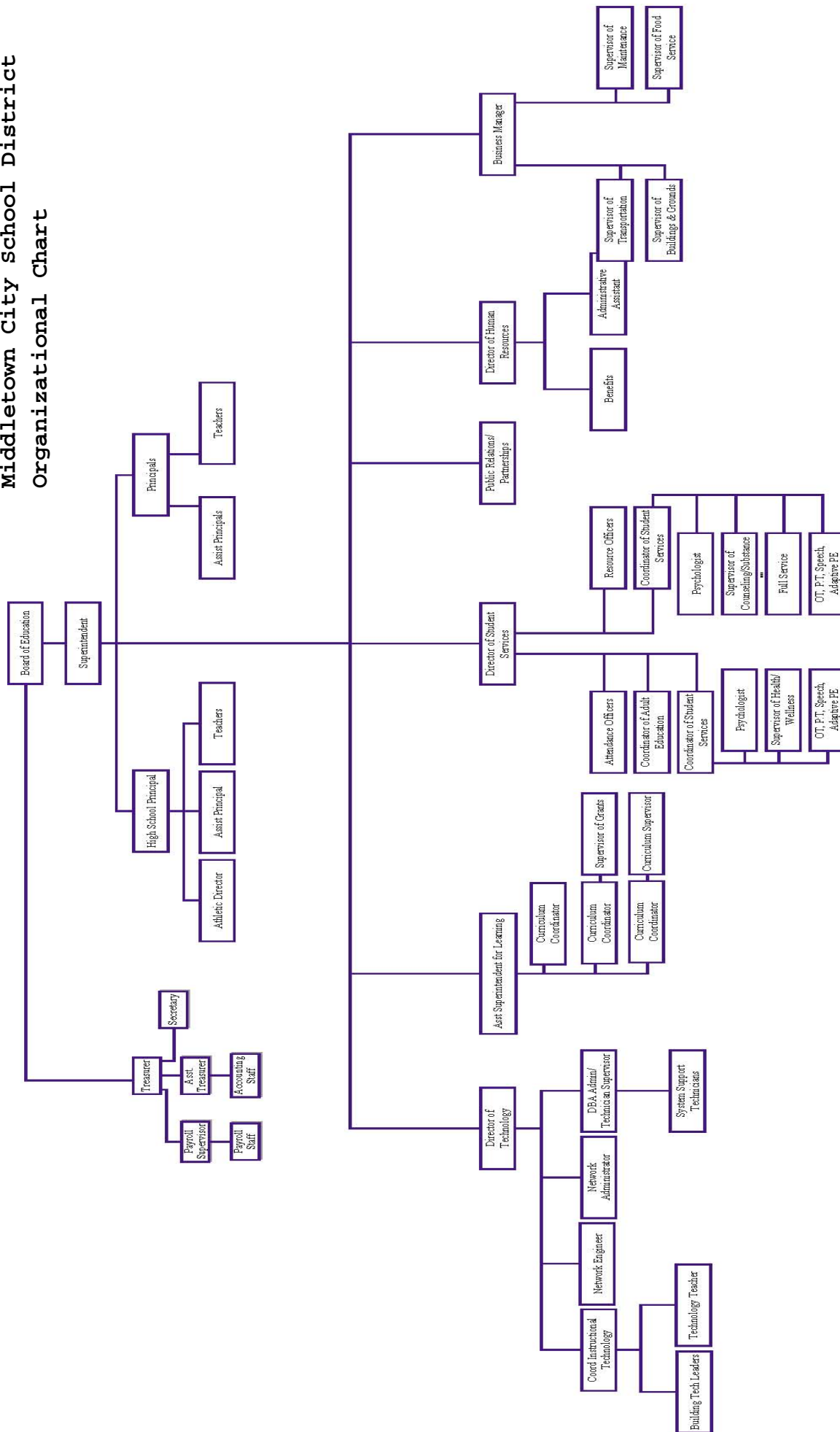
**Mr. John Venturella  
Dr. Mark McClure  
Dr. David Kabithe  
Mrs. Katie McNeil  
Mrs. Marcia Andrew**

**ADMINISTRATIVE OFFICIALS**

**Superintendent  
Assistant Superintendent  
Treasurer  
Director of Human Resources  
Director of Student Services  
Interim Director of Athletics  
Legal Counsel**

**Stephen C. Price, Ed.D.  
Ms. Evelyn Altherr  
Paul E. Sotzing  
Lisa Lowery  
Susan Combs  
Gary Lebo  
Don Crain, Esq. -  
Frost, Brown & Todd,  
Attorneys at Law**

# Middletown City School District Organizational Chart



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Middletown City School  
District, Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

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



*Oliver S. Cox*

President

*Jeffrey R. Emer*

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

**MIDDLETOWN CITY SCHOOL DISTRICT**

**For its Comprehensive Annual Financial Report (CAFR)**

For the Fiscal Year Ended June 30, 2006

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

President

Executive Director

## FINANCIAL SECTION

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Middletown City School District  
Butler County  
1515 Girard Avenue  
Middletown, Ohio 45044

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Middletown City School District, Butler County, Ohio (the District), as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Middletown City School District, Butler County, Ohio, as of June 30, 2007, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2008, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary information for the General and the Emergency Levy funds are not a required part of the basic financial statements but are supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining statements and individual non-major fund schedules, and individual non-major budgetary fund schedules information, and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining statements and individual non-major fund schedules, and individual non-major budgetary information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

January 31, 2008

**MIDDLETOWN CITY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2007  
(Unaudited)**

The discussion and analysis of Middletown City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and the basic financial statements to enhance their understanding of the District's performance.

**Financial Highlights**

Key financial highlights for 2007 are as follows:

- Net assets of governmental activities increased \$7,511,137 which represents a 58% increase from 2006.
- General revenues accounted for \$64,501,190 in revenue or 75% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$21,168,714 or 25% of total revenues of \$85,669,904.
- The District had \$78,158,767 in expenses related to governmental activities; \$21,168,714 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$64,501,190 were also used to provide for these programs.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

The *Statement of Net Assets* and *Statements 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 General, Emergency Levy, Debt Service and Building Funds are the major funds of the District.

**Government-wide Financial Statements**

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 2007?" The Government-wide Financial Statements answer this question. These statements include *all assets* and *liabilities* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. 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 Government-wide Financial Statements, the overall financial position of the District is presented as Governmental Activities. All of the District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities and interest and fiscal charges.

### **Fund Financial Statements**

The analysis of the District's major funds is presented in the Fund Financial Statements (see Table of Contents). 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.

**Governmental Funds** All 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 statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

**Fiduciary Funds** Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

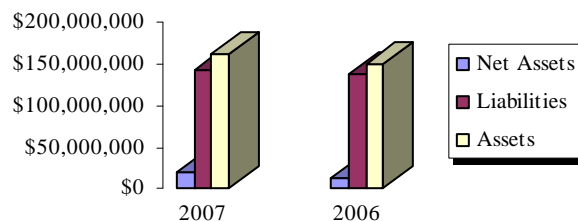
## The District as a Whole

Recall that the Statement of Net Assets provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net assets for 2007 compared to 2006:

Table 1  
Net Assets

	Governmental Activities	
	2007	2006
<b>Assets</b>		
Current Assets	\$88,543,388	\$102,235,531
Capital Assets	73,139,077	47,108,151
<b>Total Assets</b>	<b>161,682,465</b>	<b>149,343,682</b>
<b>Liabilities</b>		
Long-Term Liabilities	72,803,365	74,488,547
Other Liabilities	68,493,526	61,980,698
<b>Total Liabilities</b>	<b>141,296,891</b>	<b>136,469,245</b>
<b>Net Assets</b>		
Invested in Capital		
Assets, Net of Debt	7,823,154	3,333,501
Restricted	17,120,766	12,868,892
Unrestricted	(4,558,346)	(3,327,956)
<b>Total Net Assets</b>	<b>\$20,385,574</b>	<b>\$12,874,437</b>



Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2007, the District's assets exceeded liabilities by \$20,385,574.

At year-end, capital assets represented 45% of total assets. Capital assets include land, construction in progress, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2007, was \$7,823,154. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$17,120,766, represents resources that are subject to external restriction on how they may be used.

Net assets of governmental activities increased \$7,511,137 from 2006 to 2007, which represents an overall improvement in financial position. Overall, current assets decreased \$13,340,036 from the prior year. The decrease was due to expenditures for the District's on-going construction of new buildings. Capital assets increased primarily due to the District's on-going construction of new buildings (\$28,067,984 increase in capital assets for 2007). Other liabilities increased from the prior year due largely to the increase in deferred revenue. The increase in deferred revenue was caused by an increase in taxes receivable from 2006 to 2007. Long-term liabilities decreased due to the District making regularly scheduled debt payments.

Table 2 shows the change in net assets for fiscal year 2007, with comparisons to fiscal year 2006.

Table 2  
Changes in Net Assets

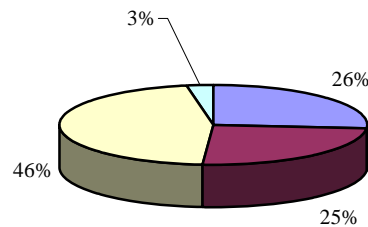
	Governmental Activities	
	2007	2006
Revenues		
Program Revenues:		
Charges for Services	\$2,168,457	\$2,107,710
Operating Grants	18,905,396	14,625,856
Capital Grants	94,861	27,023
General Revenue:		
Property Taxes	39,542,772	39,203,598
Grants and Entitlements	22,572,267	23,692,530
Other	2,386,151	1,992,635
Total Revenues	<u>85,669,904</u>	<u>81,649,352</u>
Program Expenses:		
Instruction	42,406,738	42,988,158
Support Services:		
Pupil and Instructional Staff	9,266,826	8,286,546
General and School Administrative, Fiscal and Business	7,647,475	6,947,016
Operations and Maintenance	7,228,123	7,612,955
Pupil Transportation	3,062,815	2,919,435
Central	2,098,304	1,707,030
Operation of Non-Instructional Services	3,097,638	3,960,309
Extracurricular Activities	912,856	795,465
Interest and Fiscal Charges	2,437,992	3,449,841
Total Expenses	<u>78,158,767</u>	<u>78,666,755</u>
Change in Net Assets	7,511,137	2,982,597
Beginning Net Assets	<u>12,874,437</u>	<u>9,891,840</u>
Ending Net Assets	<u>\$20,385,574</u>	<u>\$12,874,437</u>

The District revenues are mainly from two sources. Property taxes levied for general purposes, special revenues purposes, debt service purposes and grants and entitlements comprised 73% of the District's revenues for governmental activities.

The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 46% of revenue for governmental activities for the District in fiscal year 2007.

Revenue Sources	2007	Percent of Total
General Grants	\$22,572,267	26%
Program Revenues	21,168,714	25%
General Tax Revenues	39,542,772	46%
Other Revenues	2,386,151	3%
	<u>\$85,669,904</u>	<u>100%</u>



Instruction comprises 54% of governmental program expenses. Support services expenses were 38% of governmental program expenses. All other expenses including interest expense were 8%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Operating grants increased from the prior year due to an increase in grant monies received by the District. Property tax revenue increased from 2006 mainly due to the District's renewal (Emergency Levy Fund) of a five year levy (6.8 mills) and an increase of an additional 7.5 mill with the collections beginning in January 2006. Total expenses remained relatively consistent from 2006 to 2007.

## Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government 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 entitlements.

Table 3  
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2007	2006	2007	2006
Instruction	\$42,406,738	\$42,988,158	(\$31,222,126)	(\$35,412,806)
Support Services:				
Pupil and Instructional Staff	9,266,826	8,286,546	(5,726,059)	(5,196,343)
General and School Administrative, Fiscal and Business	7,647,475	6,947,016	(7,237,677)	(6,437,941)
Operations and Maintenance	7,228,123	7,612,955	(6,517,792)	(6,934,232)
Pupil Transportation	3,062,815	2,919,435	(2,157,108)	(2,554,619)
Central	2,098,304	1,707,030	(1,909,776)	(1,559,167)
Operation of Non-Instructional Services	3,097,638	3,960,309	850,805	154,631
Extracurricular Activities	912,856	795,465	(632,328)	(515,848)
Interest and Fiscal Charges	2,437,992	3,449,841	(2,437,992)	(3,449,841)
Total Expenses	<u>\$78,158,767</u>	<u>\$78,666,755</u>	<u>(\$56,990,053)</u>	<u>(\$61,906,166)</u>

## The District's Funds

The District has four major governmental funds: the General Fund, Emergency Levy Fund, Debt Service Fund and Building Fund. Assets of the general fund comprised \$26,287,040 (30%), the emergency levy fund comprised \$28,900,629 (33%), the debt service fund comprised \$8,000,089 (9%) and the building fund comprised \$20,413,624 (23%) of the total \$88,145,169 governmental funds assets.

**General Fund:** Fund balance at June 30, 2007 was (\$6,525,518) including (\$6,546,685) of unreserved balance. The primary reason for the decrease in fund balance was a decrease in taxes revenue due to advances available at year end being less than prior year and an increase in transfers out.

**Emergency Levy Fund:** Fund balance at June 30, 2007 was \$7,394,681 including \$6,948,252 of unreserved balance. The primary reason for the increase in fund balance was an increase in property tax revenue, the District's renewal (Emergency Levy Fund) of a five year levy (6.8 mills) and an increase of an additional 7.5 mill with the collections beginning in January 2006 and an increase in grant monies (intergovernmental revenue) received.

**Debt Service Fund:** Fund balance at June 30, 2007 was (\$1,561,786) including (\$1,566,396) of unreserved balance. The primary reason for the increase in fund balance from the prior year was a decrease in interest payments, while grant monies (intergovernmental revenue - state funding for building construction and improvements) received increased.

**Building Fund:** Fund balance at June 30, 2007 was \$15,501,537. The primary reason for the decrease in fund balance is due to increases in expenditures for the new building projects.



## 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 2007, the District amended its general fund budget numerous times, however none were significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, budget basis revenue was \$44,994,152, compared to the original budget revenue of \$42,198,899. Of the \$2,795,253 difference, most was due to a conservative estimate for taxes and intergovernmental revenue.

The District did not have an ending unobligated cash balance for the General Fund. The District's ending unobligated actual fund balance for the General Fund was slightly greater than the final budgeted amount.

## Capital Assets and Debt Administration

### *Capital Assets*

At the end of fiscal year 2007, the District had \$73,139,077 invested in land, construction in progress, buildings and improvements and equipment. Table 4 shows fiscal year 2007 balances compared to fiscal year 2006:

Table 4  
Capital Assets at June 30  
(Net of Depreciation)

	Governmental Activities	
	2007	2006
Land	\$1,037,059	\$634,641
Construction in Progress	15,952,958	37,780,783
Buildings and Improvements	50,534,597	5,859,654
Equipment	5,614,463	2,833,073
Total Net Capital Assets	<u>\$73,139,077</u>	<u>\$47,108,151</u>

The increase in capital assets is due to the on-going new building projects (as reflected in the construction in progress) in the District.

See Note 7 of the notes to the basic financial statements for more detailed information on the capital assets.

## **Debt**

At June 30, 2007, the District had \$70,455,522 in long-term debt and \$2,813,657 due within one year. Table 5 summarizes outstanding debt at year end.

Table 5  
Outstanding Debt, at Year End

	Governmental Activities	
	2007	2006
Bonds:		
Construction Bond	\$7,155,000	\$65,650,000
HB 264	0	1,354,916
Premium on Construction Bond	1,285,060	2,919,518
2007 Refunding Bonds:		
2007 Current Interest and Term Bonds	55,465,000	0
Deferred Amount on 2007 Refunding Bonds	(73,344)	0
Premium on 2007 Refunding Bonds	5,053,125	0
Total Bonds and Notes	68,884,841	69,924,434
Capital Leases	1,570,681	2,030,317
Total Outstanding Debt at Year End	<u>\$70,455,522</u>	<u>\$71,954,751</u>

See Note 9 of the notes to the basic financial statements for more detailed information on the long-term liabilities.

## **For the Future**

In June of 2005, the State legislature passed House Bill 66. House Bill 66 phases out the tax on tangible personal property of general business, telephone and telecommunications companies, and railroads. The tax on general business and railroad property began being phased out in 2006 and will be eliminated by 2009. The tax on telephone and telecommunication property will begin being phased out in 2009 and will be eliminated by 2011. The tax is being phased out by reducing the assessment rate on the property each year. In the first five years, school districts are being reimbursed fully for the lost revenue; in the following seven years, the reimbursements are phased out.

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

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

While these measures have helped to control rising costs and improve financial efficiencies, the Board recognized the need for increased operating revenues during the Fiscal Year 2007. That decision resulted in a combined \$4 million renewal and \$3 million increase on the May 2007 ballot. The issue was rejected by the voters and the board immediately implemented significant cuts in programs and services to avoid a significant negative general fund balance in Fiscal Year 2009. The cuts included items such as reducing the length of the school day to State minimum standards, eliminating course offerings, eliminating extracurricular programs, reducing instructional supply orders, eliminating textbook purchases, reducing equipment expenditures and reducing bussing to State minimum standards.

As anticipated, the district continued to seek additional operating dollars in calendar year 2007 to restore cuts in programs and services implemented after the May 2007 levy failure. The district attempted a similar renewal and increase strategy in August of 2007. The issue consisted of the same \$4 million renewal but a reduced \$1.5 million increase. Unfortunately, the August issue was also defeated by voters and programs and services were unable to be restored.

The amount of the increase was reduced due to an unexpected increase in State Foundation funding as a direct result of increases in the State of Ohio Biennial Budget (House Bill 119). House Bill 119 increased funding to districts with higher percentages of economically disadvantaged students. Middletown City School Districts percentage of economically disadvantaged students has risen over the last several years and is expected to exceed 63% in 2008. However, the increased funding must be spent to increase the districts all-day kindergarten program, reduce class size and provide academic intervention.

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

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, and 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 Paul E. Sotzing, Treasurer at Middletown City School District, 1515 Girard Avenue, Middletown, Ohio 45044. Or E-mail at [esotzing@middletowncityschools.com](mailto:esotzing@middletowncityschools.com).

Middletown City School District  
Statement of Net Assets  
June 30, 2007

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Investments	\$32,007,738
Restricted Cash and Investments	583,329
Receivables:	
Taxes	52,332,775
Accounts	164,131
Intergovernmental	2,663,540
Deferred Bond Issuance Costs	750,326
Inventory	41,549
Nondepreciable Capital Assets	16,990,017
Depreciable Capital Assets, Net	<u>56,149,060</u>
 Total Assets	 <u>161,682,465</u>
Liabilities:	
Accounts Payable	964,609
Accrued Wages and Benefits	7,615,155
Intergovernmental Payable	68,650
Retainage Payable	583,329
Accrued Interest Payable	274,106
Contracts Payable	4,328,335
Unearned Revenue	50,779,342
Bond Anticipation Notes Payable	3,880,000
Long-Term Liabilities:	
Due Within One Year	3,103,383
Due In More Than One Year	<u>69,699,982</u>
 Total Liabilities	 <u>141,296,891</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	7,823,154
Restricted for:	
Special Revenue	10,199,607
Capital Projects	6,921,159
Unrestricted	<u>(4,558,346)</u>
 Total Net Assets	 <u><u>\$20,385,574</u></u>

See accompanying notes to the basic financial statements.

Middletown City School District  
Statement of Activities  
For the Fiscal Year Ended June 30, 2007

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$25,160,631	\$821,399	\$1,260,124	\$46,084	(\$23,033,024)
Special	9,111,346	0	7,059,824	0	(2,051,522)
Vocational	37,715	0	67,211	0	29,496
Other	8,097,046	4,654	1,925,316	0	(6,167,076)
Support Services:					
Pupil	4,499,071	60,320	891,770	0	(3,546,981)
Instructional Staff	4,767,755	92	2,588,585	0	(2,179,078)
General Administration	26,713	0	0	0	(26,713)
School Administration	5,557,076	0	376,929	0	(5,180,147)
Fiscal	1,565,314	0	32,869	0	(1,532,445)
Business	498,372	0	0	0	(498,372)
Operations and Maintenance	7,228,123	75,601	634,730	0	(6,517,792)
Pupil Transportation	3,062,815	118,062	738,868	48,777	(2,157,108)
Central	2,098,304	0	188,528	0	(1,909,776)
Operation of Non-Instructional Services	3,097,638	811,212	3,137,231	0	850,805
Extracurricular Activities	912,856	277,117	3,411	0	(632,328)
Interest and Fiscal Charges	2,437,992	0	0	0	(2,437,992)
Totals	<u>\$78,158,767</u>	<u>\$2,168,457</u>	<u>\$18,905,396</u>	<u>\$94,861</u>	<u>(\$56,990,053)</u>

General Revenues:

Property Taxes Levied for:

General Purposes	19,301,596
Special Revenue Purposes	15,998,068
Debt Service Purposes	4,243,108
Grants and Entitlements not Restricted to Specific Programs	22,572,267
Payment in Lieu of Taxes	54,728
Unrestricted Contributions	22,223
Investment Earnings	2,131,508
Other Revenues	177,692

Total General Revenues 64,501,190

Change in Net Assets 7,511,137

Net Assets Beginning of Year 12,874,437

Net Assets End of Year \$20,385,574

See accompanying notes to the basic financial statements.

Middletown City School District  
Balance Sheet  
Governmental Funds  
June 30, 2007

	General	Emergency Levy	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>						
Equity in Pooled Cash and Investments	\$149,968	\$7,563,973	\$2,325,055	\$19,830,295	\$2,138,447	\$32,007,738
Restricted Cash and Investments	0	0	0	583,329	0	583,329
<b>Receivables:</b>						
Taxes	25,321,085	21,336,656	5,675,034	0	0	52,332,775
Accounts	159,262	0	0	0	4,869	164,131
Intergovernmental	306,130	0	0	0	2,357,410	2,663,540
Interfund	350,595	0	0	0	1,512	352,107
Inventory	0	0	0	0	41,549	41,549
<b>Total Assets</b>	<b>26,287,040</b>	<b>28,900,629</b>	<b>8,000,089</b>	<b>20,413,624</b>	<b>4,543,787</b>	<b>88,145,169</b>
<b>Liabilities:</b>						
Accounts Payable	401,684	94,229	0	423	468,273	964,609
Accrued Wages and Benefits	6,594,672	92,683	0	0	927,800	7,615,155
Compensated Absences	210,154	0	0	0	0	210,154
Intergovernmental Payable	0	0	0	0	68,650	68,650
Retainage Payable	0	0	0	583,329	0	583,329
Accrued Interest Payable	0	0	11,451	0	0	11,451
Contracts Payable	0	0	0	4,328,335	0	4,328,335
Interfund Payable	0	0	0	0	352,107	352,107
Deferred Revenue	25,606,048	21,319,036	5,670,424	0	2,115,683	54,711,191
Bond Anticipation Notes Payable	0	0	3,880,000	0	0	3,880,000
<b>Total Liabilities</b>	<b>32,812,558</b>	<b>21,505,948</b>	<b>9,561,875</b>	<b>4,912,087</b>	<b>3,932,513</b>	<b>72,724,981</b>
<b>Fund Balances:</b>						
Reserved for Encumbrances	0	428,809	0	13,900,234	2,368,468	16,697,511
Reserved for Inventory	0	0	0	0	41,549	41,549
Reserved for Property Tax Advances	21,167	17,620	4,610	0	0	43,397
<b>Unreserved, Undesignated, Reported in:</b>						
General Fund	(6,546,685)	0	0	0	0	(6,546,685)
Special Revenue Funds	0	6,948,252	0	0	(2,237,964)	4,710,288
Debt Service Funds	0	0	(1,566,396)	0	0	(1,566,396)
Capital Projects Funds	0	0	0	1,601,303	439,221	2,040,524
<b>Total Fund Balances</b>	<b>(6,525,518)</b>	<b>7,394,681</b>	<b>(1,561,786)</b>	<b>15,501,537</b>	<b>611,274</b>	<b>15,420,188</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$26,287,040</b>	<b>\$28,900,629</b>	<b>\$8,000,089</b>	<b>\$20,413,624</b>	<b>\$4,543,787</b>	<b>\$88,145,169</b>

See accompanying notes to the basic financial statements.

Middletown City School District  
 Reconciliation of Total Governmental Fund Balance to  
 Net Assets of Governmental Activities  
 June 30, 2007

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Total Governmental Fund Balance		\$15,420,188
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		73,139,077
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	1,816,166	
Intergovernmental	<u>2,115,683</u>	
		3,931,849
In the statement of net assets interest payable is accrued when incurred, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		(262,655)
Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.		
Compensated Absences	<u>(2,137,689)</u>	
		(2,137,689)
Deferred bond issuance cost associated with long-term liabilities are not reported in the funds.		750,326
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		<u>(70,455,522)</u>
Net Assets of Governmental Activities		<u>\$20,385,574</u>

See accompanying notes to the basic financial statements.

Middletown City School District  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended June 30, 2007

	General	Emergency Levy	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes	\$19,437,056	\$16,117,542	\$4,268,630	\$0	\$0	\$39,823,228
Tuition and Fees	943,750	0	0	0	83,406	1,027,156
Investment Earnings	392,745	0	0	1,735,763	3,000	2,131,508
Intergovernmental	23,661,205	3,987,350	1,121,287	0	13,173,760	41,943,602
Extracurricular Activities	32,142	0	0	0	222,164	254,306
Charges for Services	0	0	0	0	811,212	811,212
Other Revenues	123,724	467	0	2,339	149,168	275,698
<b>Total Revenues</b>	<b>44,590,622</b>	<b>20,105,359</b>	<b>5,389,917</b>	<b>1,738,102</b>	<b>14,442,710</b>	<b>86,266,710</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	23,255,949	298,472	0	0	890,057	24,444,478
Special	4,128,116	1,179,780	0	0	3,843,837	9,151,733
Vocational	0	32,228	0	0	0	32,228
Other	409,649	5,957,756	0	0	1,723,089	8,090,494
<b>Support Services:</b>						
Pupil	3,689,819	0	0	0	794,181	4,484,000
Instructional Staff	1,817,103	589,589	0	0	2,341,015	4,747,707
General Administration	26,713	0	0	0	0	26,713
School Administration	5,128,621	0	0	0	379,870	5,508,491
Fiscal	1,195,663	293,803	78,482	0	0	1,567,948
Business	489,650	0	0	0	0	489,650
Operations and Maintenance	4,497,812	2,739,646	0	1,334,895	424,902	8,997,255
Pupil Transportation	27,023	2,797,765	0	0	88,784	2,913,572
Central	821,907	1,161,138	0	0	50,770	2,033,815
Operation of Non-Instructional Services	2,977	0	0	0	3,069,780	3,072,757
Extracurricular Activities	702,516	0	0	0	210,808	913,324
Capital Outlay	0	0	0	25,417,655	0	25,417,655
<b>Debt Service:</b>						
Principal Retirement	229,711	299,781	1,520,000	0	0	2,049,492
Interest and Fiscal Charges	96,547	0	2,555,261	0	0	2,651,808
<b>Total Expenditures</b>	<b>46,519,776</b>	<b>15,349,958</b>	<b>4,153,743</b>	<b>26,752,550</b>	<b>13,817,093</b>	<b>106,593,120</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,929,154)</b>	<b>4,755,401</b>	<b>1,236,174</b>	<b>(25,014,448)</b>	<b>625,617</b>	<b>(20,326,410)</b>
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Capital Assets	3,949	0	0	0	0	3,949
Sale of Refunding Bonds	0	0	55,465,000	0	0	55,465,000
Refunding Bonds Issue Costs	0	0	(765,639)	0	0	(765,639)
Payments to Refunding Bond Escrow Agent	0	0	(59,855,611)	0	0	(59,855,611)
Premium on the Sale of Refunding Bonds	0	0	5,156,250	0	0	5,156,250
Transfers In	0	0	0	0	963,581	963,581
Transfers (Out)	(713,728)	(11,162)	0	0	(238,691)	(963,581)
<b>Total Other Financing Sources (Uses)</b>	<b>(709,779)</b>	<b>(11,162)</b>	<b>0</b>	<b>0</b>	<b>724,890</b>	<b>3,949</b>
<b>Net Change in Fund Balance</b>	<b>(2,638,933)</b>	<b>4,744,239</b>	<b>1,236,174</b>	<b>(25,014,448)</b>	<b>1,350,507</b>	<b>(20,322,461)</b>
<b>Fund Balance Beginning of Year</b>	<b>(3,886,585)</b>	<b>2,650,442</b>	<b>(2,797,960)</b>	<b>40,515,985</b>	<b>(739,233)</b>	<b>35,742,649</b>
<b>Fund Balance End of Year</b>	<b>(\$6,525,518)</b>	<b>\$7,394,681</b>	<b>(\$1,561,786)</b>	<b>\$15,501,537</b>	<b>\$611,274</b>	<b>\$15,420,188</b>

See accompanying notes to the basic financial statements.



Middletown City School District  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2007

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Net Change in Fund Balance - Total Governmental Funds (\$20,322,461)

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

Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.

Capital assets used in governmental activities	28,067,984	
Depreciation Expense	<u>(1,548,077)</u>	26,519,907

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. The amount of the proceeds must be removed and the gain or loss on the disposal of capital assets must be recognized. This is the amount of the difference between the proceeds and the gain or loss. (488,981)

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

Delinquent Property Taxes	(280,456)	
Intergovernmental	<u>(316,350)</u>	(596,806)

In the statement of activities, certain costs and proceeds associated with long-term debt obligations issued during the year are accrued and amortized over the life of the debt obligation. In governmental funds these costs and proceeds are recognized as financing sources and uses.

Bond Issuance Costs	765,639	
Premium on Bonds Issued	(5,156,250)	
Deferred Amount on Refunding	<u>4,390,611</u>	0

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 2,049,492

In the statement of activities interest expense is accrued when incurred, whereas in governmental funds an interest expenditure is reported when due. 13,753

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	136,170	
Amortization of Bond Issuance Cost	(15,313)	
Amortization of Bond Premium	216,873	
Amortization of Deferred Charge on Refunding	<u>(1,497)</u>	336,233

Change in Net Assets of Governmental Activities \$7,511,137

See accompanying notes to the basic financial statements.

Middletown City School District  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2007

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	Private Purpose Trust	Agency
	<u>          </u>	<u>          </u>
Assets:		
Equity in Pooled Cash and Investments	<u>\$1,269</u>	<u>\$74,646</u>
Total Assets	<u>1,269</u>	<u>\$74,646</u>
Liabilities:		
Other Liabilities	<u>0</u>	<u>74,646</u>
Total Liabilities	<u>0</u>	<u>\$74,646</u>
Net Assets:		
Held in Trust	<u>1,269</u>	
Total Net Assets	<u>\$1,269</u>	

See accompanying notes to the basic financial statements.

Middletown City School District  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Fund  
For the Fiscal Year Ended June 30, 2007

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	<u>Private Purpose Trust</u>
Additions:	
Donations	<u>\$19,935</u>
Total Additions	<u>19,935</u>
Deductions:	
Scholarships	<u>19,220</u>
Total Deductions	<u>19,220</u>
Change in Net Assets	715
Net Assets Beginning of Year	<u>554</u>
Net Assets End of Year	<u><u>\$1,269</u></u>

See accompanying notes to the basic financial statements.

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**MIDDLETOWN CITY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2007**

**1. DESCRIPTION OF THE DISTRICT**

The Middletown City School District (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 248 classified personnel and 537 certified teaching and administrative personnel to provide services to students and other community members.

In terms of enrollment the District is the 41<sup>st</sup> largest in the State of Ohio (among 613 districts) and the fourth 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.

**REPORTING ENTITY**

In accordance with Governmental Accounting Standards Board [GASB] Statement 14, the financial reporting entity consists of a primary government. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments.

There are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing body is financially accountable. The District's major operations include education, pupil transportation, food service, and maintenance of District facilities.

The following activities are included within the reporting entity:

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 District is associated with two organizations, which are defined as jointly governed organizations. These are the Butler County Joint Vocational School District and the Southwest Ohio Computer Association.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (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 most significant of the District's accounting policies are described below.

### **MEASUREMENT FOCUS**

#### **Government-wide Financial Statements**

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

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

#### **Fund Financial Statements**

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

Fiduciary Funds are reported using the economic resources measurement focus.

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

General Fund - The general fund is used to account for all financial resources except those required to be accounted for 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.

Emergency Levy – The emergency levy fund is used to account for the proceeds of two emergency levies one originally passed in 1989 and the other in 1995. Both of these levies have been renewed through 2010. Although expenditures in this fund are not restricted to a specific purpose, the State of Ohio requires this fund to be classified as a special revenue 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 from governmental resources when the District is obligated in some manner for the payment.

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

### **Fiduciary Funds**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's only trust fund is a private purpose trust which accounts for scholarship programs for students. The District has one agency fund. The Student Activity fund accounts for assets and liabilities generated by student managed activities.

### 3. 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. Fiduciary funds (excluding the agency funds) are reported using the economic resources measurement focus. Differences in the actual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

#### Revenues – Exchange and Non-exchange 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, includes 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. 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 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 year end: property taxes available for advance, grants and interest.

#### Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.



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

### Unearned Revenue

Unearned revenue represents amounts under the accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met because such amounts have not yet been earned.

### Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

## **EQUITY IN POOLED CASH AND INVESTMENTS**

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as “Equity in Pooled Cash and Investments” on the financial statements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposits and repurchase agreements are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2007. 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 share price, which is the price the investment could be sold for on June 30, 2007.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2007 amounted to \$392,745, \$1,735,763 to the building fund and \$3,000 to other governmental funds.

## **INVENTORY**

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of food held for resale and consumable supplies.

## **CAPITAL ASSETS**

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 maintains a capitalization threshold of two thousand five hundred dollars (\$2,500). 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.

All reported capital assets are depreciated, except land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is allocated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20 - 45 years
Equipment (Furniture, Equipment and Vehicles)	5 - 20 years

## **COMPENSATED ABSENCES**

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' 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. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vested payment method. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the expenditures for unpaid compensated absences are recognized when due. The related liability is recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. Compensated absences are reported in governmental funds only if they have matured. Compensated absences will be paid from the fund from which the person is paid, typically the general fund and special revenue funds.

## **NET ASSETS**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Of the District's \$16,874,422 in restricted net assets, none were restricted by enabling legislation.

### **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 are eliminated on the Statement of Activities. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On the fund financial statement, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables" and "interfund payables". These amounts are eliminated in the governmental activities column of the statement of net assets.

As a general rule the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

### **FUND EQUITY**

Reserved fund balances indicate a portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, inventory, and property tax advances. The reserve for property tax advances represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The unreserved portion of fund equity, reflected for the Governmental Funds, is available for use within the specific purpose of those funds.

### **ESTIMATES**

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

### **RESTRICTED ASSETS**

Restricted assets in the general fund represent equity in pooled cash and investments set aside to establish retainage accounts for the continuing improvements throughout the District.

## **4. EQUITY IN POOLED CASH AND INVESTMENTS**

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies – 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. Ohio law permits interim monies to be invested or deposited in the following securities:

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but not limited to, passbook accounts.
- (5) Bonds and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, 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 moneys 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.

### Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of June 30, 2007, \$1,184,398 of the District's bank balance of \$1,384,398 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

### Investments

As of June 30, 2007, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighed Average Maturity (Years)</u>
Repurchase Agreement	\$10,134,655	0.00
STAR Ohio	647,260	0.11
Money Market Funds	3,853,865	0.00
Federal Home Loan Bank	6,041,868	0.45
Federal Home Loan Mortgage	2,994,936	0.53
U.S. Treasury Notes	259,797	0.50
Federal National Mortgage Association	<u>8,694,875</u>	0.74
Total Fair Value	<u>\$32,627,256</u>	
Portfolio Weighted Average Maturity		0.34

Interest rate risk - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years.

Credit Risk – It is the District’s policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. The District’s investments in Federal Home Loan Bank, Federal Home Loan Mortgage, U.S. Treasury Notes, Federal National Mortgage Association, and Money Market Funds were rated AAA by Standard & Poor’s and Fitch Ratings and Aaa by Moody’s Investors Service. Investments in STAR Ohio were rated AAAM by Standard & Poor’s.

Concentration of credit risk – The District’s investment policy allows investments in Federal Agencies or Instrumentalities. The District diversifies investments to reduce risk. The District has invested 31% in repurchase agreements, 2% in STAR Ohio, 12% in Money Market Funds, 19% in Federal Home Loan Bank, 9% in Federal Home Loan Mortgage, less than 1% in U.S. Treasury Notes, and 27% in Federal National Mortgage Association.

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. All of the District’s securities are either insured and registered in the name of the District or at least registered in the name of the District.

## **5. PROPERTY TAXES**

Real property taxes collected in 2007 were levied in April on the assessed values as of January 1, 2006, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update every third year.

Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 25 percent of true value (as defined). Each business was eligible to receive a \$10,000 exemption in assessed value which was reimbursed by the State.

The tangible personal property tax will phase out over a four-year period starting with tax year 2006 and ending with no tax due in 2009. This phase-out applies to most businesses and includes furniture and fixtures, machinery and equipment and inventory. New manufacturing machinery and equipment first reportable on the 2006 and subsequent year returns is not subject to the personal property tax.

Real property taxes are payable annually or semi-annually. In 2007, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20th.

The Butler County Auditor remits portions of the taxes collected to all taxing districts with periodic settlements of real and public utility property taxes in February and August and tangible personal property taxes in June and October. The District records billed but uncollected property taxes as receivables at their estimated net realizable value.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2007. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2007. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current year operations. The receivable is, therefore, offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2007, was \$21,167 for General Fund, \$4,610 for Debt Service and \$17,620 for Emergency Levy fund, and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these receivables for fiscal year 2007 operations.

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

The assessed values upon which the fiscal year 2007 taxes were collected are:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$716,788,070
Public Utility Personal	41,558,410
Tangible Personal Property	<u>191,360,542</u>
Total	<u>\$949,707,022</u>

## 6. RECEIVABLES

Receivables at June 30, 2007, consisted of taxes, accounts, intergovernmental grants and interfund. 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.

## 7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$634,641	\$402,418	\$0	\$1,037,059
Construction in Progress	37,780,783	23,999,618	45,827,443	15,952,958
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	28,266,859	45,827,443	530,715	73,563,587
Equipment	13,463,087	3,665,948	276,463	16,852,572
Totals at Historical Cost	<u>80,145,370</u>	<u>73,895,427</u>	<u>46,634,621</u>	<u>107,406,176</u>
Less Accumulated Depreciation:				
Buildings and Improvements	22,407,205	701,346	79,561	23,028,990
Equipment	10,630,014	846,731	238,636	11,238,109
Total Accumulated Depreciation	<u>33,037,219</u>	<u>1,548,077</u>	<u>318,197</u>	<u>34,267,099</u>
Governmental Activities Capital Assets, Net	<u>\$47,108,151</u>	<u>\$72,347,350</u>	<u>\$46,316,424</u>	<u>\$73,139,077</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$435,924
Special	16,705
Vocational	5,487
Other Instruction	2,395
Support Services:	
Pupil	1,330
Instructional Staff	15,449
School Administration	2,413
Fiscal	1,504
Business	8,939
Operations and Maintenance	655,098
Pupil Transportation	299,371
Central	87,536
Operation of Non-Instructional Services	9,524
Extracurricular Activities	6,402
Total Depreciation Expense	<u>\$1,548,077</u>



## 8. NOTES PAYABLE

The District was liable during the fiscal year for a bond anticipation note payable presented below.

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance July 1</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30</u>
Bond Anticipation	4.30%	06/09/06	06/09/07	\$4,225,000	\$0	\$4,225,000	\$0
Bond Anticipation	4.25%	06/07/07	06/05/08	<u>0</u>	<u>3,880,000</u>	<u>0</u>	<u>3,880,000</u>
				<u>\$4,225,000</u>	<u>\$3,880,000</u>	<u>\$4,225,000</u>	<u>\$3,880,000</u>

Each note is shown as a liability on the fund financial statements in the debt service fund which received the proceeds. The various bond anticipation notes payable were issued to be used on various construction projects throughout the District, mainly for construction of new buildings.

## 9. LONG-TERM LIABILITIES

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due In One Year</u>
<b>Governmental Activities:</b>					
Construction Bond	\$65,650,000	\$0	(\$58,495,000)	\$7,155,000	\$1,600,000
Premium on Construction Bond	2,919,518	0	(2,919,518)	\$0	0
HB 264 Energy Conservation Note	1,354,916	0	(69,856)	\$1,285,060	73,244
2007 Refunding Bonds:					
2007 Current Interest and Term Bonds	0	55,465,000	0	55,465,000	675,000
Deferred Amount on 2007 Refunding Bonds	0	(74,841)	1,497	(73,344)	0
Premium on 2007 Refunding Bonds	0	5,156,250	(103,125)	5,053,125	0
Total Bonds and Notes	69,924,434	60,546,409	(61,586,002)	68,884,841	2,348,244
Capital Leases	2,030,317	0	(459,636)	1,570,681	465,413
Total Long Term Debt	71,954,751	60,546,409	(62,045,638)	70,455,522	2,813,657
Compensated Absences	2,533,796	184,741	(370,694)	2,347,843	289,726
Total Governmental Activities	<u>\$74,488,547</u>	<u>\$60,731,150</u>	<u>(\$62,416,332)</u>	<u>\$72,803,365</u>	<u>\$3,103,383</u>

General obligation bonds will be paid from the debt service fund and the HB264 energy conservation note will be paid from the general fund. Compensated absences will be paid from the fund from which the person is paid, typically the general fund and special revenue funds. Capital lease obligations will be paid from the general fund and the emergency levy fund.

In March 2004, the District issued \$70,800,000 in bonds that will be used on various construction projects throughout the District, mainly the construction of new buildings. The interest rates for the bonds are fixed rates (which the rate for each year is disclosed in the bond documents) that change from year-to-year, with the maturity date of December 1, 2031. The first payment on the bonds was made December 1, 2004. The District had \$3,184,930 premium on the issuance of the Construction Bonds that will be amortized over the life of the Construction Bond with a maturity date of December 31, 2031.

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

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

Fiscal Year Ending June 30	General Obligation Bonds and Note		
	Principal	Interest	Total
2008	\$2,348,244	\$3,004,955	\$5,353,199
2009	1,771,796	2,954,903	4,726,699
2010	1,740,521	2,881,850	4,622,371
2011	449,426	2,843,195	3,292,621
2012	488,521	2,825,213	3,313,734
2013-2017	4,581,323	13,689,022	18,270,345
2018-2022	10,415,229	12,022,904	22,438,133
2023-2027	16,580,000	8,812,447	25,392,447
2028-2032	25,530,000	3,566,063	29,096,063
Total	<u>\$63,905,060</u>	<u>\$52,600,552</u>	<u>\$116,505,612</u>

## 10. ADVANCED REFUNDING

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 an average interest rate of 4.91%. 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 payments on the Construction Bonds. As a result, \$56,975,000 of the Construction Bonds are considered to be defeased and the related liability for those bonds has been removed from the Statement of Net Assets.

The District advance refunded a portion of the Construction Bonds to reduce its total debt service payments by \$4,633,933 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,808,338.

## 11. LEASES

### CAPITAL LEASES

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

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

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

Fiscal Year Ending June 30	Long-Term Debt
2008	\$490,465
2009	489,728
2010	489,728
2011	172,782
2012	91,811
Total Minimum Lease Payment	1,734,514
Less: Amount Representing Interest	(163,833)
Present Value of Minimum Lease Payments	<u>\$1,570,681</u>

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

Equipment	\$2,887,502
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## 12. PENSION PLANS

### SCHOOL EMPLOYEES RETIREMENT SYSTEM

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit 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 to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476, or by calling (800) 878-5853 or by visiting the SERS website at [ohsers.org](http://ohsers.org).

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.68% of annual covered salary was the portion used to fund obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005 were \$1,191,984, \$1,229,136, and \$1,280,868, respectively; 50% has been contributed for fiscal year 2007 and 100% for fiscal years 2006 and 2005.

## **STATE TEACHERS RETIREMENT SYSTEM**

The District participates in State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614) 227-4090 or by visiting the STRS website at [strsoh.org](http://strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. 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 member 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% 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 Combined Plan offers features of both the DC Plan and 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. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. 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 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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2007, plan members were required to contribute 10% of their annual covered salaries. The District was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2006, the portion used to fund pension obligations was also 13%. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for members and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2007, 2006, and 2005 were \$4,589,640, \$4,626,540, and \$4,583,568, respectively; 84% has been contributed for fiscal year 2007 and 100% for fiscal years 2006 and 2005. Contributions to the DC and Combined Plans for fiscal year 2007 were \$4,660,012 made by the District and \$3,298,563 made by the plan members.

### **13. POST EMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits included hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provision and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$327,831 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006, (the latest information available) the balance in the Fund was \$3.5 billion. For the fiscal year ended June 30, 2006, net health care costs paid by STRS Ohio were \$282,743,000 and STRS Ohio had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll compared to 3.42 percent of covered payroll for fiscal year 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the School District, the amount contributed to fund health care benefits, including the surcharge during the 2007 fiscal year equaled \$282,670.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributed for the next fiscal year. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available), were \$158,751,207. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million. SERS has 59,492 participants eligible to receive health care benefits.

## **14. CONTINGENT LIABILITIES**

### **GRANTS**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District as of June 30, 2007.

### **LITIGATION**

The District's attorney estimates that all other potential claims against the District not covered by insurance resulting from all other litigation would not materially affect the financial statements of the District.

## **15. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

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

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

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

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. The blanket school employee dishonesty bond expired July 1, 2006 and was not renewed during the audit period. It was renewed subsequently on October 19, 2007.

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 and accidental death and dismemberment insurance to most employees through the Jefferson Pilot Financial Insurance Company.

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.

## 16. JOINTLY GOVERNED ORGANIZATIONS

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 \$124,447 for services provided during the year. Financial information can be obtained from Mr. Michael Crumley, who serves as Director, at 3603 Hamilton-Middletown Rd., Hamilton, OH 45011.

The Butler County Joint Vocational School District 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 Joint Vocational School District was formed to provide vocational education opportunities to the students of Butler County, including students of the District. The District paid \$2,607 for services provided during the year. Financial information can be obtained from Mr. Ed Pokora, who serves as Treasurer, at 3603 Hamilton-Middletown Rd., Hamilton, OH 45011.

## 17. ACCOUNTABILITY

The following individual funds had a deficit in fund balance at year end:

<u>Fund</u>	<u>Deficit</u>
General Fund	\$6,525,518
Special Revenue Fund:	
Alternative Schools	18,992
Title VI-B	144,164
Title III	40,427
Title I	57,976
Title VI	2,136
Drug-Free Schools	4,230
Preschool	892
Food Service	276,451
Debt Service Fund	1,561,786

**18. FUND BALANCE RESERVES FOR SET-ASIDES**

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside Reserve Balance as of June 30, 2006	(\$121,107)	\$0
Current Year Set-aside Requirement	969,551	969,551
Qualified Disbursements	(1,070,213)	(843,084)
Current Year Offsets	<u>0</u>	<u>(126,467)</u>
Set-Aside Reserve Balance as of June 30, 2007	<u>(\$221,769)</u>	<u>\$0</u>

Qualifying disbursements and carryover from prior years for textbooks resulted in \$221,769 for carryover to offset textbook requirements in future years.

**19. INTERFUND TRANSACTIONS**

Interfund transactions at June 30, 2007, consisted of the following interfund receivable, interfund payable, transfers in and transfers out:

	Interfund		Transfers	
	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General Fund	\$350,595	\$0	\$0	\$713,728
Emergency Levy	0	0	0	11,162
Other Governmental Funds	<u>1,512</u>	<u>352,107</u>	<u>963,581</u>	<u>238,691</u>
Total All Funds	<u>\$352,107</u>	<u>\$352,107</u>	<u>\$963,581</u>	<u>\$963,581</u>

Interfund balances/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed.



## 20. SIGNIFICANT CONTRACTUAL OBLIGATIONS

Listed below are the District's contracts that had outstanding balances in excess of \$100,000 at year end:

A-1 Sprinkler Company	\$188,754
Cincinnati Bell Technology	382,381
C R & R, Inc	480,788
ESI Electrical Contractor	1,103,685
Farnham Equipment	596,002
Feldkamp Enterprises	440,315
Hi-Mark Building Group	4,114,486
Industrial Communication	351,128
M & D Blacktop	123,366
Mulhall Becker Construction	126,619
Nor-Com, Inc.	275,000
Pezzo Constructions, Inc.	428,440
Triton Services Inc.	1,645,094
Wasserstrom Co.	316,389
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	\$10,572,447

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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Middletown City School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2007

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Taxes	\$18,739,236	\$19,980,522	\$19,980,522	\$0
Tuition and Fees	774,465	825,766	825,766	0
Investment Earnings	358,186	381,912	381,912	0
Intergovernmental	22,191,258	23,661,205	23,661,205	0
Extracurricular Activities	28,922	30,838	30,838	0
Other Revenues	106,832	113,909	113,909	0
<b>Total Revenues</b>	<b>42,198,899</b>	<b>44,994,152</b>	<b>44,994,152</b>	<b>0</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	21,625,636	23,162,582	23,161,626	956
Special	3,723,716	3,988,363	3,988,198	165
Other	332,336	355,956	355,941	15
<b>Support Services:</b>				
Pupil	3,394,448	3,635,693	3,635,543	150
Instructional Staff	1,594,359	1,707,670	1,707,600	70
General Administration	24,941	26,714	26,713	1
School Administration	4,750,136	5,087,731	5,087,521	210
Fiscal	1,115,075	1,194,324	1,194,275	49
Business	473,433	507,080	507,059	21
Operations and Maintenance	4,547,317	4,870,497	4,870,296	201
Pupil Transportation	25,231	27,024	27,023	1
Central	816,591	874,626	874,590	36
Operation of Non-Instructional Services	3,480	3,727	3,727	0
Extracurricular Activities	660,799	707,762	707,733	29
Capital Outlay	96,566	103,429	103,425	4
<b>Debt Service:</b>				
Principal Retirement	65,223	69,859	69,856	3
Interest and Fiscal Charges	61,355	65,716	65,713	3
<b>Total Expenditures</b>	<b>43,310,642</b>	<b>46,388,753</b>	<b>46,386,839</b>	<b>1,914</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,111,743)</b>	<b>(1,394,601)</b>	<b>(1,392,687)</b>	<b>1,914</b>
<b>Other financing sources (uses):</b>				
Proceeds from Sale of Capital Assets	3,704	3,949	3,949	0
Advances In	5,978,203	6,374,199	6,374,199	0
Advances (Out)	(4,634,753)	(4,964,148)	(4,963,943)	205
Transfers In	80,271	85,588	85,588	0
Transfers (Out)	(746,808)	(799,884)	(799,851)	33
<b>Total Other Financing Sources (Uses)</b>	<b>680,617</b>	<b>699,704</b>	<b>699,942</b>	<b>238</b>
<b>Net Change in Fund Balance</b>	<b>(431,126)</b>	<b>(694,897)</b>	<b>(692,745)</b>	<b>2,152</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>428,809</b>	<b>428,809</b>	<b>428,809</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>(\$2,317)</b>	<b>(\$266,088)</b>	<b>(\$263,936)</b>	<b>\$2,152</b>

See accompanying notes to the required supplementary information.

Middletown City School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2007

	Emergency Levy Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Taxes	\$14,966,921	\$16,575,620	\$16,575,620	\$0
Intergovernmental	3,600,369	3,987,350	3,987,350	0
Other Revenues	422	467	467	0
<b>Total Revenues</b>	<b>18,567,712</b>	<b>20,563,437</b>	<b>20,563,437</b>	<b>0</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	1,191,398	909,032	909,032	0
Special	1,546,117	1,179,682	1,179,682	0
Vocational	42,239	32,228	32,228	0
Other	7,808,367	5,957,756	5,957,756	0
<b>Support Services:</b>				
Instructional Staff	792,912	604,989	604,989	0
Fiscal	385,065	293,803	293,803	0
Operations and Maintenance	4,101,113	3,129,134	3,129,134	0
Pupil Transportation	3,739,750	2,853,416	2,853,416	0
Central	1,552,876	1,184,839	1,184,839	0
<b>Total Expenditures</b>	<b>21,159,837</b>	<b>16,144,879</b>	<b>16,144,879</b>	<b>0</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(2,592,125)</b>	<b>4,418,558</b>	<b>4,418,558</b>	<b>0</b>
<b>Other financing sources (uses):</b>				
Advances In	59,338	65,716	65,716	0
Advances (Out)	(86,129)	(65,716)	(65,716)	0
Transfers (Out)	(14,629)	(11,162)	(11,162)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(41,420)</b>	<b>(11,162)</b>	<b>(11,162)</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(2,633,545)</b>	<b>4,407,396</b>	<b>4,407,396</b>	<b>0</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>2,633,541</b>	<b>2,633,541</b>	<b>2,633,541</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>(\$4)</b>	<b>\$7,040,937</b>	<b>\$7,040,937</b>	<b>\$0</b>

See accompanying notes to the required supplementary information.

**MIDDLETOWN CITY SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For The Year Ended June 30, 2007**

**1. BUDGETARY PROCESS**

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2007.

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

While the District is 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 and encumbrances. The Combined Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

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. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and emergency levy fund.

Net Change in Fund Balance

	<u>General</u>	<u>Emergency Levy</u>
GAAP Basis	(\$2,638,933)	\$4,744,239
Net Adjustment for Revenue Accruals	6,865,470	523,794
Net Adjustment for Expenditure Accruals	(4,518,987)	(337,599)
Encumbrances	<u>(400,295)</u>	<u>(523,038)</u>
Budget Basis	<u>(\$692,745)</u>	<u>\$4,407,396</u>

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**COMBINING STATEMENTS AND  
INDIVIDUAL FUND SCHEDULES**

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## ***DESCRIPTION OF FUNDS - NONMAJOR GOVERNMENTAL FUNDS***

**Special Revenue Funds:** Special Revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

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

**Local Grants:** To account for funds received from private organizations that are restricted for specific purposes.

**Venture Capital:** To account for state funds received by individual school buildings that are to be used to implement school improvement models, research-based instructional programs, and staff development activities.

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

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

**Management Information System:** To account for state funds provided to assist the district in implementing a state required staff, student, and financial reporting system.

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

**OneNet Network Connectivity:** To account for state funds, related to the District's Network Connectivity Program.

**SchoolNet Professional Development:** To account for state funds, which provide professional development opportunities and programs for District staff in the area of computers and related technology.

**Ohio Reads:** To account for state funds received for reading improvement and intervention programs designed to improve elementary student achievement scores in reading and for the establishment of volunteer reading coordinators at each school building.

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

DPIA: To account for state funds which, related to the District's DPIA program.

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

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

Title VI-B: To account for federal funds for the provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels.

Title III: Federal grant used to account for federal monies provided to support the District's ESL population.

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

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

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

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

Class Size Reduction: To account for federal funds received to provide for class size reduction.

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

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

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 expenses 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 expenses related to the provision of credit and non-credit classes to the general public.

*Capital Projects Funds:* The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

*Permanent Improvement:* To account for all transactions relating to the improvements made to existing District facilities.

*SchoolNet Plus:* To account for state funds received for the purchase of computer technology for all classrooms in kindergarten through fourth grade.

Middletown City School District  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2007

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$1,699,226	\$439,221	\$2,138,447
Receivables:			
Accounts	4,869	0	4,869
Intergovernmental	2,357,410	0	2,357,410
Interfund	1,512	0	1,512
Inventory	41,549	0	41,549
<b>Total Assets</b>	<b>4,104,566</b>	<b>439,221</b>	<b>4,543,787</b>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	468,273	0	468,273
Accrued Wages and Benefits	927,800	0	927,800
Intergovernmental Payable	68,650	0	68,650
Interfund Payable	352,107	0	352,107
Deferred Revenue	2,115,683	0	2,115,683
<b>Total Liabilities</b>	<b>3,932,513</b>	<b>0</b>	<b>3,932,513</b>
Fund Balances:			
Reserved for Encumbrances	2,368,468	0	2,368,468
Reserved for Inventory	41,549	0	41,549
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	(2,237,964)	0	(2,237,964)
Capital Projects Funds	0	439,221	439,221
<b>Total Fund Balances</b>	<b>172,053</b>	<b>439,221</b>	<b>611,274</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$4,104,566</b>	<b>\$439,221</b>	<b>\$4,543,787</b>

Middletown City School District  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2007

	Public School Support	Local Grants	Venture Capital	Athletic	Auxiliary Services
Assets:					
Equity in Pooled Cash and Investments	\$81,744	\$65,508	\$684	\$26,926	\$134,565
Receivables:					
Accounts	645	0	0	0	0
Intergovernmental	0	0	0	0	0
Interfund	0	1,512	0	0	0
Inventory	0	0	0	0	0
Total Assets	<u>82,389</u>	<u>67,020</u>	<u>684</u>	<u>26,926</u>	<u>134,565</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	2,255	1,418	0	84	24,133
Accrued Wages and Benefits	0	0	0	0	65,017
Intergovernmental Payable	0	240	0	0	0
Interfund Payable	0	0	0	0	0
Deferred Revenue	0	0	0	0	0
Total Liabilities	<u>2,255</u>	<u>1,658</u>	<u>0</u>	<u>84</u>	<u>89,150</u>
Fund Balances:					
Reserved for Encumbrances	12,276	3,121	0	8,581	113,703
Reserved for Inventory	0	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	<u>67,858</u>	<u>62,241</u>	<u>684</u>	<u>18,261</u>	<u>(68,288)</u>
Total Fund Balances	<u>80,134</u>	<u>65,362</u>	<u>684</u>	<u>26,842</u>	<u>45,415</u>
Total Liabilities and Fund Balances	<u>\$82,389</u>	<u>\$67,020</u>	<u>\$684</u>	<u>\$26,926</u>	<u>\$134,565</u>

Management Information System	Entry Year	OneNet Network Connectivity	SchoolNet Professional Development	Ohio Reads	Alternative Schools	DPIA
\$0	\$702	\$0	\$0	\$19,296	\$27,455	\$209,340
0	0	0	0	986	0	0
0	0	0	0	9,489	16,899	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	702	0	0	29,771	44,354	209,340
0	0	0	0	4,501	0	1,000
0	0	0	0	0	46,447	58,778
0	0	0	0	0	0	66,497
0	0	0	0	0	0	0
0	0	0	0	9,489	16,899	0
0	0	0	0	13,990	63,346	126,275
0	0	0	0	26,547	40,166	0
0	0	0	0	0	0	0
0	702	0	0	(10,766)	(59,158)	83,065
0	702	0	0	15,781	(18,992)	83,065
\$0	\$702	\$0	\$0	\$29,771	\$44,354	\$209,340

Continued

Middletown City School District  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2007

	Miscellaneous State Grants	Adult Basic Education	Title VI-B	Title III	Title I
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$44,761	\$38,248	\$74,990	\$5,472	\$285,122
<b>Receivables:</b>					
Accounts	0	0	0	0	76
Intergovernmental	56,028	97,065	436,984	77,161	507,583
Interfund	0	0	0	0	0
Inventory	0	0	0	0	0
<b>Total Assets</b>	<b>100,789</b>	<b>135,313</b>	<b>511,974</b>	<b>82,633</b>	<b>792,781</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts Payable	406	3,621	11,392	45,899	13,143
Accrued Wages and Benefits	2,581	22,326	207,525	0	318,168
Intergovernmental Payable	362	0	237	0	864
Interfund Payable	10,452	9,121	0	0	10,999
Deferred Revenue	56,028	97,065	436,984	77,161	507,583
<b>Total Liabilities</b>	<b>69,829</b>	<b>132,133</b>	<b>656,138</b>	<b>123,060</b>	<b>850,757</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	5,032	32,608	500,250	18,855	482,228
Reserved for Inventory	0	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	25,928	(29,428)	(644,414)	(59,282)	(540,204)
<b>Total Fund Balances</b>	<b>30,960</b>	<b>3,180</b>	<b>(144,164)</b>	<b>(40,427)</b>	<b>(57,976)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$100,789</b>	<b>\$135,313</b>	<b>\$511,974</b>	<b>\$82,633</b>	<b>\$792,781</b>



Title VI	Drug-Free Schools	Preschool	Class Size Reduction	Miscellaneous Federal	Food Service	Uniform School Supply
\$11,912	\$3,552	\$0	\$234,751	\$279,557	\$89,227	\$49,971
0	0	0	0	0	0	3,162
0	0	500	187,536	726,438	241,727	0
0	0	0	0	0	0	0
0	0	0	0	0	41,549	0
<u>11,912</u>	<u>3,552</u>	<u>500</u>	<u>422,287</u>	<u>1,005,995</u>	<u>372,503</u>	<u>53,133</u>
650	2,271	525	6,924	601	348,760	0
0	0	0	36,957	170,001	0	0
0	0	0	0	255	195	0
13,398	5,511	367	0	2,260	299,999	0
0	0	500	187,536	726,438	0	0
<u>14,048</u>	<u>7,782</u>	<u>1,392</u>	<u>231,417</u>	<u>899,555</u>	<u>648,954</u>	<u>0</u>
53,111	17,851	0	63,060	978,804	0	4,315
0	0	0	0	0	41,549	0
<u>(55,247)</u>	<u>(22,081)</u>	<u>(892)</u>	<u>127,810</u>	<u>(872,364)</u>	<u>(318,000)</u>	<u>48,818</u>
<u>(2,136)</u>	<u>(4,230)</u>	<u>(892)</u>	<u>190,870</u>	<u>106,440</u>	<u>(276,451)</u>	<u>53,133</u>
<u>\$11,912</u>	<u>\$3,552</u>	<u>\$500</u>	<u>\$422,287</u>	<u>\$1,005,995</u>	<u>\$372,503</u>	<u>\$53,133</u>

Continued

Middletown City School District  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2007

	Special Rotary	Adult Education	Total Nonmajor Special Revenue Funds
Assets:			
Equity in Pooled Cash and Investments	\$5,157	\$10,286	\$1,699,226
Receivables:			
Accounts	0	0	4,869
Intergovernmental	0	0	2,357,410
Interfund	0	0	1,512
Inventory	0	0	41,549
<b>Total Assets</b>	<b>5,157</b>	<b>10,286</b>	<b>4,104,566</b>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	0	690	468,273
Accrued Wages and Benefits	0	0	927,800
Intergovernmental Payable	0	0	68,650
Interfund Payable	0	0	352,107
Deferred Revenue	0	0	2,115,683
<b>Total Liabilities</b>	<b>0</b>	<b>690</b>	<b>3,932,513</b>
Fund Balances:			
Reserved for Encumbrances	0	7,960	2,368,468
Reserved for Inventory	0	0	41,549
Unreserved, Undesignated, Reported in: Special Revenue Funds	5,157	1,636	(2,237,964)
<b>Total Fund Balances</b>	<b>5,157</b>	<b>9,596</b>	<b>172,053</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$5,157</b>	<b>\$10,286</b>	<b>\$4,104,566</b>

Middletown City School District  
 Combining Balance Sheet  
 Nonmajor Capital Projects Funds  
 June 30, 2007

	Permanent Improvement	SchoolNet Plus	Total Nonmajor Capital Projects Funds
Assets:			
Equity in Pooled Cash and Investments	\$439,024	\$197	\$439,221
Total Assets	<u>439,024</u>	<u>197</u>	<u>439,221</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:			
Unreserved, Undesignated, Reported in: Capital Projects Funds	<u>439,024</u>	<u>197</u>	<u>439,221</u>
Total Fund Balances	<u>439,024</u>	<u>197</u>	<u>439,221</u>
Total Liabilities and Fund Balances	<u>\$439,024</u>	<u>\$197</u>	<u>\$439,221</u>

Middletown City School District  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2007

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
Tuition and Fees	\$83,406	\$0	\$83,406
Investment Earnings	3,000	0	3,000
Intergovernmental	13,127,676	46,084	13,173,760
Extracurricular Activities	222,164	0	222,164
Charges for Services	811,212	0	811,212
Other Revenues	149,168	0	149,168
<b>Total Revenues</b>	<b>14,396,626</b>	<b>46,084</b>	<b>14,442,710</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular	844,170	45,887	890,057
Special	3,843,837	0	3,843,837
Other	1,723,089	0	1,723,089
<b>Support Services:</b>			
Pupil	794,181	0	794,181
Instructional Staff	2,341,015	0	2,341,015
School Administration	379,870	0	379,870
Operations and Maintenance	424,902	0	424,902
Pupil Transportation	88,784	0	88,784
Central	50,770	0	50,770
Operation of Non-Instructional Services	3,069,780	0	3,069,780
Extracurricular Activities	210,808	0	210,808
<b>Total Expenditures</b>	<b>13,771,206</b>	<b>45,887</b>	<b>13,817,093</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>625,420</b>	<b>197</b>	<b>625,617</b>
<b>Other Financing Sources (Uses):</b>			
Transfers In	963,581	0	963,581
Transfers (Out)	(238,691)	0	(238,691)
<b>Total Other Financing Sources (Uses)</b>	<b>724,890</b>	<b>0</b>	<b>724,890</b>
<b>Net Change in Fund Balance</b>	<b>1,350,310</b>	<b>197</b>	<b>1,350,507</b>
<b>Fund Balance Beginning of Year</b>	<b>(1,178,257)</b>	<b>439,024</b>	<b>(739,233)</b>
<b>Fund Balance End of Year</b>	<b>\$172,053</b>	<b>\$439,221</b>	<b>\$611,274</b>

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Middletown City School District  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2007

	Public School Support	Local Grants	Venture Capital	Athletic	Auxiliary Services
Revenues:					
Tuition and Fees	\$0	\$0	\$0	\$0	\$0
Investment Earnings	0	0	0	0	3,000
Intergovernmental	0	52,255	0	0	584,248
Extracurricular Activities	48,634	0	0	173,530	0
Charges for Services	0	0	0	0	0
Other Revenues	104,384	10,242	0	21,627	0
<b>Total Revenues</b>	<b>153,018</b>	<b>62,497</b>	<b>0</b>	<b>195,157</b>	<b>587,248</b>
Expenditures:					
Current:					
Instruction:					
Regular	0	57,495	0	0	0
Special	0	0	0	0	0
Other	0	2,155	0	0	0
Support Services:					
Pupil	144,229	0	0	0	0
Instructional Staff	0	3,136	0	0	0
School Administration	0	729	0	0	0
Operations and Maintenance	0	116,835	0	0	0
Pupil Transportation	0	62,500	0	0	0
Central	0	2,002	0	0	0
Operation of Non-Instructional Services	0	336	0	0	610,666
Extracurricular Activities	0	0	0	210,808	0
<b>Total Expenditures</b>	<b>144,229</b>	<b>245,188</b>	<b>0</b>	<b>210,808</b>	<b>610,666</b>
Excess of Revenues Over (Under) Expenditures	8,789	(182,691)	0	(15,651)	(23,418)
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Transfers (Out)	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balance	8,789	(182,691)	0	(15,651)	(23,418)
Fund Balance Beginning of Year	71,345	248,053	684	42,493	68,833
<b>Fund Balance End of Year</b>	<b>\$80,134</b>	<b>\$65,362</b>	<b>\$684</b>	<b>\$26,842</b>	<b>\$45,415</b>

Management Information System	Entry Year	OneNet Network Connectivity	SchoolNet Professional Development	Ohio Reads	Alternative Schools	DPIA
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
21,578	22,050	27,000	3,300	182,799	303,733	2,245,282
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	986	0	0
21,578	22,050	27,000	3,300	183,785	303,733	2,245,282
0	20,800	0	2,835	99	267,708	322,962
0	0	0	0	193,037	0	0
0	0	0	0	0	0	1,430,969
0	0	0	0	0	0	4,113
0	0	0	1,140	1,189	677	10,000
0	1,250	0	0	0	0	0
0	0	0	0	0	0	308,067
0	0	0	0	420	0	0
21,578	0	27,000	0	0	0	0
0	0	0	0	2,710	0	0
0	0	0	0	0	0	0
21,578	22,050	27,000	3,975	197,455	268,385	2,076,111
0	0	0	(675)	(13,670)	35,348	169,171
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	(675)	(13,670)	35,348	169,171
0	702	0	675	29,451	(54,340)	(86,106)
\$0	\$702	\$0	\$0	\$15,781	(\$18,992)	\$83,065

Continued

Middletown City School District  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2007

	Miscellaneous State Grants	Adult Basic Education	Title VI-B	Title III	Title I
Revenues:					
Tuition and Fees	\$0	\$0	\$0	\$0	\$0
Investment Earnings	0	0	0	0	0
Intergovernmental	50,706	302,880	2,178,295	3,257	2,370,263
Extracurricular Activities	0	0	0	0	0
Charges for Services	0	0	0	0	0
Other Revenues	0	50	90	0	764
<b>Total Revenues</b>	<b>50,706</b>	<b>302,930</b>	<b>2,178,385</b>	<b>3,257</b>	<b>2,371,027</b>
Expenditures:					
Current:					
Instruction:					
Regular	8,451	0	0	0	0
Special	0	0	1,140,133	50,373	1,829,021
Other	0	268,345	0	0	21,319
Support Services:					
Pupil	13,885	0	562,634	0	28,721
Instructional Staff	32,927	76,990	231,634	3,442	296,157
School Administration	0	25,823	245,776	0	56,035
Operations and Maintenance	0	0	0	0	0
Pupil Transportation	0	0	0	0	25,864
Central	190	0	0	0	0
Operation of Non-Instructional Services	0	365	68,628	0	45,111
Extracurricular Activities	0	0	0	0	0
<b>Total Expenditures</b>	<b>55,453</b>	<b>371,523</b>	<b>2,248,805</b>	<b>53,815</b>	<b>2,302,228</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(4,747)</b>	<b>(68,593)</b>	<b>(70,420)</b>	<b>(50,558)</b>	<b>68,799</b>
Other Financing Sources (Uses):					
Transfers In	11,162	0	0	0	0
Transfers (Out)	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>11,162</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>6,415</b>	<b>(68,593)</b>	<b>(70,420)</b>	<b>(50,558)</b>	<b>68,799</b>
<b>Fund Balance Beginning of Year</b>	<b>24,545</b>	<b>71,773</b>	<b>(73,744)</b>	<b>10,131</b>	<b>(126,775)</b>
<b>Fund Balance End of Year</b>	<b>\$30,960</b>	<b>\$3,180</b>	<b>(\$144,164)</b>	<b>(\$40,427)</b>	<b>(\$57,976)</b>



Title VI	Drug-Free Schools	Preschool	Class Size Reduction	Miscellaneous Federal	Food Service	Uniform School Supply
\$0	\$0	\$0	\$0	\$0	\$0	\$82,570
0	0	0	0	0	0	0
17,827	19,237	40,599	683,368	2,249,484	1,744,911	0
0	0	0	0	0	0	0
0	0	0	0	0	811,212	0
0	0	0	437	557	8	0
<u>17,827</u>	<u>19,237</u>	<u>40,599</u>	<u>683,805</u>	<u>2,250,041</u>	<u>2,556,131</u>	<u>82,570</u>
103,795	0	0	0	60,025	0	0
0	11,163	0	0	620,110	0	0
0	0	0	0	0	0	0
0	0	40,599	0	0	0	0
0	19,156	892	386,377	1,277,298	0	0
0	0	0	0	50,257	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
812	1,363	0	0	1,396	2,243,736	57,093
0	0	0	0	0	0	0
<u>104,607</u>	<u>31,682</u>	<u>41,491</u>	<u>386,377</u>	<u>2,009,086</u>	<u>2,243,736</u>	<u>57,093</u>
<u>(86,780)</u>	<u>(12,445)</u>	<u>(892)</u>	<u>297,428</u>	<u>240,955</u>	<u>312,395</u>	<u>25,477</u>
238,691	0	0	0	0	713,728	0
0	0	0	(238,691)	0	0	0
<u>238,691</u>	<u>0</u>	<u>0</u>	<u>(238,691)</u>	<u>0</u>	<u>713,728</u>	<u>0</u>
151,911	(12,445)	(892)	58,737	240,955	1,026,123	25,477
<u>(154,047)</u>	<u>8,215</u>	<u>0</u>	<u>132,133</u>	<u>(134,515)</u>	<u>(1,302,574)</u>	<u>27,656</u>
<u>(\$2,136)</u>	<u>(\$4,230)</u>	<u>(\$892)</u>	<u>\$190,870</u>	<u>\$106,440</u>	<u>(\$276,451)</u>	<u>\$53,133</u>

Continued

Middletown City School District  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2007

	Special Rotary	Adult Education	Total Nonmajor Special Revenue Funds
Revenues:			
Tuition and Fees	\$0	\$836	\$83,406
Investment Earnings	0	0	3,000
Intergovernmental	0	24,604	13,127,676
Extracurricular Activities	0	0	222,164
Charges for Services	0	0	811,212
Other Revenues	900	9,123	149,168
<b>Total Revenues</b>	<b>900</b>	<b>34,563</b>	<b>14,396,626</b>
Expenditures:			
Current:			
Instruction:			
Regular	0	0	844,170
Special	0	0	3,843,837
Other	0	301	1,723,089
Support Services:			
Pupil	0	0	794,181
Instructional Staff	0	0	2,341,015
School Administration	0	0	379,870
Operations and Maintenance	0	0	424,902
Pupil Transportation	0	0	88,784
Central	0	0	50,770
Operation of Non-Instructional Services	351	37,213	3,069,780
Extracurricular Activities	0	0	210,808
<b>Total Expenditures</b>	<b>351</b>	<b>37,514</b>	<b>13,771,206</b>
Excess of Revenues Over (Under) Expenditures	549	(2,951)	625,420
Other Financing Sources (Uses):			
Transfers In	0	0	963,581
Transfers (Out)	0	0	(238,691)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>724,890</b>
Net Change in Fund Balance	549	(2,951)	1,350,310
Fund Balance Beginning of Year	4,608	12,547	(1,178,257)
<b>Fund Balance End of Year</b>	<b>\$5,157</b>	<b>\$9,596</b>	<b>\$172,053</b>

Middletown City School District  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balance  
 Nonmajor Capital Projects Funds  
 For the Fiscal Year Ended June 30, 2007

	<u>Permanent Improvement</u>	<u>SchoolNet Plus</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:			
Intergovernmental	\$0	\$46,084	\$46,084
Total Revenues	<u>0</u>	<u>46,084</u>	<u>46,084</u>
Expenditures:			
Current:			
Instruction:			
Regular	0	45,887	45,887
Total Expenditures	<u>0</u>	<u>45,887</u>	<u>45,887</u>
Net Change in Fund Balance	0	197	197
Fund Balance Beginning of Year	439,024	0	439,024
Fund Balance End of Year	<u>\$439,024</u>	<u>\$197</u>	<u>\$439,221</u>

Middletown City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2007

	Public School Support Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Extracurricular Activities	\$48,615	\$48,615	\$0
Other Revenues	104,099	104,099	0
Total Revenues	152,714	152,714	0
Expenditures:			
Current:			
Support Services:			
Pupil	156,953	159,103	(2,150)
Total Expenditures	156,953	159,103	(2,150)
Excess of Revenues Over (Under) Expenditures	(4,239)	(6,389)	(2,150)
Other financing sources (uses):			
Advances In	235	235	0
Advances (Out)	(232)	(235)	(3)
Transfers In	2,153	2,153	0
Total Other Financing Sources (Uses)	2,156	2,153	(3)
Net Change in Fund Balance	(2,083)	(4,236)	(2,153)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	71,447	71,447	0
Fund Balance End of Year	\$69,364	\$67,211	(\$2,153)

Middletown City School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2007

	Local Grants Fund		
	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>			
Intergovernmental	\$52,255	\$52,255	\$0
Other Revenues	10,242	10,242	0
<b>Total Revenues</b>	<b>62,497</b>	<b>62,497</b>	<b>0</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular	59,161	59,161	0
Other	2,155	2,155	0
<b>Support Services:</b>			
Instructional Staff	3,543	3,543	0
School Administration	729	729	0
Operations and Maintenance	118,025	118,025	0
Pupil Transportation	62,597	62,597	0
Central	4,350	4,350	0
Operation of Non-Instructional Services	336	336	0
<b>Total Expenditures</b>	<b>250,896</b>	<b>250,896</b>	<b>0</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(188,399)</b>	<b>(188,399)</b>	<b>0</b>
<b>Other financing sources (uses):</b>			
Advances In	93	93	0
Advances (Out)	(93)	(93)	0
Transfers In	535	535	0
Transfers (Out)	(535)	(535)	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(188,399)</b>	<b>(188,399)</b>	<b>0</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>249,127</b>	<b>249,127</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$60,728</b>	<b>\$60,728</b>	<b>\$0</b>

Middletown City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2007

	Venture Capital Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Instruction:			
Regular	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	684	684	0
Fund Balance End of Year	\$684	\$684	\$0

Middletown City School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2007

	Athletic Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Extracurricular Activities	\$173,530	\$173,530	\$0
Other Revenues	21,627	21,627	0
Total Revenues	195,157	195,157	0
Expenditures:			
Current:			
Extracurricular Activities	231,073	231,073	0
Total Expenditures	231,073	231,073	0
Excess of Revenues Over (Under) Expenditures	(35,916)	(35,916)	0
Other financing sources (uses):			
Advances In	5,243	5,243	0
Advances (Out)	(9,266)	(9,266)	0
Total Other Financing Sources (Uses)	(4,023)	(4,023)	0
Net Change in Fund Balance	(39,939)	(39,939)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	58,201	58,201	0
Fund Balance End of Year	\$18,262	\$18,262	\$0

Middletown City School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2007

	Auxiliary Services Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$3,001	\$3,001	\$0
Intergovernmental	584,247	584,247	0
Total Revenues	587,248	587,248	0
Expenditures:			
Current:			
Operation of Non-Instructional Services	726,255	726,255	0
Total Expenditures	726,255	726,255	0
Excess of Revenues Over (Under) Expenditures	(139,007)	(139,007)	0
Other financing sources (uses):			
Advances In	7,625	7,625	0
Advances (Out)	(7,625)	(7,625)	0
Transfers In	63,489	63,489	0
Transfers (Out)	(63,489)	(63,489)	0
Total Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balance	(139,007)	(139,007)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	135,734	135,734	0
Fund Balance End of Year	(\$3,273)	(\$3,273)	\$0



Middletown City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2007

	Management Information System Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$21,578	\$21,578	\$0
Total Revenues	21,578	21,578	0
Expenditures:			
Current:			
Support Services:			
Central	21,578	21,578	0
Total Expenditures	21,578	21,578	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$0	\$0	\$0

Middletown City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2007

	Entry Year		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$22,050	\$22,050	\$0
Total Revenues	22,050	22,050	0
Expenditures:			
Current:			
Instruction:			
Regular	20,800	20,800	0
Support Services:			
School Administration	1,250	1,250	0
Total Expenditures	22,050	22,050	0
Excess of Revenues Over (Under) Expenditures	0	0	0
Other financing sources (uses):			
Advances In	2,012	2,012	0
Advances (Out)	(2,012)	(2,012)	0
Total Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	702	702	0
Fund Balance End of Year	\$702	\$702	\$0

Middletown City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2007

	OneNet Network Connectivity Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$27,000	\$27,000	\$0
Total Revenues	27,000	27,000	0
Expenditures:			
Current:			
Support Services:			
Central	27,000	27,000	0
Total Expenditures	27,000	27,000	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$0	\$0	\$0

Middletown City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2007

	SchoolNet Professional Development Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$3,300	\$3,300	\$0
Total Revenues	3,300	3,300	0
Expenditures:			
Current:			
Instruction:			
Regular	2,835	2,835	0
Support Services:			
Instructional Staff	1,141	1,141	0
Total Expenditures	3,976	3,976	0
Net Change in Fund Balance	(676)	(676)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	675	675	0
Fund Balance End of Year	(\$1)	(\$1)	\$0

Middletown City School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2007

	Ohio Reads Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$208,621	\$208,621	\$0
Total Revenues	208,621	208,621	0
Expenditures:			
Current:			
Instruction:			
Regular	99	99	0
Special	220,988	220,988	0
Support Services:			
Instructional Staff	1,189	1,189	0
Pupil Transportation	420	420	0
Operation of Non-Instructional Services	2,710	2,710	0
Total Expenditures	225,406	225,406	0
Excess of Revenues Over (Under) Expenditures	(16,785)	(16,785)	0
Other financing sources (uses):			
Advances In	70,919	70,919	0
Advances (Out)	(70,919)	(70,919)	0
Total Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balance	(16,785)	(16,785)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,033	5,033	0
Fund Balance End of Year	(\$11,752)	(\$11,752)	\$0

Middletown City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2007

	Alternative Schools Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$314,985	\$314,985	\$0
Total Revenues	314,985	314,985	0
Expenditures:			
Current:			
Instruction:			
Regular	293,870	293,870	0
Support Services:			
Instructional Staff	677	677	0
Total Expenditures	294,547	294,547	0
Excess of Revenues Over (Under) Expenditures	20,438	20,438	0
Other financing sources (uses):			
Advances In	206,754	206,754	0
Advances (Out)	(244,091)	(244,091)	0
Total Other Financing Sources (Uses)	(37,337)	(37,337)	0
Net Change in Fund Balance	(16,899)	(16,899)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,188	4,188	0
Fund Balance End of Year	(\$12,711)	(\$12,711)	\$0

Middletown City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2007

	DPIA Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$2,245,282	\$2,245,282	\$0
Total Revenues	<u>2,245,282</u>	<u>2,245,282</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Regular	350,290	350,290	0
Other	1,430,969	1,430,969	0
Support Services:			
Pupil	4,113	4,113	0
Instructional Staff	11,396	11,396	0
Operations and Maintenance	<u>252,570</u>	<u>252,570</u>	<u>0</u>
Total Expenditures	<u>2,049,338</u>	<u>2,049,338</u>	<u>0</u>
Net Change in Fund Balance	195,944	195,944	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$195,944</u>	<u>\$195,944</u>	<u>\$0</u>

Middletown City School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2007

	Miscellaneous State Grants Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$50,706	\$50,706	\$0
Total Revenues	50,706	50,706	0
Expenditures:			
Current:			
Instruction:			
Regular	9,636	9,636	0
Support Services:			
Pupil	13,885	13,885	0
Instructional Staff	39,672	39,672	0
Central	190	190	0
Total Expenditures	63,383	63,383	0
Excess of Revenues Over (Under) Expenditures	(12,677)	(12,677)	0
Other financing sources (uses):			
Advances In	14,112	14,112	0
Advances (Out)	(14,112)	(14,112)	0
Transfers In	11,162	11,162	0
Total Other Financing Sources (Uses)	11,162	11,162	0
Net Change in Fund Balance	(1,515)	(1,515)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	40,476	40,476	0
Fund Balance End of Year	<u>\$38,961</u>	<u>\$38,961</u>	<u>\$0</u>



Middletown City School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2007

	Adult Basic Education Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$334,845	\$334,845	\$0
Other Revenues	50	50	0
Total Revenues	<u>334,895</u>	<u>334,895</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Other	295,791	295,791	0
Support Services:			
Instructional Staff	82,005	82,005	0
School Administration	26,023	26,023	0
Operations and Maintenance	1,182	1,182	0
Operation of Non-Instructional Services	795	795	0
Total Expenditures	<u>405,796</u>	<u>405,796</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(70,901)</u>	<u>(70,901)</u>	<u>0</u>
Other financing sources (uses):			
Advances In	74,101	74,101	0
Advances (Out)	(64,980)	(64,980)	0
Transfers In	35,490	35,490	0
Transfers (Out)	(35,490)	(35,490)	0
Total Other Financing Sources (Uses)	<u>9,121</u>	<u>9,121</u>	<u>0</u>
Net Change in Fund Balance	(61,780)	(61,780)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>63,797</u>	<u>63,797</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$2,017</u></u>	<u><u>\$2,017</u></u>	<u><u>\$0</u></u>

Middletown City School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2007

	Title VI-B Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$2,178,295	\$2,178,295	\$0
Other Revenues	90	90	0
Total Revenues	<u>2,178,385</u>	<u>2,178,385</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Special	1,516,277	1,516,277	0
Support Services:			
Pupil	630,422	630,422	0
Instructional Staff	250,137	250,137	0
School Administration	268,825	268,825	0
Operation of Non-Instructional Services	104,734	104,734	0
Total Expenditures	<u>2,770,395</u>	<u>2,770,395</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(592,010)</u>	<u>(592,010)</u>	<u>0</u>
Other financing sources (uses):			
Advances In	831,279	831,279	0
Advances (Out)	(831,279)	(831,279)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(592,010)	(592,010)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>155,121</u>	<u>155,121</u>	<u>0</u>
Fund Balance End of Year	<u>(\$436,889)</u>	<u>(\$436,889)</u>	<u>\$0</u>

Middletown City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2007

	Title III Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$3,257	\$3,257	\$0
Total Revenues	<u>3,257</u>	<u>3,257</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Special	67,157	67,157	0
Support Services:			
Instructional Staff	5,513	5,513	0
Total Expenditures	<u>72,670</u>	<u>72,670</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(69,413)</u>	<u>(69,413)</u>	<u>0</u>
Other financing sources (uses):			
Advances In	191	191	0
Advances (Out)	(191)	(191)	0
Transfers In	10,131	10,131	0
Transfers (Out)	(10,131)	(10,131)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(69,413)	(69,413)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>10,131</u>	<u>10,131</u>	<u>0</u>
Fund Balance End of Year	<u><u>(\$59,282)</u></u>	<u><u>(\$59,282)</u></u>	<u><u>\$0</u></u>

Middletown City School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2007

	Title I Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$2,370,263	\$2,370,263	\$0
Other Revenues	688	688	0
Total Revenues	<u>2,370,951</u>	<u>2,370,951</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Special	2,208,078	2,208,078	0
Other	21,319	21,319	0
Support Services:			
Pupil	28,722	28,722	0
Instructional Staff	324,101	324,101	0
School Administration	60,316	60,316	0
Pupil Transportation	125,000	125,000	0
Operation of Non-Instructional Services	46,491	46,491	0
Total Expenditures	<u>2,814,027</u>	<u>2,814,027</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(443,076)</u>	<u>(443,076)</u>	<u>0</u>
Other financing sources (uses):			
Advances In	1,049,361	1,049,361	0
Advances (Out)	(1,049,361)	(1,049,361)	0
Transfers In	21,319	21,319	0
Transfers (Out)	(21,319)	(21,319)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(443,076)	(443,076)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>231,962</u>	<u>231,962</u>	<u>0</u>
Fund Balance End of Year	<u>(\$211,114)</u>	<u>(\$211,114)</u>	<u>\$0</u>

Middletown City School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2007

	Title VI Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$17,826	\$17,826	\$0
Total Revenues	17,826	17,826	0
Expenditures:			
Current:			
Instruction:			
Regular	156,905	156,905	0
Operation of Non-Instructional Services	812	812	0
Total Expenditures	157,717	157,717	0
Excess of Revenues Over (Under) Expenditures	(139,891)	(139,891)	0
Other financing sources (uses):			
Advances In	1,326,236	1,326,235	(1)
Advances (Out)	(1,474,345)	(1,474,344)	1
Transfers In	238,691	238,691	0
Total Other Financing Sources (Uses)	90,582	90,582	0
Net Change in Fund Balance	(49,309)	(49,309)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	7,460	7,460	0
Fund Balance End of Year	(\$41,849)	(\$41,849)	\$0

Middletown City School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2007

	Drug-Free Schools Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$19,237	\$19,237	\$0
Total Revenues	19,237	19,237	0
Expenditures:			
Current:			
Instruction:			
Special	19,040	19,040	0
Support Services:			
Instructional Staff	29,099	29,099	0
Pupil Transportation	282	282	0
Operation of Non-Instructional Services	1,363	1,363	0
Total Expenditures	49,784	49,784	0
Excess of Revenues Over (Under) Expenditures	(30,547)	(30,547)	0
Other financing sources (uses):			
Advances In	8,310	8,310	0
Advances (Out)	(8,310)	(8,310)	0
Transfers In	12,751	12,751	0
Transfers (Out)	(12,751)	(12,751)	0
Total Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balance	(30,547)	(30,547)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	13,976	13,976	0
Fund Balance End of Year	(\$16,571)	(\$16,571)	\$0

Middletown City School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2007

	Preschool Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$40,599	\$40,599	\$0
Total Revenues	40,599	40,599	0
Expenditures:			
Current:			
Support Services:			
Pupil	40,599	40,599	0
Instructional Staff	500	500	0
Total Expenditures	41,099	41,099	0
Excess of Revenues Over (Under) Expenditures	(500)	(500)	0
Other financing sources (uses):			
Advances In	42,670	42,670	0
Advances (Out)	(42,303)	(42,303)	0
Total Other Financing Sources (Uses)	367	367	0
Net Change in Fund Balance	(133)	(133)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	(\$133)	(\$133)	\$0

Middletown City School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2007

	Class Size Reduction Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$742,293	\$742,293	\$0
Other Revenues	1,520	1,520	0
Total Revenues	<u>743,813</u>	<u>743,813</u>	<u>0</u>
Expenditures:			
Current:			
Support Services:			
Instructional Staff	435,974	435,974	0
Total Expenditures	<u>435,974</u>	<u>435,974</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>307,839</u>	<u>307,839</u>	<u>0</u>
Other financing sources (uses):			
Advances In	3,594	3,594	0
Advances (Out)	(3,594)	(3,594)	0
Transfers (Out)	(238,691)	(238,691)	0
Total Other Financing Sources (Uses)	<u>(238,691)</u>	<u>(238,691)</u>	<u>0</u>
Net Change in Fund Balance	69,148	69,148	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>95,619</u>	<u>95,619</u>	<u>0</u>
Fund Balance End of Year	<u>\$164,767</u>	<u>\$164,767</u>	<u>\$0</u>



Middletown City School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2007

	Miscellaneous Federal Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$2,249,484	\$2,249,484	\$0
Other Revenues	785	785	0
Total Revenues	<u>2,250,269</u>	<u>2,250,269</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Regular	77,877	77,877	0
Special	1,413,371	1,413,371	0
Support Services:			
Instructional Staff	1,613,921	1,613,921	0
School Administration	75,277	75,277	0
Operation of Non-Instructional Services	1,892	1,892	0
Total Expenditures	<u>3,182,338</u>	<u>3,182,338</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(932,069)</u>	<u>(932,069)</u>	<u>0</u>
Other financing sources (uses):			
Advances In	1,079,082	1,079,082	0
Advances (Out)	(1,089,215)	(1,089,215)	0
Total Other Financing Sources (Uses)	<u>(10,133)</u>	<u>(10,133)</u>	<u>0</u>
Net Change in Fund Balance	(942,202)	(942,202)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>242,098</u>	<u>242,098</u>	<u>0</u>
Fund Balance End of Year	<u>(\$700,104)</u>	<u>(\$700,104)</u>	<u>\$0</u>

Middletown City School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2007

	Food Service Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$1,613,238	\$1,613,238	\$0
Charges for Services	811,301	811,301	0
Other Revenues	8	8	0
Total Revenues	<u>2,424,547</u>	<u>2,424,547</u>	<u>0</u>
Expenditures:			
Current:			
Operation of Non-Instructional Services	2,160,494	2,160,494	0
Total Expenditures	<u>2,160,494</u>	<u>2,160,494</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>264,053</u>	<u>264,053</u>	<u>0</u>
Other financing sources (uses):			
Advances In	18,446	18,446	0
Advances (Out)	(1,238,053)	(1,238,053)	0
Transfers In	713,728	713,728	0
Total Other Financing Sources (Uses)	<u>(505,879)</u>	<u>(505,879)</u>	<u>0</u>
Net Change in Fund Balance	(241,826)	(241,826)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>(\$241,826)</u>	<u>(\$241,826)</u>	<u>\$0</u>

Middletown City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2007

	Uniform School Supply Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Tuition and Fees	\$79,614	\$79,614	\$0
Total Revenues	79,614	79,614	0
Expenditures:			
Current:			
Operation of Non-Instructional Services	61,408	61,408	0
Total Expenditures	61,408	61,408	0
Excess of Revenues Over (Under) Expenditures	18,206	18,206	0
Other financing sources (uses):			
Advances In	49,672	49,672	0
Advances (Out)	(49,672)	(49,672)	0
Total Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balance	18,206	18,206	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	27,450	27,450	0
Fund Balance End of Year	\$45,656	\$45,656	\$0

Middletown City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2007

	Special Rotary Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Other Revenues	\$900	\$900	\$0
Total Revenues	900	900	0
Expenditures:			
Current:			
Operation of Non-Instructional Services	351	351	0
Total Expenditures	351	351	0
Net Change in Fund Balance	549	549	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,608	4,608	0
Fund Balance End of Year	\$5,157	\$5,157	\$0

Middletown City School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2007

	Adult Education Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Tuition and Fees	\$836	\$836	\$0
Intergovernmental	24,604	24,604	0
Other Revenues	9,123	9,123	0
Total Revenues	<u>34,563</u>	<u>34,563</u>	<u>0</u>
Expenditures:			
Current:			
Operation of Non-Instructional Services	45,861	45,861	0
Total Expenditures	<u>45,861</u>	<u>45,861</u>	<u>0</u>
Net Change in Fund Balance	(11,298)	(11,298)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>12,936</u>	<u>12,936</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$1,638</u></u>	<u><u>\$1,638</u></u>	<u><u>\$0</u></u>

Middletown City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2007

	Debt Service Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$4,388,476	\$4,388,476	\$0
Intergovernmental	1,121,287	1,121,287	0
Total Revenues	5,509,763	5,509,763	0
Expenditures:			
Current:			
Support Services:			
Fiscal	78,482	78,482	0
Debt Service:			
Principal Retirement	5,745,000	5,745,000	0
Interest and Fiscal Charges	3,945,899	3,945,899	0
Total Expenditures	9,769,381	9,769,381	0
Excess of Revenues Over (Under) Expenditures	(4,259,618)	(4,259,618)	0
Other financing sources (uses):			
Proceeds of Short-Term Notes	5,276,179	5,276,179	0
Premium on Bonds Payable	5,910	5,910	0
Total Other Financing Sources (Uses)	5,282,089	5,282,089	0
Net Change in Fund Balance	1,022,471	1,022,471	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,302,584	1,302,584	0
Fund Balance End of Year	\$2,325,055	\$2,325,055	\$0

Middletown City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2007

	Building Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$1,741,031	\$1,741,031	\$0
Other Revenues	2,339	2,339	0
Total Revenues	<u>1,743,370</u>	<u>1,743,370</u>	<u>0</u>
Expenditures:			
Current:			
Support Services:			
Operations and Maintenance	1,556,714	1,556,714	0
Capital Outlay	<u>39,908,544</u>	<u>39,908,544</u>	<u>0</u>
Total Expenditures	<u>41,465,258</u>	<u>41,465,258</u>	<u>0</u>
Net Change in Fund Balance	(39,721,888)	(39,721,888)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>44,620,815</u>	<u>44,620,815</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$4,898,927</u></u>	<u><u>\$4,898,927</u></u>	<u><u>\$0</u></u>

Middletown City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2007

	Permanent Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Instruction:			
Regular	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	439,024	439,024	0
Fund Balance End of Year	\$439,024	\$439,024	\$0



Middletown City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2007

	SchoolNet Plus Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$46,084	\$46,084	\$0
Total Revenues	46,084	46,084	0
Expenditures:			
Current:			
Instruction:			
Regular	45,887	45,887	0
Total Expenditures	45,887	45,887	0
Net Change in Fund Balance	197	197	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$197	\$197	\$0

## ***DESCRIPTION OF FUNDS - NONMAJOR FUNDS***

**Fiduciary Fund:** Fiduciary fund types are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental unites and/or other funds.

**Agency Fund – Student Activity:** To account for assets and liabilities generated by student managed activities.

Middletown City School District  
Statement of Changes In Assets and Liabilities  
Agency Fund  
For the Fiscal Year Ended June 30, 2007

	Student Activity			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$70,381	\$97,827	\$93,562	\$74,646
Receivables:				
Accounts	89	0	89	0
Total Assets	<u>70,470</u>	<u>97,827</u>	<u>93,651</u>	<u>74,646</u>
Liabilities:				
Accounts Payable	608	0	608	0
Other Liabilities	69,862	97,827	93,043	74,646
Total Liabilities	<u>\$70,470</u>	<u>\$97,827</u>	<u>\$93,651</u>	<u>\$74,646</u>

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# STATISTICAL SECTION

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## ***STATISTICAL SECTION***

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

### **Contents**

Financial Trends: These schedules contain trend information to help the reader understand how the District's financial position has changed over time.

Revenue Capacity: These schedules contain information to help the reader understand and assess the factors affecting the School District's ability to generate its most significant local revenue source(s), the property tax (and the income tax).

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.

Economic and Demographic Information: These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.

Operating Information: These schedules contain service and infrastructure 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.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The School District implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that fiscal year.

Middletown City School District  
 Net Assets by Component  
 Last Five Fiscal Years (1)  
 (accrual basis of accounting)  
 Schedule 1

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	\$10,017,056	\$1,764,137	\$3,139,917	\$3,333,501	\$7,823,154
Restricted	8,437,904	12,430,660	9,985,928	12,868,892	17,120,766
Unrestricted	(1,886,754)	1,078,324	(2,697,142)	(3,327,956)	(4,558,346)
Total Net Assets	\$16,568,206	\$15,273,121	\$10,428,703	\$12,874,437	\$20,385,574

Source: District Records

(1) - The district began to report accrual information when it implemented GASB Statement 34 in 2003



Middletown City School District  
Expenses, Program Revenues and Net (Expense)/Revenue  
Last Five Fiscal Years (1)  
(accrual basis of accounting)  
Schedule 2

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental Activities:					
Instruction	\$40,067,476	\$39,780,688	\$42,252,745	\$42,988,158	\$42,406,738
Pupil	4,046,144	4,220,322	4,358,304	4,182,323	4,499,071
Instructional Staff	3,767,945	3,427,309	3,540,476	4,104,223	4,767,755
General Administration	80,157	38,334	36,659	23,603	26,713
School Administration	5,865,161	5,686,716	6,081,530	5,274,363	5,557,076
Fiscal	1,190,464	1,316,828	1,486,704	1,346,439	1,565,314
Business	205,079	271,843	355,906	302,611	498,372
Operation and Maintenance	6,719,128	6,912,662	7,256,478	7,612,955	7,228,123
Pupil Transportation	2,271,967	2,655,273	3,000,568	2,919,435	3,062,815
Central	1,638,800	1,672,277	1,909,674	1,707,030	2,098,304
Operation of Non-Instructional Services	918,003	4,028,191	3,636,886	3,960,309	3,097,638
Extracurricular Activities	735,315	804,618	680,257	795,465	912,856
Interest and Fiscal Charges	18,532	1,403,415	3,258,401	3,449,841	2,437,992
Total Expenses	<u>67,524,171</u>	<u>72,218,476</u>	<u>77,854,588</u>	<u>78,666,755</u>	<u>78,158,767</u>
Program Revenues					
Governmental Activities:					
Charges for Services					
Instruction	322,602	567,430	512,974	698,140	826,053
Pupil	125,618	79,212	24,256	29,595	60,320
Instructional Staff	747	9,994	0	0	92
General Administration	0	950	0	0	0
School Administration	255	417	0	0	0
Operation and Maintenance	38,474	36,175	30,150	115,677	75,601
Pupil Transportation	68,807	94,210	122,808	160,878	118,062
Central	31	418	0	0	0
Operation of Non-Instructional Services	0	1,159,617	1,113,242	823,803	811,212
Extracurricular Activities	201,284	206,952	206,256	279,617	277,117
Operating Grants and Contributions	7,935,288	10,042,965	10,463,524	14,625,856	18,905,396
Capital Grants and Contributions	195,055	135,480	99,364	27,023	94,861
Total Program Revenues	<u>8,888,161</u>	<u>12,333,820</u>	<u>12,572,574</u>	<u>16,760,589</u>	<u>21,168,714</u>
Net (Expense)/Revenue	<u>(\$58,636,010)</u>	<u>(\$59,884,656)</u>	<u>(\$65,282,014)</u>	<u>(\$61,906,166)</u>	<u>(\$56,990,053)</u>

Source: District Records

(1) - The district began to report accrual information when it implemented GASB Statement 34 in 2003

Middletown City School District  
 General Revenues and Total Change in Net Assets  
 Last Five Fiscal Years (1)  
 (accrual basis of accounting)  
 Schedule 3

	Fiscal Year				
	2003	2004	2005	2006	2007
Net (Expense)/Revenue	(\$58,636,010)	(\$59,884,656)	(\$65,282,014)	(\$61,906,166)	(\$56,990,053)
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Taxes					
Property Taxes Levied for General Purposes	19,959,809	25,655,529	20,001,616	21,009,706	19,301,596
Property Taxes Levied for Special Revenue Purposes	10,173,736	6,387,321	9,568,394	13,680,223	15,998,068
Property Taxes Levied for Debt Service Purposes	226,967	2,105,183	4,779,338	4,513,669	4,243,108
Grants and Entitlements Not Restricted to Specific Programs	22,943,643	24,016,973	23,197,208	23,692,530	22,572,267
Payment in Lieu of Taxes	117,986	108,066	96,121	75,613	54,728
Unrestricted Contributions	62,468	76,893	11,547	4,977	22,223
Investment Earnings	514,161	715,854	1,933,251	1,667,994	2,131,508
Other Revenues	294,034	0	850,121	244,051	177,692
Total General Revenues	54,292,804	59,065,819	60,437,596	64,888,763	64,501,190
Change in Net Assets	(\$4,343,206)	(\$818,837)	(\$4,844,418)	\$2,982,597	\$7,511,137

Source: District Records

(1) - The district began to report accrual information when it implemented GASB Statement 34 in 2003

Middletown City School District  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years (1)  
(modified accrual basis of accounting)  
Schedule 4

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>General Fund</b>										
Reserved	\$3,190,535	\$5,268,305	\$3,342,907	\$4,764,491	\$2,131,718	\$2,390,098	\$1,889,528	\$1,124,195	\$920,335	\$21,167
Unreserved	(1,049,447)	2,931,152	4,201,827	6,293,759	7,557,800	(288,621)	(4,414,450)	(4,218,816)	(4,806,920)	(6,546,685)
<b>Total General Fund</b>	<b>2,141,088</b>	<b>8,199,457</b>	<b>7,544,734</b>	<b>11,058,250</b>	<b>9,689,518</b>	<b>2,101,477</b>	<b>(2,524,922)</b>	<b>(3,094,621)</b>	<b>(3,886,585)</b>	<b>(6,525,518)</b>
<b>All Other Governmental Funds</b>										
Reserved	2,713,476	4,144,406	1,972,443	3,359,677	1,163,450	1,480,242	3,260,690	20,901,245	36,190,661	16,761,290
Unreserved, Reported in:										
Special Revenue Funds	993,010	1,403,728	2,287,587	779,488	722,289	4,495,189	3,581,989	(1,324,002)	(1,083,966)	4,710,288
Debt Service Funds	486,414	576,845	724,145	119,986	375,640	108,809	(1,236,199)	(3,327,299)	(2,922,416)	(1,566,396)
Capital Project Funds	410,495	439,018	(130,639)	672,057	217,203	245,622	75,199,149	53,297,603	7,444,955	2,040,524
<b>Total all Other Governmental Funds</b>	<b>\$4,603,395</b>	<b>\$6,563,997</b>	<b>\$4,853,536</b>	<b>\$4,931,208</b>	<b>\$2,478,582</b>	<b>\$6,329,862</b>	<b>\$80,805,629</b>	<b>\$69,547,547</b>	<b>\$39,629,234</b>	<b>\$21,945,706</b>

Source: District Records

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

Middletown City School District  
 Governmental Funds Revenues  
 Last Ten Fiscal Years (1)  
 (modified accrual basis of accounting)  
 Schedule 5

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues:										
Taxes	\$30,910,302	\$36,035,145	\$30,513,263	\$30,376,975	\$24,996,519	\$30,360,512	\$31,977,851	\$35,174,840	\$38,451,663	\$39,823,228
Revenue in Lieu of Taxes	0	0	0	0	0	55,096	0	0	0	0
Tuition and Fees	72,309	42,790	13,366	180,804	176,775	389,861	653,559	638,515	939,407	1,027,156
Investment Earnings	802,942	823,497	1,167,796	1,233,654	738,280	514,161	715,854	1,933,143	1,667,994	2,131,508
Intergovernmental	24,244,000	28,886,256	28,253,056	31,657,070	31,988,568	31,272,030	33,728,062	33,965,516	37,336,145	41,943,602
Extracurricular Activities	0	0	0	222,069	287,543	273,536	239,873	229,091	228,349	254,306
Charges for Services	0	0	0	0	0	0	1,225,238	1,113,242	823,804	811,212
Other Revenues	1,127,967	680,115	689,121	632,919	225,185	384,531	278,851	899,993	354,519	275,698
Total Revenues	\$57,157,520	\$66,467,803	\$60,636,602	\$64,303,491	\$58,412,870	\$63,249,727	\$68,819,288	\$73,954,340	\$79,801,881	\$86,266,710

Source: District Records

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

Middletown City School District  
 Governmental Funds Expenditures and Debt Service Ratio  
 Last Ten Fiscal Years (1)  
 (modified accrual basis of accounting)  
 Schedule 6

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Instruction	\$31,991,569	\$33,868,267	\$35,468,908	\$34,843,063	\$35,954,906	\$39,331,434	\$39,833,435	\$41,082,618	\$42,426,014	\$41,718,933
Pupil	2,573,863	3,004,287	3,169,856	3,271,434	3,920,210	4,033,639	4,249,898	4,294,936	4,161,383	4,484,000
Instructional Staff	2,334,455	2,887,864	3,313,510	3,569,265	3,418,662	3,756,598	3,423,316	3,517,975	4,024,607	4,747,707
General Administration	76,782	0	525,750	32,060	41,326	80,157	38,334	36,659	23,603	26,713
School Administration	4,427,903	4,919,583	4,479,357	4,946,418	5,374,191	5,822,331	5,667,094	6,018,784	5,235,364	5,508,491
Fiscal	1,121,836	1,163,645	1,298,096	1,043,413	1,093,594	1,194,161	1,320,047	1,484,731	1,331,297	1,567,948
Business	0	0	0	175,501	181,619	220,962	257,521	329,267	288,765	489,650
Operation and Maintenance	6,112,869	6,675,984	6,913,108	6,715,808	6,750,096	7,074,712	6,859,066	6,983,690	7,343,598	8,997,255
Pupil Transportation	2,512,870	2,564,669	2,666,474	2,203,544	2,174,030	2,504,501	2,485,935	2,750,990	2,693,862	2,913,572
Central	821,384	1,449,453	1,167,387	1,687,451	1,777,628	1,665,322	1,584,175	1,794,486	1,548,663	2,033,815
Operation of Non-Instructional Services	563,618	900,563	1,115,875	944,139	843,677	909,419	3,935,230	3,634,918	3,999,121	3,072,757
Extracurricular Activities	693,349	774,104	815,772	596,687	754,181	741,966	802,265	677,981	792,039	913,324
Capital Outlay	0	132,300	369,741	191,333	208,113	0	459,630	8,501,833	32,295,128	25,417,655
Debt Service										
Principal Retirement	589,564	95,000	105,000	0	0	50,739	122,636	4,269,617	1,872,944	2,049,492
Interest and Fiscal Charges	170,472	56,163	3,902	21,165	0	17,976	1,424,838	3,270,067	3,408,083	2,651,808
Total Expenditures	\$53,990,534	\$58,491,882	\$61,412,736	\$60,241,281	\$62,492,233	\$67,403,917	\$72,463,420	\$88,648,552	\$111,444,471	\$106,593,120

Debt Service as a Percentage of Noncapital Expenditures

	1.41%	0.26%	0.18%	0.04%	0.00%	0.10%	2.15%	9.41%	6.67%	5.79%
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Source: District Records

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

Middletown City School District  
 Other Financing Sources and Uses and Net Change in Fund Balances  
 Governmental Funds  
 Last Ten Fiscal Years (1)  
 (modified accrual basis of accounting)  
 Schedule 7

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Other Financing Sources (Uses)										
Issuance of Long Term Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$70,800,000	\$0	\$0	\$0
Premium on Bonds Payable	0	0	0	0	0	0	3,184,930	0	0	0
Issuance of Capital Leases	0	0	0	0	0	374,688	0	3,254,828	921,653	0
Proceeds from Sale of Capital Assets	15,385	43,049	9,675	28,978	258,005	40,983	7,120	45,485	10,660	3,949
Sale of Refunding Bonds	0	0	0	0	0	0	0	0	0	55,465,000
Refunding Bonds Issue Costs	0	0	0	0	0	0	0	0	0	(765,639)
Payments to Refunding Bond Escrow Agent	0	0	0	0	0	0	0	0	0	(59,855,611)
Premium on the Sale of Refunding Bonds	0	0	0	0	0	0	0	0	0	5,156,250
Transfers In	3,480,886	2,444,951	24,000	880,345	8,713	523,102	76,060,346	100	0	963,581
Transfers (Out)	(3,480,886)	(2,444,951)	(524,000)	(1,380,345)	(8,713)	(523,102)	(76,060,346)	(100)	0	(963,581)
Total Other Financing Sources (Uses)	15,385	43,049	(490,325)	(471,022)	258,005	415,671	73,992,050	3,300,313	932,313	3,949
Net Change in Fund Balances	\$3,182,371	\$8,018,970	(\$1,266,459)	\$3,591,188	(\$3,821,358)	(\$3,738,519)	\$70,347,918	(\$11,393,899)	(\$30,710,277)	(\$20,322,461)

Source: District Records

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

Middletown City School District  
 Assessed Value and Actual Value of Taxable Property  
 Last Ten Calendar Years (1)  
 Schedule 8

Calendar Year	<u>Real Property</u>	<u>Tangible Personal Property</u>	<u>Public Utilities Personal</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
	Assessed Value (2)	Assessed Value (2)	Assessed Value (2)	Assessed Value (2)	Estimated Actual Value	Direct Rate
1997	\$661,069,610	\$224,104,236	\$91,108,250	\$976,282,096	\$2,899,072,571	37.03
1998	675,189,920	246,903,455	88,903,890	1,010,997,265	3,027,857,740	37.03
1999	687,607,230	236,392,230	90,672,470	1,014,671,930	3,023,501,594	36.53
2000	636,518,934	217,179,292	62,854,774	916,553,000	2,765,911,162	35.33
2001	658,757,370	229,281,088	61,598,530	949,636,988	2,908,799,065	34.98
2002	665,606,070	245,768,523	41,319,270	952,693,863	2,931,759,437	34.78
2003	685,392,310	236,048,065	38,401,320	959,841,695	2,946,093,867	33.58
2004	769,265,780	261,226,106	44,182,110	1,074,673,996	3,293,013,596	38.08
2005	696,828,230	247,896,469	44,752,120	989,476,819	3,033,378,357	38.08
2006	761,885,206	271,040,472	48,930,248	1,081,855,926	3,309,907,010	45.13

Source: County Auditor

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

(2) - Assessed values shown in this schedule will not agree to amounts in the notes to the financial statements, since the schedules are shown on a calendar year basis, which is consistent with the method county auditors maintain this information

Note: The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property is assessed at 25 percent for everything except inventories, which are assessed at 23 percent. Property is assessed annually.

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 the 10 percent, 2 1/2 percent and homestead exemptions before being billed.

Middletown City School District  
 Direct and Overlapping Property Tax Rates  
 Last Ten Calendar Years  
 Schedule 9

Calendar Year	District Direct Rates	Overlapping Rates			
		Butler County	City of Monroe	City of Middletown	Butler County Joint Vocational School
1997	37.03	7.45	7.85	6.31	1.93
1998	37.03	8.45	7.85	6.31	1.93
1999	36.53	8.45	7.85	6.31	1.93
2000	35.33	8.45	7.85	6.36	1.93
2001	34.98	8.45	11.17	5.86	1.93
2002	34.78	8.75	11.17	5.86	1.93
2003	33.58	8.75	11.17	5.86	1.93
2004	38.08	8.75	11.17	5.86	1.93
2005	38.08	8.74	11.17	5.90	1.93
2006	45.13	10.95	9.32	5.90	1.93

Source: County Auditor

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



Middletown City School District  
Principal Property Tax Payers  
Current Calendar Year and Prior Year (1)  
Schedule 10

2006 (2)		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Cincinnati Gas and Electric	\$31,002,250	2.87%
AK Steel Corp	15,095,550	1.40%
Ohio Bell Telephone	5,836,540	0.54%
Precision Strip INC	4,166,220	0.39%
Southwestern Ohio Steel	4,061,950	0.38%
Boymel Sam	3,567,860	0.33%
Bavarian Woods Apts.	2,272,110	0.21%
Trinity Place Comm	2,033,000	0.19%
Bay West Paper Corp	1,817,680	0.17%
Riverside Village LTD PRT	1,765,950	0.16%
	<u>\$71,619,110</u>	<u>6.64%</u>

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

Source: County Auditor

(1) - Current and prior year information only available. Information from nine years prior is not available.

(2) - Per county auditor, assessed values did not change between 2005 and 2006 calendar year

Middletown City School District  
Property Tax Levies and Collections  
Last Ten Calendar Years (1)  
Schedule 11

Calendar Year	Taxes Levied for the Calendar Year	Collected within the Calendar Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	\$25,501,907	\$24,824,360	97.34%	\$651,156	\$25,475,516	99.90%
1998	25,775,921	24,927,425	96.71%	720,380	25,647,805	99.50%
1999	25,711,787	25,555,250	99.39%	838,957	26,394,207	102.65%
2000	27,097,451	26,743,803	98.69%	777,770	27,521,573	101.57%
2001	27,097,451	26,743,803	98.69%	777,770	27,521,573	101.57%
2002	22,470,749	18,955,457	84.36%	893,360	19,848,817	88.33%
2003	24,846,651	22,329,032	89.87%	975,874	23,304,906	93.79%
2004	28,625,917	24,440,699	85.38%	1,173,928	25,614,627	89.48%
2005	26,179,182	24,403,174	93.22%	1,325,800	25,728,974	98.28%
2006	32,065,355	29,721,793	92.69%	1,516,132	31,237,925	97.42%

Source: County Auditor

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

Middletown City School District  
 Outstanding Debt by Type  
 Last Ten Fiscal Years  
 Schedule 12

Fiscal Year	Governmental Activities										Ratio of General Bonded Debt to Estimated Actual Value (1)	Percentage of Personal Income (2)	Per Capita
	General Obligation Bonds	Construction Bond	Construction Bond Premium	Refunding Bonds	Refunding Bonds Premium	Long-Term Capital Notes	Capital Leases	Bond Anticipation Notes	Total Primary Government				
1998	\$200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$200,000	0.01%	0.00%	\$4
1999	105,000	0	0	0	0	0	0	0	0	105,000	0.00%	0.00%	2
2000	0	0	0	0	0	0	0	0	850,000	850,000	0.03%	0.01%	18
2001	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%	0
2002	0	0	0	0	0	0	0	0	500,000	500,000	0.02%	0.01%	10
2003	0	0	0	0	0	0	0	0	323,949	323,949	0.01%	0.00%	6
2004	0	70,800,000	0	0	0	0	0	0	201,313	76,001,313	2.58%	0.70%	1,473
2005	0	66,970,000	0	0	0	0	1,421,541	1,594,983	4,875,000	74,861,524	2.27%	0.68%	1,451
2006	0	65,650,000	2,919,518	0	0	1,354,916	2,030,317	4,225,000	4,225,000	76,179,751	2.51%	N/A	1,476
2007	0	7,155,000	0	55,391,656	5,053,125	1,285,060	1,570,681	3,880,000	74,335,522	74,335,522	2.25%	N/A	N/A

Source: District Records

N/A - Information not available

(1) - Assessed values are on a calendar year basis (i.e. fiscal year 2007 is calendar year 2006)

(2) - On the calendar year basis

Middletown City School District  
 Direct and Overlapping Governmental Activities Debt  
 As of June 30, 2007  
 Schedule 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Direct and Overlapping Debt
Overlapping Debt:			
Butler County	\$72,853,870	11.92%	\$8,684,181
Warren County	337,400	1.57%	5,297
Middletown City	23,150,000	97.99%	22,684,685
Turtlecreek Township	2,625,000	2.23%	58,538
Butler Technology and Career Center Joint Vocational School District	2,095,000	14.93%	312,784
Subtotal, Overlapping Debt	101,061,270		31,745,485
District Direct Debt	66,105,060	100.00%	66,105,060
Total Direct and Overlapping Debt	\$167,166,330		\$97,850,545

Source: Ohio Municipal Advisory Council

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

Middletown City School District  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 Schedule 14

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed value (1)	\$1,081,855,926
Debt limit (9% of assessed value)	97,367,033
Debt applicable to limit	66,105,060
Legal debt margin	<u>\$31,261,973</u>

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt Limit	\$87,865,389	\$90,989,754	\$91,320,474	\$82,489,770	\$85,467,329	\$85,742,448	\$86,385,753	\$96,720,660	\$89,052,914	\$97,367,033
Total Net Debt Applicable to Limit	0	0	0	0	0	0	70,800,000	71,845,000	71,229,916	66,105,060
Legal Debt Margin	<u>\$87,865,389</u>	<u>\$90,989,754</u>	<u>\$91,320,474</u>	<u>\$82,489,770</u>	<u>\$85,467,329</u>	<u>\$85,742,448</u>	<u>\$15,585,753</u>	<u>\$24,875,660</u>	<u>\$17,822,998</u>	<u>\$31,261,973</u>

Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	81.96%	74.28%	79.99%	67.89%
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Source: District Records

(1) - Assessed values are on a calendar year basis (i.e. fiscal year 2007 is calendar year 2006)

Middletown City School District  
 Demographic and Economic Statistics  
 Last Ten Calendar Years  
 Schedule 15

Calendar Year	Population (1)	Personal Income (Thousands of Dollars) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
1997	46,022	\$7,983,144	\$24,531	3.50%
1998	46,022	8,560,958	26,079	3.60%
1999	46,022	9,087,357	27,475	3.30%
2000	46,022	9,547,252	28,612	3.20%
2001	51,605	9,729,127	28,949	3.20%
2002	51,605	9,938,473	29,415	4.50%
2003	51,605	10,285,549	30,297	4.50%
2004	51,605	10,844,563	29,864	4.30%
2005	51,605	11,080,584	31,662	5.20%
2006	51,605	N/A	N/A	5.60%

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

N/A - Information not available

Middletown City School District  
Principal Employers  
Current Fiscal Year (1)  
Schedule 16

2006 (2)		
Taxpayer	Number of Employees	Percentage of Total Employment
Miami University	4,250	2.30%
AK Steel	3,142	1.70%
Cincinnati Insurance Co.	2,600	1.41%
Butler County Government	2,000	1.08%
Ft Hamilton Memorial Hospital	2,000	1.08%
Middletown Regional Hospital	1,800	0.98%
Mercy Regional Hospital	1,601	0.87%
Lakota School District	1,600	0.87%
Ohio Casualty Insurance Co.	1,300	0.70%
Hamilton City School District	1,150	0.62%
	<u>21,443</u>	<u>11.61%</u>
Total County Employment	184,400	

Source: County Chamber of Commerce

(1) - Only prior fiscal year information available. Information from nine years prior is not available.

(2) - Data current as of April 2005

Middletown City School District  
 Full-Time Equivalent District Employees by Type  
 Last Ten Fiscal Years  
 Schedule 17

	Fiscal Year									
	1998	1999	2000	2001 (1)	2002	2003	2004	2005	2006 (2)	2007
Instruction										
Classroom teachers	484.0	496.0	514.0	444.0	455.0	435.0	408.0	367.0	354.5	337.5
Special education teachers and tutors	70.0	78.0	83.0	73.0	70.0	72.0	75.0	70.0	69.0	78.0
Educational aides	25.0	30.0	33.0	32.0	42.0	40.0	41.0	43.0	41.5	52.0
Special education aides and attendants	9.0	11.0	11.0	11.0	11.0	13.0	12.0	12.0	12.0	8.0
Total Instruction	<u>588.0</u>	<u>615.0</u>	<u>641.0</u>	<u>560.0</u>	<u>578.0</u>	<u>560.0</u>	<u>536.0</u>	<u>492.0</u>	<u>477.0</u>	<u>475.5</u>
Support Services										
Support personnel										
Librarians, nurses, counselors, visiting teachers	70.0	85.0	92.0	103.0	92.0	92.0	91.0	92.0	99.0	98.0
Principals	31.0	32.0	33.0	30.0	32.0	30.0	28.0	26.0	25.0	23.0
Central office administration	20.0	20.0	21.0	20.0	22.0	23.0	22.0	23.0	19.0	21.0
Secretaries and clerical	54.0	56.0	55.0	52.0	54.0	56.0	51.0	48.0	47.0	57.0
Transportation	58.0	58.0	58.0	50.0	51.0	51.0	51.0	52.0	51.0	55.0
Food service	79.0	79.0	75.0	68.0	63.0	57.0	60.0	56.0	0.0	0.0
Custodial	52.0	54.0	53.0	52.0	51.0	54.0	51.0	47.0	45.0	44.0
Maintenance and mechanics	17.0	19.0	17.0	15.0	15.0	15.0	16.0	16.0	12.0	11.0
Total Support and administration	<u>381.0</u>	<u>403.0</u>	<u>404.0</u>	<u>390.0</u>	<u>380.0</u>	<u>378.0</u>	<u>370.0</u>	<u>360.0</u>	<u>298.0</u>	<u>309.0</u>
Total Employees	<u>969.0</u>	<u>1018.0</u>	<u>1045.0</u>	<u>950.0</u>	<u>958.0</u>	<u>938.0</u>	<u>906.0</u>	<u>852.0</u>	<u>775.0</u>	<u>784.5</u>

Source: District Records

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

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



Middletown City School District  
 Operating Statistics  
 Last Ten Fiscal Years  
 Schedule 18

Fiscal Year	Enrollment	Operating Expenditure (1)	Cost Per Pupil (2)			Cost Per Pupil (4)			Cost Per Pupil (5)			Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
			Operating Expenditure (1)	Cost Per Pupil (2)	Percentage Change	Expenses (3)	Cost Per Pupil (4)	Percentage Change	Cost Per Pupil (5)	Percentage Change				
1998	9,662	\$53,230,498	\$5,509	N/A	N/A	\$6,185	N/A	7.03%	554	17	30.09%			
1999	9,566	58,208,419	6,085	N/A	N/A	6,514	N/A	5.32%	574	17	29.13%			
2000	9,343	60,934,093	6,522	N/A	N/A	7,127	N/A	9.41%	597	16	32.81%			
2001	7,818	60,028,783	7,678	N/A	N/A	8,165	N/A	14.56%	517	15	39.06%			
2002	7,836	62,284,120	7,948	N/A	N/A	8,514	N/A	4.27%	525	15	36.01%			
2003	7,631	67,335,202	8,824	\$67,524,171	\$8,849	9,116	N/A	7.07%	507	15	42.45%			
2004	7,302	70,456,316	9,649	72,218,476	9,890	9,440	11.77%	3.55%	483	15	48.63%			
2005	7,198	72,607,035	10,087	77,854,588	10,816	9,879	9.36%	4.65%	437	16	52.70%			
2006	6,925	73,868,316	10,667	78,666,755	11,360	10,689	5.03%	8.20%	424	16	52.29%			
2007	6,436	76,474,165	11,882	78,158,767	12,144	N/A	6.90%	N/A	416	15	66.50%			

Source: District Records

(1) - Operating Expenditure is Total Expenditures minus Capital Outlay and Debt Service from Schedule 6

(2) - Operating Expenditure by Enrollment

(3) - Expenses is Total Expenses from Schedule 2

(4) - Expenses by Enrollment

(5) - From Ohio Department of Education

N/A - Information not available

Middletown City School District  
 School Building Information  
 Last Ten Fiscal Years  
 Schedule 19

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<u>School</u>										
Elementary Schools										
Amanda Elementary - 1961										
Square feet	68,234	68,234	68,234	68,234	68,234	68,234	68,234	68,234	68,234	68,234
Capacity	546	546	546	546	546	546	546	546	546	503
Enrollment	441	431	406	238	231	416	385	446	276	400
Percent of Capacity (3)	81%	79%	74%	44%	42%	76%	71%	82%	51%	80%
Site Acreage	17	17	17	17	17	17	17	17	17	17
Central Academy - 1960										
Square feet	30,271	30,271	30,271	30,271	30,271	30,271	30,271	30,271	30,271	30,271
Capacity	243	243	243	243	243	243	243	243	243	243
Enrollment	301	298	292	268	270	285	271	292	291	270
Percent of Capacity (3)	124%	123%	120%	110%	111%	117%	112%	120%	120%	111%
Site Acreage	2	2	2	2	2	2	2	2	2	2
Old Creekview Elementary - 1961										
Square feet	40,869	40,869	40,869	40,869	40,869	40,869	40,869	40,869	40,869	40,869
Capacity	327	327	327	327	327	327	327	327	327	327
Enrollment	371	438	358	336	358	342	442	383	417	359
Percent of Capacity (3)	113%	134%	109%	103%	109%	105%	135%	117%	128%	110%
Site Acreage	12	12	12	12	12	12	12	12	12	12
New Creekview Elementary - 2007										
Square feet	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	62,000
Capacity	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	503
Enrollment	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	456
Percent of Capacity (3)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	91%
Site Acreage	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	12
Highview Elementary - 2007										
Square feet	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	62,000
Capacity	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	503
Enrollment	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	448
Percent of Capacity (3)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	89%
Site Acreage	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	5
Jefferson Elementary - 1912										
Square feet	41,704	41,704	41,704	41,704	41,704	41,704	(2)	(2)	(2)	(2)
Capacity	334	334	334	334	334	334	(2)	(2)	(2)	(2)
Enrollment	339	322	329	293	274	312	(2)	(2)	(2)	(2)
Percent of Capacity (3)	101%	96%	99%	88%	82%	93%	(2)	(2)	(2)	(2)
Site Acreage	3	3	3	3	3	3	3	3	3	3
Mayfield Elementary - 1939										
Square feet	49,828	49,828	49,828	49,828	49,828	49,828	49,828	49,828	49,828	49,828
Capacity	425	425	425	425	425	425	425	425	425	425
Enrollment	667	624	596	555	530	458	447	576	537	(6)
Percent of Capacity (3)	157%	147%	140%	131%	125%	108%	105%	136%	126%	(6)
Site Acreage	5	5	5	5	5	5	5	5	5	5
McKinley Elementary - 1930										
Square feet	76,673	76,673	76,673	76,673	76,673	76,673	76,673	76,673	76,673	(2)
Capacity	639	639	639	639	639	639	639	639	639	(2)
Enrollment	411	390	406	437	436	330	233	203	227	(2)
Percent of Capacity (3)	64%	61%	64%	68%	68%	52%	36%	32%	36%	(2)
Site Acreage	8	8	8	8	8	8	8	8	8	(2)

Middletown City School District  
 School Building Information  
 Last Ten Fiscal Years  
 Schedule 19 (continued)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<u>School</u>										
Elementary Schools (continued)										
Monroe Elementary - 1955										
Square feet	44,638	44,638	44,638	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Capacity	500	500	500	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Enrollment	406	432	448	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Percent of Capacity (3)	81%	86%	90%	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Site Acreage	8	8	8	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Oneida Elementary - 1953										
Square feet	37,255	37,255	37,255	37,255	37,255	(2)	(2)	(2)	(2)	(2)
Capacity	299	299	299	299	299	(2)	(2)	(2)	(2)	(2)
Enrollment	295	268	266	268	265	(2)	(2)	(2)	(2)	(2)
Percent of Capacity (3)	99%	90%	89%	90%	89%	(2)	(2)	(2)	(2)	(2)
Site Acreage	11	11	11	11	11	11	11	11	11	11
Roosevelt Elementary - 1930										
Square feet	114,456	114,456	114,456	114,456	114,456	114,456	114,456	114,456	114,456	114,456
Capacity	812	812	812	812	812	812	812	812	812	812
Enrollment	757	755	763	709	669	728	731	746	765	551
Percent of Capacity (3)	93%	93%	94%	87%	82%	90%	90%	92%	94%	68%
Site Acreage	7	7	7	7	7	7	7	7	7	7
Rosa Parks - 2007										
Square feet	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	62,000
Capacity	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	503
Enrollment	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	381
Percent of Capacity (3)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	76%
Site Acreage	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	8
Rosedale Elementary - 1966										
Square feet	32,795	32,795	32,795	32,795	32,795	32,795	32,795	32,795	32,795	32,795
Capacity	262	262	262	262	262	262	262	262	262	262
Enrollment	356	339	322	335	338	314	307	325	332	268
Percent of Capacity (3)	136%	129%	123%	128%	129%	120%	117%	124%	127%	102%
Site Acreage	7	7	7	7	7	7	7	7	7	7
Taft Elementary - 1952										
Square feet	64,456	64,456	64,456	64,456	64,456	64,456	64,456	64,456	64,456	64,456
Capacity	537	537	537	537	537	537	537	537	537	537
Enrollment	356	378	379	362	356	313	379	302	271	(7)
Percent of Capacity (3)	66%	70%	71%	67%	66%	58%	71%	56%	50%	(7)
Site Acreage	6	6	6	6	6	6	6	6	6	6
Wildwood Elementary - 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	356	356	356	356	356	356	356	356	356	356
Enrollment	308	314	341	323	311	300	433	392	390	(6)
Percent of Capacity (3)	87%	88%	96%	91%	87%	84%	122%	110%	110%	(6)
Site Acreage	4	4	4	4	4	4	4	4	4	4
Wilson Elementary - 1951										
Square feet	48,313	48,313	48,313	48,313	48,313	48,313	48,313	48,313	48,313	(2)
Capacity	387	387	387	387	387	387	387	387	387	(2)
Enrollment	382	340	323	308	284	270	357	337	330	(2)
Percent of Capacity (3)	99%	88%	83%	80%	73%	70%	92%	87%	85%	(2)
Site Acreage	5	5	5	5	5	5	5	5	5	(2)

Middletown City School District  
 School Building Information  
 Last Ten Fiscal Years  
 Schedule 19 (concluded)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<u>School</u>										
Middle Schools										
Stephen Vail Middle - 1923										
Square feet	222,409	222,409	222,409	222,409	222,409	222,409	222,409	222,409	222,409	222,409
Capacity	1,577	1,577	1,577	1,577	1,577	1,577	1,577	1,577	1,577	1,577
Enrollment	945	943	773	765	827	799	797	736	703	907
Percent of Capacity (3)	60%	60%	49%	49%	52%	51%	51%	47%	45%	58%
Site Acreage	3	3	3	3	3	3	3	3	3	3
George M. Verity Middle - 1968										
Square feet	81,589	81,589	81,589	81,589	81,589	81,589	81,589	81,589	81,589	81,589
Capacity	653	653	653	653	653	653	653	653	653	653
Enrollment	678	645	699	622	616	617	605	483	489	599
Percent of Capacity (3)	104%	99%	107%	95%	94%	94%	93%	74%	75%	92%
Site Acreage	39	39	39	39	39	39	39	39	39	39
High School										
Garfield Alternative - 1925										
Square feet	56,038	56,038	56,038	56,038	56,038	56,038	56,038	56,038	56,038	(2)
Capacity	312	312	312	312	312	312	312	312	312	(2)
Enrollment	179	169	169	174	148	177	158	122	66	(2)
Percent of Capacity (3)	57%	54%	54%	56%	47%	57%	51%	39%	21%	(2)
Site Acreage	3	3	3	3	3	3	3	3	3	3
Lemon Monroe High - 1949										
Square feet	175,476	175,476	175,476	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Capacity	1,200	1,200	1,200	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Enrollment	924	940	896	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Percent of Capacity (3)	77%	78%	75%	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Site Acreage	35	35	35	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Middletown High - 1969										
Square feet	363,627	363,627	363,627	363,627	363,627	363,627	363,627	363,627	363,627	363,627
Capacity	2,178	2,178	2,178	2,178	2,178	2,178	2,178	2,178	2,178	2,178
Enrollment	1,537	1,536	1,569	1,740	1,839	1,832	1,754	1,809	1,831	1,797
Percent of Capacity (3)	71%	71%	72%	80%	84%	84%	81%	83%	84%	83%
Site Acreage	8	8	8	8	8	8	8	8	8	8

Source: District Records

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

(2) - Middletown City School District demolished this building

(3) - Enrollment divided by Capacity

(4) - Annexed 1993

(5) - Building opened in fiscal year 2007

(6) - In 2007, due to construction, Wildwood was housed at the Roosevelt building and Mayfield was housed at the old Creekview building. Roosevelt students have been dispersed amongst the District because the building will no longer be used after Wildwood students return after the Wildwood construction is completed.

(7) - Taft is being used for storage



**Mary Taylor, CPA**  
Auditor of State

**MIDDLETOWN CITY SCHOOL DISTRICT**

**BUTLER COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 6, 2008**