

Middletown City School District

Butler County

Single Audit

July 01, 2007 through June 30, 2008

Fiscal Year Audited Under GAGAS: 2008



Balestra, Harr & Scherer, CPAs, Inc.

528 South West St, P.O. Box 687, Piketon, Ohio 45661 Phone: 740.289.4131 Fax: 740.289.3639



Mary Taylor, CPA
Auditor of State

Board of Education
Middletown City School District
1515 Girard Ave
Middletown, Ohio 45044

We have reviewed the *Independent Auditor's Report* of the Middletown City School District, Butler County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 4, 2009

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Middletown City School District

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Middletown City School District
Butler County
Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2008

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>United States Department of Agriculture</u>						
<i>Passed through Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
School Breakfast Program	O5PU	10.553	\$ 407,029	\$ -	\$ 407,029	\$ -
National School Lunch Program	LLP4	10.555	1,399,649	-	1,399,649	-
Summer Food Service Program for Children	24PU	10.559	15,215	-	15,215	-
Total Nutrition Cluster			1,821,893	-	1,821,893	-
Food Donation	NA	10.550	-	174,210	-	174,210
Team Nutrition Grants	TWNT	10.574	300	-	13	-
Total United States Department of Agriculture			1,822,193	174,210	1,821,906	174,210
<u>United States Department of Education</u>						
<i>Passed through Ohio Department of Education</i>						
Special Education - Grants to States	6BSF	84.027	2,251,260	-	2,221,730	-
Special Education - Preschool Grant	PGS1	84.173	35,105	-	33,747	-
Total Special Education Cluster			2,286,365	-	2,255,477	-
Adult Basic Education Grant	ABS	84.002	343,386	-	361,942	-
Title I Grants to Local Education Agencies	C1S1	84.010	2,370,198	-	2,807,890	-
Safe and Drug-Free Schools and Communities - State Grants	DRS1	84.186	51,943	-	53,612	-
State Grants for Innovative Programs	C2S1	84.298	9,055	-	162,465	-
Education Technology State Grants	TJS1	84.318	41,557	-	43,732	-
Comprehensive School Reform Demonstration	C1S1	84.332	133,384	-	155,130	-
Reading First State Grants	RSS1	84.357	2,173,620	-	2,333,778	-
Title III-Limited English Proficiency	T3S1	84.365	64,262	-	69,453	-
Improving Teacher Quality State Grants	TRS1	84.367	188,345	-	361,013	-
<i>Passed through Hamilton City School District:</i>						
Teaching American History	NA	84.215	61,369	-	54,431	-
Total United States Department of Education			7,723,484	-	8,658,923	-
Total Federal Financial Assistance			\$ 9,545,677	\$ 174,210	\$ 10,480,829	\$ 174,210

NA - Not Available

See accompanying notes to the schedule of federal awards expenditures

Middletown City School District

*Notes to the Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2008*

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards 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 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 nonmonetary assistance (expenditures) is reported in the Schedule at the fair market 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 – TRANSFER OF IMPROVING TEACHER QUALITY STATE GRANTS (CFDA#84.367)
TO STATE GRANTS FOR INNOVATIVE PROGRAMS (CFDA# 84.298)**

During the audit period the District had \$141,730 of fiscal 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. The accompanying schedule of federal awards expenditures has been modified to reflect this transfer.

NOTE E – 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.

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Ohio Society of Certified Public Accountants

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Members of the Board
Middletown City School District
1515 Girard Avenue
Middletown, Ohio 45044

To the Board of Education:

We have audited the accompanying financial statements of the government activities, each major fund, and the aggregate remaining fund information of the Middletown City School District (the School District), Butler County, as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 12, 2008 in which we noted that the School District adopted Governmental Accounting Standards Board Statement No. 45 and Statement No. 50. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School 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 the normal course of 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 entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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 deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

We noted certain matters that we reported to the School District's management in a separate letter dated December 12, 2008.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 2008-001.

We also noted certain matters that we reported to management of the School District in a separate letter dated December 12, 2008.

The School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the School District's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management, members of the Board, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
December 12, 2008

BALESTRA, HARR & SCHERER, CPAs, INC.

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

Members of the Board
Middletown City School District
1515 Girard Avenue
Middletown, Ohio 45044

Compliance

We have audited the compliance of the Middletown City School District (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 are applicable to each of its major federal programs for the year ended June 30, 2008. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs are the responsibility of the District's management. 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 obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with 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 have a direct and material effect on 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.

Internal Control Over Compliance (Continued)

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Our consideration of the 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.

We noted a certain matter that we reported to the School District's management in a separate letter dated December 12, 2008.

Schedule of Federal Awards Expenditures

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2008, and have issued our report thereon dated December 12, 2008 wherein we noted that the School District adopted Governmental Accounting Standards Board Statement No. 45 and Statement No. 50. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the management, members of the Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

December 12, 2008

MIDDLETOWN CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

1. SUMMARY OF AUDITOR' S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant internal control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Program' s Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster: Special Education Grants to States, CFDA # 84.027 and Special Education Preschool Grant, CFDS # 84.173 Nutrition Cluster: School Breakfast Program, CFDA # 10.553 and National School Lunch Program CFDA # 10.555 and Summer Food Service Program for Children, CFDA # 10.559 Adult Basic Education Grant, CFDA # 84.002
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$319,651 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

MIDDLETOWN CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(CONTINUED)

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

Finding Number 2008-001

Noncompliance Citation

Ohio Revised Code Section 5705.41(B) states that expenditures cannot exceed total appropriations. Expenditures exceeded appropriations in the following funds at fiscal year end: Title I, Food Service and Title VI B for \$2,307,975, \$1,162,131 and \$918,789 respectfully. The District should closely monitor the budget to ensure expenditures do not exceed appropriations.

Clients Response:

This happened because the wrong appropriation resolution was sent to the county auditor for certification. The December revision was sent instead of the final one by mistake. Thus the actual June 30 appropriations were not certified by the auditor.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**MIDDLETOWN CITY SCHOOL DISTRICT
MIDDLETOWN, OHIO**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Middletown City School District
Middletown, Ohio

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2008

Prepared By The Office Of The Treasurer
Robin B. Long, Interim Treasurer

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INTRODUCTORY SECTION

Middletown City School District

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

December 12, 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, 2008, is hereby submitted. This report, prepared by the Treasurer's office, includes an opinion from our auditor, Balestra, Harr & Scherer CPAs, Inc., and conforms to generally accepted accounting principles [GAAP] as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. This report will provide the residents of the Middletown City School District with comprehensive financial data in a format that will enable them to gain an understanding of the District's financial affairs. Copies will be available upon request to taxpayers, financial rating services, banking institutions and other interested parties.

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

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

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

ECONOMIC CONDITION AND OUTLOOK

The District is located in southwestern Ohio, midway between the cities of Cincinnati and Dayton, in the northeast corner of Butler County. The eastern boundary of the District is along Interstate 75, which runs from Canada to Florida, making it a desirable location for many businesses that require easy access to the nation's interstate system. Approximately 61 percent of the District's tax base is agricultural and residential properties; the remainder is composed of a wide range of manufacturing, commercial and other business properties. The overall economic outlook for the area remains guarded with unemployment rates expected to increase.

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 49% of the tax revenue of the District paid by business and industry.

During the 2007-08 school year, the District had 6,568 students enrolled in 8 elementary schools, two middle schools serving grades 6-8 and one comprehensive high school for grades 9-12 including an alternative program. The District also operates a variety of other facilities, including a central administration building, bus garage, central supply warehouse, and several sports fields.

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

ORGANIZATION OF THE SCHOOL DISTRICT

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

The Board members represent a cross section of professions in the community. The Board members on June 30, 2008, were as follows:

Board Member	Began Service	Term Expires	Profession
Mrs. Marcia Andrew	January, 2006	December, 2009	Attorney
Rev. Gregory Tyus	December, 2007	December, 2009	Pastor
Mr. Chris Fiora	January, 2008	December, 2011	Business
Mrs. Katie McNeil	January, 1996	December, 2008	Administrative
Mr. John Sauter	January, 2008	December, 2011	Business

The Superintendent is the Chief Executive Officer of the District, responsible directly to the Board for all educational and support operations. Dr. 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 23 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 17 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 second 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 750 full and part-time staff members during the 2007-08 school year. This included classified employees who are responsible for the operation of the District's support services and the teaching and administrative staff of the District. Two organizations represent the teaching and classified employees. The District's administrative employees are not currently represented.

The Middletown Teachers Association (MTA), an affiliate of the Ohio Education Association (OEA), represents all certificated employees of the District. The MTA and District have negotiated a new collective bargaining agreement on language, salary and fringe benefits that began on July 1, 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, 2011.

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 was completed in early 2008. Finally, the renovation and addition of several classrooms to an existing elementary school began in the summer of 2007 with a completion in the summer of 2008.

The second phase of the project consists of the construction of a new high school and 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. Enrollment increased slightly in 2007-08 due to the reinstatement of most programs.

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 in the history of Middletown both emergency operating issues expire at the same time. 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 firm of Balestra, Harr & Scherer CPAs, Inc. was requested by the Treasurer to perform the audit for the fiscal year ended June 30, 2008. 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, 2007. 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, 2007. The District believes that the Comprehensive Annual Financial Report for fiscal year June 30, 2008, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

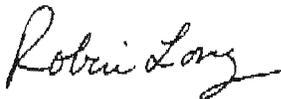
Making Your Tax Dollars Count Award

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 2008 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,



Robin Long
Interim Treasurer

**MIDDLETOWN CITY SCHOOL DISTRICT
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2008**

BOARD OF EDUCATION

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

**Rev. Gregory Tyus
Mrs. Katie McNeil
Mrs. Marcia Andrew
Mr. Chris Fiora
Mr. John Sauter**

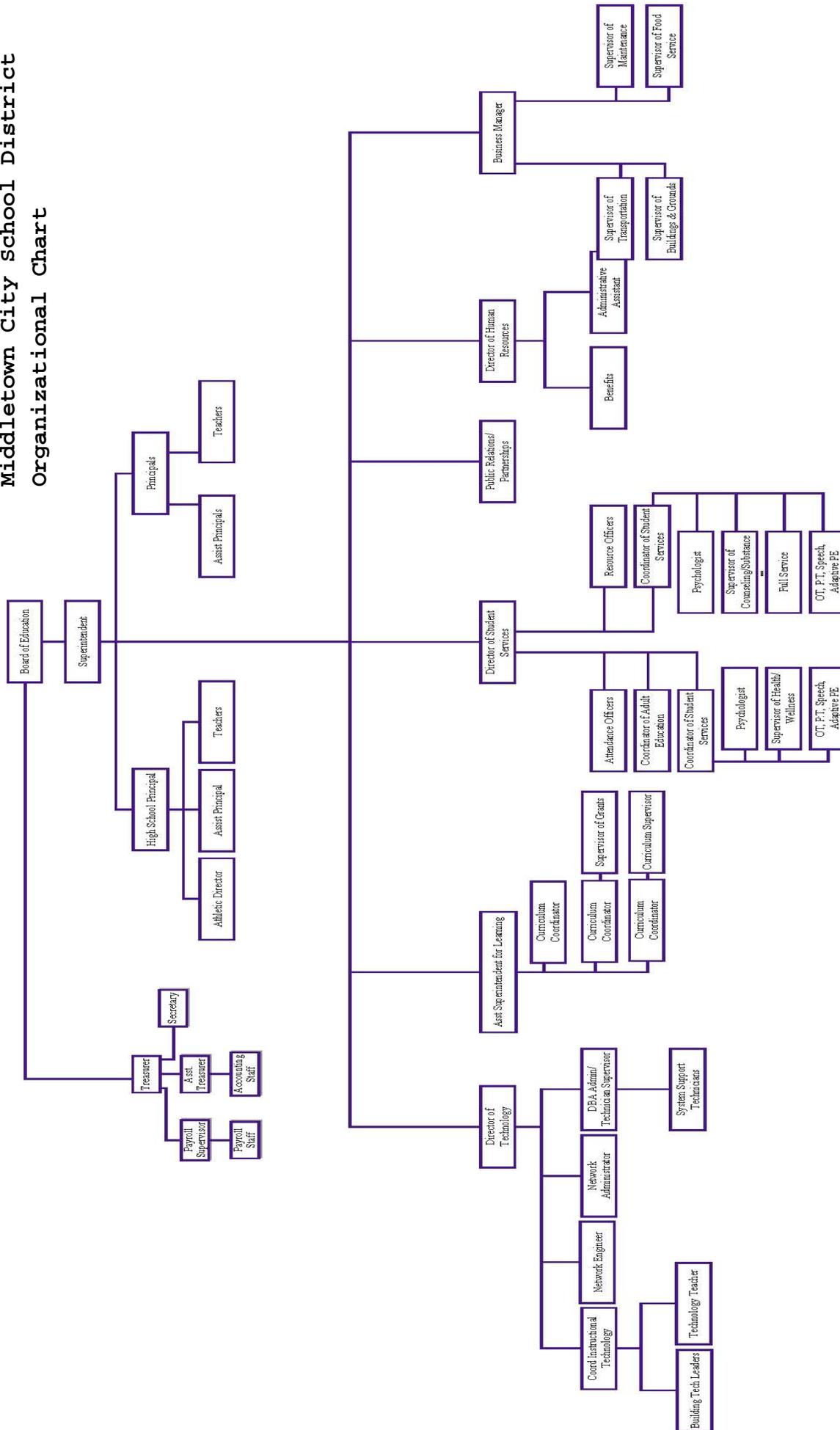
ADMINISTRATIVE OFFICIALS

**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**

***-Robin Long became Interim Treasurer as of September 30, 2008**

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, 2007

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.



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "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, 2007

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

Thome E. Brendel

President

John D. Mquaso

Executive Director

FINANCIAL SECTION

BALESTRA, HARR & SCHERER CPAs, INC.

528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Middletown City School District, Butler County, Ohio (the School District), as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

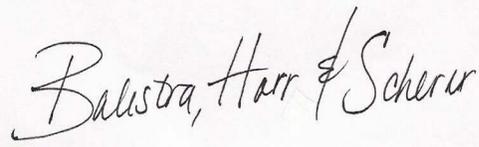
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2008, and the respective changes 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 December 12, 2008, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts 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.

Management discussion and analysis and the budgetary comparison schedules for the General and 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 methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on them.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

As described in Note 21, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 50, *Pension Disclosures – an amendment of GASB statement No. 25 and No. 27* and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in dark ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

December 12, 2008

**MIDDLETOWN CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2008
(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, 2008. 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 2008 are as follows:

- Net assets of governmental activities increased \$5,303,985 which represents a 26% increase from 2007.
- General revenues accounted for \$62,290,747 in revenue or 73% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$23,187,459 or 27% of total revenues of \$85,478,206 .
- The District had \$80,174,221 in expenses related to governmental activities; \$23,187,459 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$62,290,747 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 2008?" 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.

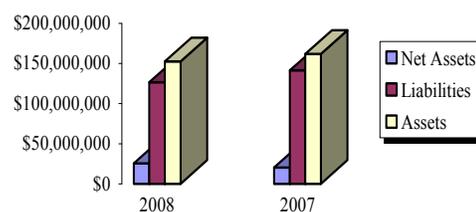
Fiduciary Funds Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District as a Whole

As stated previously, the Statement of Net Assets looks at the District as a whole. Table 1 provides a summary of the District's net assets for 2008 compared to 2007:

Table 1
Net Assets

	Governmental Activities	
	2008	2007
Assets:		
Current and Other Assets	\$68,361,941	\$88,543,388
Capital Assets	84,097,230	73,139,077
Total Assets	152,459,171	161,682,465
Liabilities:		
Other Liabilities	56,537,518	68,493,526
Long-Term Liabilities	70,232,094	72,803,365
Total Liabilities	126,769,612	141,296,891
Net Assets:		
Invested in Capital Assets, Net of Related Debt	12,290,959	7,823,154
Restricted	13,174,556	17,120,766
Unrestricted	224,044	(4,558,346)
Total Net Assets	\$25,689,559	\$20,385,574



Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2008, the District's assets exceeded liabilities by \$25,689,559 .

At year-end, capital assets, net represented 55% of total assets. Capital assets include land, buildings and improvements, and equipment. Capital assets, net of accumulated depreciation and related debt to acquire the assets at June 30, 2008, was \$12,290,959. 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, \$13,174,556 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Net assets of governmental activities increased \$5,303,985 from 2007 to 2008, which represents an overall improvement in financial position. Overall, current assets decreased 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. Other liabilities decreased from the prior year due largely to the decrease in deferred revenue. The decrease in deferred revenue was caused by a decrease in taxes receivable from 2007 to 2008. Long-term liabilities decreased due to the District making regularly scheduled debt payments.

Table 2 shows the changes in net assets for fiscal years 2008 and 2007.

Table 2
Changes in Net Assets

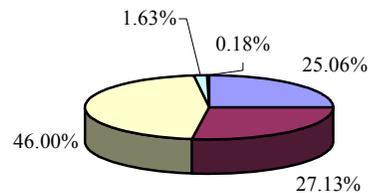
	Governmental Activities	
	2008	2007
Revenues:		
Program Revenues		
Charges for Services	\$1,928,069	\$2,168,457
Operating Grants, Contributions	21,245,312	18,905,396
Capital Grants and Contributions	14,078	94,861
General Revenues:		
Property Taxes	39,315,956	39,542,772
Grants and Entitlements	21,419,027	22,572,267
Other	1,555,764	2,386,151
Total Revenues	<u>85,478,206</u>	<u>85,669,904</u>
Program Expenses:		
Instruction	43,559,450	42,406,738
Support Services:		
Pupil and Instructional Staff	8,563,694	9,266,826
School Administrative, General		
Administration, Fiscal and Business	6,979,746	7,647,475
Operations and Maintenance	8,650,520	7,228,123
Pupil Transportation	3,179,889	3,062,815
Central	1,764,603	2,098,304
Operation of Non-Instructional Services	3,689,463	3,097,638
Extracurricular Activities	787,327	912,856
Interest and Fiscal Charges	2,999,529	2,437,992
Total Program Expenses	<u>80,174,221</u>	<u>78,158,767</u>
Change in Net Assets	5,303,985	7,511,137
Net Assets Beginning of Year	<u>20,385,574</u>	<u>12,874,437</u>
Net Assets End of Year	<u>\$25,689,559</u>	<u>\$20,385,574</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 71% 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 2008.

Revenue Sources	2008	Percent of Total
General Grants	\$21,419,027	25.06%
Program Revenues	23,187,459	27.13%
General Tax Revenues	39,315,956	46.00%
Investment Earnings	1,391,914	1.63%
Other Revenues	163,850	0.18%
	<u>\$85,478,206</u>	<u>100.00%</u>



Instruction comprises 54.33% of governmental program expenses. Support services expenses were 36.34% of governmental program expenses. All other expenses and interest expense was 9.33%. 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. Total expenses increased slightly due to increases in personnel costs and general inflationary costs.

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	
	2008	2007	2008	2007
Instruction	\$43,559,450	\$42,406,738	(\$30,415,874)	(\$31,222,126)
Support Services:				
Pupil and Instructional Staff	8,563,694	9,266,826	(5,591,519)	(5,726,059)
School Administrative, General				
Administration, Fiscal and Business	6,979,746	7,647,475	(6,588,211)	(7,237,677)
Operations and Maintenance	8,650,520	7,228,123	(7,809,869)	(6,517,792)
Pupil Transportation	3,179,889	3,062,815	(1,680,801)	(2,157,108)
Central	1,764,603	2,098,304	(1,190,549)	(1,909,776)
Operation of Non-Instructional Services	3,689,463	3,097,638	(155,165)	850,805
Extracurricular Activities	787,327	912,856	(555,245)	(632,328)
Interest and Fiscal Charges	2,999,529	2,437,992	(2,999,529)	(2,437,992)
Total Expenses	<u>\$80,174,221</u>	<u>\$78,158,767</u>	<u>(\$56,986,762)</u>	<u>(\$56,990,053)</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 \$26,220,084 (38%), the emergency levy fund comprised \$27,863,526 (41%), the debt service fund comprised \$7,028,298 (10%) and the building fund comprised \$3,286,698 (5%) of the total \$68,528,796 governmental funds assets.

General Fund: Fund balance at June 30, 2008 was (\$2,231,245) including (\$3,511,819) of unreserved balance. The primary reason for the increase in fund balance was a decrease in instructional expenditures.

Emergency Levy Fund: Fund balance at June 30, 2008 was \$7,689,311 including \$6,648,702 of unreserved balance. The primary reason for the increase in fund balance was an increase in special revenue levy monies received.

Debt Service Fund: Fund balance at June 30, 2008 was (\$1,563,175) including (\$1,711,469) of unreserved balance. The fund balance remained relatively consistent in 2008 as compared to 2007.

Building Fund: Fund balance at June 30, 2008 was \$3,185,503. 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 2008, 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 \$42,768,225, compared to the original budget revenue of \$42,347,588. Of the \$420,637 difference, most was due to a conservative estimate for taxes and intergovernmental revenue.

The District had an ending unobligated cash balance of \$648,068 for the General Fund.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2008, the District had \$84,097,230 invested in land, construction in progress, buildings and improvements and equipment. Table 4 shows fiscal year 2008 balances compared to fiscal year 2007:

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

	Governmental Activities	
	2008	2007
Land	\$1,037,059	\$1,037,059
Construction in Progress	28,983,308	15,952,958
Buildings and Improvements	48,751,616	50,534,597
Equipment	<u>5,325,247</u>	<u>5,614,463</u>
Total Net Capital Assets	<u>\$84,097,230</u>	<u>\$73,139,077</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, 2008, the District had \$68,116,271 in long-term debt and \$2,229,022 due within one year. Table 5 summarizes outstanding debt at year end.

Table 5
Outstanding Debt, at Year End

	Governmental Activities	
	2008	2007
Bonds:		
Construction Bond	\$5,555,000	\$7,155,000
HB 264	1,211,816	1,285,060
2008 HB 264	677,662	0
2007 Refunding Bonds:		
2007 Current Interest and Term Bonds	54,790,000	55,465,000
Deferred Amount on 2007 Refunding Bonds	(70,350)	(73,344)
Premium on 2007 Refunding Bonds	4,846,875	5,053,125
Total Bonds and Notes	67,011,003	68,884,841
Capital Leases	1,105,268	1,570,681
Total Outstanding Debt at Year End	<u>\$68,116,271</u>	<u>\$70,455,522</u>

See Note 9-11 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 the Treasurer at Middletown City School District, 1515 Girard Avenue, Middletown, Ohio 45044.

Middletown City School District
Statement of Net Assets
June 30, 2008

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Investments	\$16,592,543
Restricted Cash and Investments	68,387
Receivables:	
Taxes	48,374,869
Accounts	48,497
Interest	87,706
Intergovernmental	2,467,764
Deferred Bond Issuance Costs	719,700
Inventory	2,475
Nondepreciable Capital Assets	30,020,367
Depreciable Capital Assets, Net	<u>54,076,863</u>
 Total Assets	 <u>152,459,171</u>
Liabilities:	
Accounts Payable	501,924
Accrued Wages and Benefits	7,126,644
Retainage Payable	68,387
Accrued Interest Payable	272,542
Contracts Payable	32,808
Unearned Revenue	44,845,213
Bond Anticipation Notes Payable	3,690,000
Long-Term Liabilities:	
Due Within One Year	2,565,640
Due In More Than One Year	<u>67,666,454</u>
 Total Liabilities	 <u>126,769,612</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	12,290,959
Restricted for:	
Capital Projects	3,624,527
Other Purposes	9,550,029
Unrestricted	<u>224,044</u>
 Total Net Assets	 <u><u>\$25,689,559</u></u>

See accompanying notes to the basic financial statements.

Middletown City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2008

	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	\$25,443,727	\$496,024	\$2,733,805	\$0	(\$22,213,898)
Special	9,846,602	38,182	7,307,967	0	(2,500,453)
Vocational	28,145	0	102,938	0	74,793
Other	8,240,976	2,438	2,462,222	0	(5,776,316)
Support Services:					
Pupil	4,269,073	29,411	707,382	0	(3,532,280)
Instructional Staff	4,294,621	3	2,235,379	0	(2,059,239)
General Administration	28,152	0	0	0	(28,152)
School Administration	4,969,878	0	322,199	0	(4,647,679)
Fiscal	1,602,802	0	69,336	0	(1,533,466)
Business	378,914	0	0	0	(378,914)
Operations and Maintenance	8,650,520	51,064	789,587	0	(7,809,869)
Pupil Transportation	3,179,889	389,847	1,095,163	14,078	(1,680,801)
Central	1,764,603	2	574,052	0	(1,190,549)
Operation of Non-Instructional Services	3,689,463	689,016	2,845,282	0	(155,165)
Extracurricular Activities	787,327	232,082	0	0	(555,245)
Interest and Fiscal Charges	2,999,529	0	0	0	(2,999,529)
Total Governmental Activities	\$80,174,221	\$1,928,069	\$21,245,312	\$14,078	(56,986,762)

General Revenues:

Property Taxes Levied for:

General Purposes	19,017,594
Special Revenue Purposes	15,925,322
Debt Service Purposes	4,373,040
Grants and Entitlements not Restricted to Specific Programs	21,419,027
Unrestricted Contributions	24,728
Investment Earnings	1,391,914
Other Revenues	139,122

Total General Revenues 62,290,747

Change in Net Assets 5,303,985

Net Assets Beginning of Year 20,385,574

Net Assets End of Year \$25,689,559

See accompanying notes to the basic financial statements.

Middletown City School District
Balance Sheet
Governmental Funds
June 30, 2008

	General	Emergency Levy	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
Assets:						
Equity in Pooled Cash and Investments	\$1,304,011	\$8,500,241	\$1,994,521	\$3,138,960	\$1,654,810	\$16,592,543
Restricted Cash and Investments	0	0	0	68,387	0	68,387
Receivables:						
Taxes	23,977,807	19,363,285	5,033,777	0	0	48,374,869
Accounts	37,277	0	0	7,591	3,629	48,497
Interest	15,946	0	0	71,760	0	87,706
Intergovernmental	0	0	0	0	2,467,764	2,467,764
Interfund	885,043	0	0	0	1,512	886,555
Inventory	0	0	0	0	2,475	2,475
Total Assets	26,220,084	27,863,526	7,028,298	3,286,698	4,130,190	68,528,796
Liabilities and Fund Balances:						
Liabilities:						
Accounts Payable	90,081	366,201	0	0	45,642	501,924
Accrued Wages and Benefits	4,832,183	1,031,974	0	0	1,262,487	7,126,644
Compensated Absences	222,656	0	0	0	37,746	260,402
Retainage Payable	0	0	0	68,387	0	68,387
Accrued Interest Payable	0	0	15,990	0	0	15,990
Contracts Payable	0	0	0	32,808	0	32,808
Interfund Payable	0	0	0	0	886,555	886,555
Deferred Revenue	23,306,409	18,776,040	4,885,483	0	2,230,152	49,198,084
Bond Anticipation Notes Payable	0	0	3,690,000	0	0	3,690,000
Total Liabilities	28,451,329	20,174,215	8,591,473	101,195	4,462,582	61,780,794
Fund Balances:						
Reserved for Encumbrances	609,176	453,364	0	3,622,631	2,691,204	7,376,375
Reserved for Inventory	0	0	0	0	2,475	2,475
Reserved for Property Tax Advances	671,398	587,245	148,294	0	0	1,406,937
Unreserved, Undesignated, Reported in:						
General Fund	(3,511,819)	0	0	0	0	(3,511,819)
Special Revenue Funds	0	6,648,702	0	0	(3,465,095)	3,183,607
Debt Service Funds	0	0	(1,711,469)	0	0	(1,711,469)
Capital Projects Funds	0	0	0	(437,128)	439,024	1,896
Total Fund Balances	(2,231,245)	7,689,311	(1,563,175)	3,185,503	(332,392)	6,748,002
Total Liabilities and Fund Balances	\$26,220,084	\$27,863,526	\$7,028,298	\$3,286,698	\$4,130,190	\$68,528,796

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, 2008

Total Governmental Fund Balance		\$6,748,002
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.		84,097,230
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	2,122,719	
Intergovernmental	<u>2,230,152</u>	
		4,352,871
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.		(256,552)
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>(1,855,421)</u>	
		(1,855,421)
Deferred bond issuance cost associated with long-term liabilities are not reported in the funds.		719,700
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		<u>(68,116,271)</u>
Net Assets of Governmental Activities		<u>\$25,689,559</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, 2008

	General	Emergency Levy	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$18,819,645	\$15,870,724	\$4,319,034	\$0	\$0	\$39,009,403
Tuition and Fees	919,770	0	0	0	52,830	972,600
Investment Earnings	396,722	0	0	993,756	1,436	1,391,914
Intergovernmental	23,003,034	4,041,076	1,131,480	0	14,388,360	42,563,950
Extracurricular Activities	57,900	0	0	0	202,134	260,034
Charges for Services	0	0	0	0	637,736	637,736
Other Revenues	113,548	60	0	10,500	97,439	221,547
Total Revenues	43,310,619	19,911,860	5,450,514	1,004,256	15,379,935	85,057,184
Expenditures:						
Current:						
Instruction:						
Regular	21,275,634	381,172	0	0	2,867,204	24,524,010
Special	96,408	5,112,532	0	0	4,673,281	9,882,221
Vocational	0	23,638	0	0	0	23,638
Other	447,828	6,978,602	0	0	810,371	8,236,801
Support Services:						
Pupil	3,477,339	0	0	0	841,119	4,318,458
Instructional Staff	1,450,970	526,444	0	0	2,361,132	4,338,546
General Administration	28,152	0	0	0	0	28,152
School Administration	4,679,091	0	0	0	357,491	5,036,582
Fiscal	1,224,645	315,808	86,017	0	0	1,626,470
Business	425,545	0	0	0	0	425,545
Operations and Maintenance	4,152,782	2,379,318	0	289,940	170,685	6,992,725
Pupil Transportation	63,707	2,753,174	0	0	299,726	3,116,607
Central	658,287	846,761	0	0	210,425	1,715,473
Operation of Non-Instructional Services	3,456	0	0	0	3,682,488	3,685,944
Extracurricular Activities	649,401	0	0	0	140,130	789,531
Capital Outlay	677,662	0	0	13,030,350	0	13,708,012
Debt Service:						
Principal Retirement	238,876	299,781	2,275,000	0	0	2,813,657
Interest and Fiscal Charges	87,376	0	3,090,886	0	0	3,178,262
Total Expenditures	39,637,159	19,617,230	5,451,903	13,320,290	16,414,052	94,440,634
Excess of Revenues Over (Under) Expenditures	3,673,460	294,630	(1,389)	(12,316,034)	(1,034,117)	(9,383,450)
Other Financing Sources (Uses):						
Proceeds from Sale of Capital Assets	33,602	0	0	0	0	33,602
Issuance of Long-Term Capital-Related Debt	677,662	0	0	0	0	677,662
Transfers In	0	0	0	0	366,669	366,669
Transfers (Out)	(90,451)	0	0	0	(276,218)	(366,669)
Total Other Financing Sources (Uses)	620,813	0	0	0	90,451	711,264
Net Change in Fund Balance	4,294,273	294,630	(1,389)	(12,316,034)	(943,666)	(8,672,186)
Fund Balance Beginning of Year	(6,525,518)	7,394,681	(1,561,786)	15,501,537	611,274	15,420,188
Fund Balance End of Year	(\$2,231,245)	\$7,689,311	(\$1,563,175)	\$3,185,503	(\$332,392)	\$6,748,002

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, 2008

Net Change in Fund Balance - Total Governmental Funds (\$8,672,186)

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	14,805,754	
Depreciation Expense	<u>(2,675,790)</u>	
		12,129,964

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. (1,171,811)

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

Delinquent Property Taxes	306,553	
Intergovernmental	<u>114,469</u>	
		421,022

Repayment of bond and capital lease principal is an expenditure in the
 governmental funds, but the repayment reduces long-term
 liabilities in the statement of net assets. 2,813,657

In the statement of activities interest expense is accrued when incurred,
 whereas in governmental funds an interest expenditure is reported
 when due. 6,103

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	282,268	
Amortization of Bond Issuance Cost	(30,626)	
Amortization of Bond Premium	206,250	
Amortization of Deferred Charge on Refunding	<u>(2,994)</u>	
		454,898

Proceeds from debt issues are an other financing source in the funds,
 but a debt issue increases long-term liabilities in the statement
 of net assets.

Proceeds from debt issues	<u>(677,662)</u>	
		<u>(677,662)</u>

Change in Net Assets of Governmental Activities \$5,303,985

See accompanying notes to the basic financial statements.

Middletown City School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	\$4,087	\$74,610
Receivables:		
Accounts	8	118
Total Assets	<u>4,095</u>	<u>74,728</u>
Liabilities:		
Accounts Payable	2,050	1,419
Other Liabilities	0	73,309
Total Liabilities	<u>2,050</u>	<u>\$74,728</u>
Net Assets:		
Held in Trust	<u>2,045</u>	
Total Net Assets	<u>\$2,045</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, 2008

	<u>Private Purpose Trust</u>
Additions:	
Donations	<u>\$21,335</u>
Total Additions	<u>21,335</u>
Deductions:	
Scholarships	<u>20,559</u>
Total Deductions	<u>20,559</u>
Change in Net Assets	776
Net Assets Beginning of Year	<u>1,269</u>
Net Assets End of Year	<u><u>\$2,045</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, 2008

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

In terms of enrollment the District is the 41st 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.

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, 2008, but which were levied to finance fiscal year 2009 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 2008. 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, 2008.

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 2008 amounted to \$396,722, \$993,756 to the building fund and \$1,436 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	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. Restricted for other purposes is made up of grant monies in state/federal grant funds restricted for use by the particular grant agreements.

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 \$13,174,556 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 building 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. 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. As of June 30, 2008, \$200,000 of the District's bank balance of \$1,398,452 was covered by FDIC. The remaining amount was collateralized in the manner described above.

Investments

As of June 30, 2008, the District had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Repurchase Agreement	\$4,598,959	0.00
STAR Ohio	725,737	0.15
Money Market Funds	6,236,282	0.00
Federal Home Loan Bank	390,875	0.57
Federal Home Loan Mortgage	101,531	1.09
Federal National Mortgage Association	4,862,376	0.16
Total Fair Value	\$16,915,760	
Portfolio Weighted Average Maturity		0.07

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, 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 27% in repurchase agreements, 4% in STAR Ohio, 37% in Money Market Funds, 2% in Federal Home Loan Bank, 1% in Federal Home Loan Mortgage, and 29% 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 2008 were levied in April on the assessed values as of January 1, 2007, 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 2008, 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, 2008. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2008. 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, 2008, was \$671,398 for General Fund, \$148,294 for Debt Service Fund and \$587,245 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 2008 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 2008 taxes were collected are:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$717,245,370
Public Utility Personal	36,901,260
Tangible Personal Property	<u>133,592,134</u>
Total	<u><u>\$887,738,764</u></u>

6. RECEIVABLES

Receivables at June 30, 2008, consisted of taxes, accounts, intergovernmental grants, interest 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, 2008, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$1,037,059	\$0	\$0	\$1,037,059
Construction in Progress	15,952,958	13,030,350	0	28,983,308
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	73,563,587	807,540	7,806,299	66,564,828
Equipment	16,852,572	967,864	3,553,652	14,266,784
Totals at Historical Cost	<u>107,406,176</u>	<u>14,805,754</u>	<u>11,359,951</u>	<u>110,851,979</u>
Less Accumulated Depreciation:				
Buildings and Improvements	23,028,990	1,600,467	6,816,245	17,813,212
Equipment	11,238,109	1,075,323	3,371,895	8,941,537
Total Accumulated Depreciation	<u>34,267,099</u>	<u>2,675,790</u>	<u>10,188,140</u>	<u>26,754,749</u>
Governmental Activities Capital Assets, Net	<u>\$73,139,077</u>	<u>\$12,129,964</u>	<u>\$1,171,811</u>	<u>\$84,097,230</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$459,100
Special	13,867
Vocational	4,507
Other Instruction	2,395
Support Services:	
Pupil	1,330
Instructional Staff	9,449
School Administration	1,347
Fiscal	1,053
Business	16,127
Operations and Maintenance	1,889,306
Pupil Transportation	208,029
Central	58,766
Operation of Non-Instructional Services	1,907
Extracurricular Activities	8,607
Total Depreciation Expense	<u>\$2,675,790</u>

8. NOTES PAYABLE

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

Purpose	Interest Rate	Issue Date	Maturity Date	Balance July 1	Issued	Retired	Balance June 30
Bond Anticipation	4.25%	06/07/07	06/05/08	\$3,880,000	\$0	\$3,880,000	\$0
Bond Anticipation	6.00%	06/04/08	06/03/09	0	3,690,000	0	3,690,000
				<u>\$3,880,000</u>	<u>\$3,690,000</u>	<u>\$3,880,000</u>	<u>\$3,690,000</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

	Beginning Balance	Issued	Retired	Ending Balance	Due In One Year
Governmental Activities:					
Construction Bond	\$7,155,000	\$0	(\$1,600,000)	\$5,555,000	\$1,645,000
HB 264 Energy Conservation Note	1,285,060	0	(73,244)	1,211,816	76,796
2007 Refunding Bonds:					
2007 Current Interest and Term Bonds	55,465,000	0	(675,000)	54,790,000	50,000
Deferred Amount on 2007 Refunding Bonds	(73,344)	0	2,994	(70,350)	0
Premium on 2007 Refunding Bonds	5,053,125	0	(206,250)	4,846,875	0
2008 HB 264 Energy Conservation Note	0	677,662	0	677,662	67,766
Total Bonds and Notes	68,884,841	677,662	(2,551,500)	67,011,003	1,839,562
Capital Leases	1,570,681	0	(465,413)	1,105,268	389,460
Total Long Term Debt	70,455,522	677,662	(3,016,913)	68,116,271	2,229,022
Compensated Absences	2,347,843	57,706	(289,726)	2,115,823	336,618
Total Governmental Activities	<u>\$72,803,365</u>	<u>\$735,368</u>	<u>(\$3,306,639)</u>	<u>\$70,232,094</u>	<u>\$2,565,640</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.

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

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
2009	\$1,839,562	\$2,982,653	\$4,822,215
2010	1,808,287	2,906,754	4,715,041
2011	517,192	2,865,253	3,382,445
2012	556,287	2,844,425	3,400,712
2013	780,580	2,826,499	3,607,079
2014-2018	5,464,954	13,506,970	18,971,924
2019-2023	11,922,616	11,511,118	23,433,734
2024-2028	18,195,000	7,960,637	26,155,637
2029-2032	21,150,000	2,340,713	23,490,713
Total	<u>\$62,234,478</u>	<u>\$49,745,022</u>	<u>\$111,979,500</u>

10. PRIOR YEAR DEFEASANCE OF DEBT

In prior years, the District defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the District's financial statements. On June 30, 2008, \$55,375,000 of bonds outstanding are considered defeased.

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 lessee. 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
2009	\$486,275
2010	489,728
2011	172,758
2012	91,832
Total Minimum Lease Payment	1,240,593
Less: Amount Representing Interest	(135,325)
Present Value of Minimum Lease Payments	<u>\$1,105,268</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 OF OHIO

Plan Description

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per 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 can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under *Forms and Publications*.

Funding Policy

Plan members are required to contribute 10% of their annual covered salary and District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's contributions to SERS for the years ended June 30, 2008, 2007, and 2006 were \$1,125,264, \$1,191,984, and \$1,229,136, respectively; 53% has been contributed for fiscal year 2008 and 100% for fiscal years 2007 and 2006.

STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Plan Description

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution, or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. Additional information or copies of STRS Ohio's *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio web site at www.strsoh.org.

Plan Options

New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of both the DC Plan and DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and Combined Plan are credited members accounts as employers submit their payroll information to STRS Ohio, generally biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits

Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits

Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. 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.

Combined Plan Benefits

Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalizations, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Funding Policy

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. 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.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2007, were 10% of covered payroll for members and 14% for employers. The District's contributions to STRS for the years ended June 30, 2008, 2007, and 2006 were \$4,283,892, \$4,589,640, and \$4,626,540, respectively; 84% has been contributed for fiscal year 2008 and 100% for fiscal years 2007 and 2006.

13. POST EMPLOYMENT BENEFITS

SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

Plan Description

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

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2007 (the latest information available) was \$93.50; SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2007 (the latest information available), the actuarially required allocation was .68%. District contributions for the year ended June 30, 2008 were \$54,656, which equaled the required contributions for the year.

Health Care Plan

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2007, (the latest information available) the health care allocation was 3.32%. The actuarially required contribution (ARC), as of the December 31, 2006 annual valuation, was 11.50% of covered payroll. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years. The District contributions for the years ended June 30, 2008, 2007, and 2006 were \$266,848, \$282,670, and \$301,138, respectively.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2007, (the latest information available), the minimum compensation level was established at \$35,800.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under *Forms and Publications*.

STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Plan Description

STRS Ohio administers a pension plan that is comprised of: a defined benefit plan; a self-directed defined contribution plan and a combined plan which is a hybrid of the defined benefit and defined contribution plan.

Ohio law authorized STRS Ohio to offer a cost-sharing, multi-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current programs includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care cost in the form of monthly premiums.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free 1-888-227-7877.

Funding Policy

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contributions rate, 1% of covered payroll was allocated to post-employment health care for the year ended June 30, 2008, 2007 and 2006. The 14% employer contribution rate is the maximum rate established under Ohio law. The District contributions for the years ended June 30, 2008, 2007, and 2006 were \$305,992, \$327,831, and \$330,467, respectively.

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, 2008.

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.

Medical and dental insurance benefits are offered to employees through the Butler County Health Plan (BCHP). The employees share the cost of the monthly premium for the coverage with the District. The District also provides life insurance through Prudential Life Insurance and accidental death and dismemberment insurance through UNUM 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 \$110,498 for services provided during the year. Financial information can be obtained from Mr. Michael Crumley, who serves as Director, at 3603 Hamilton-Middletown Rd., Hamilton, OH 45011.

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

Butler County Technology and Career Center was formed to provide vocational education opportunities to the students of Butler County, including students of the District. The District paid \$0 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 AND COMPLIANCE

Accountability

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

<u>Fund</u>	<u>Deficit</u>
General Fund	\$2,231,245
Special Revenue Fund:	
Alternative Schools	41,743
Adult Basic Education	12,711
Public School Preschool	12,040
Title VI-B	104,900
Title I	594,447
Title V	13,172
Drug-Free Schools	7,358
Class Size Reduction	142,099
Miscellaneous Federal	73,713
Food Service	294,232
Debt Service Fund	1,563,175

The deficit in fund balance was primarily due to accruals in GAAP. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required not when accruals occur.

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Compliance

Ohio Revised Code Sec. 5705.41B states that no subdivision or taxing unit is to expend money unless it has been appropriated. At year end, the District had disbursements exceeding appropriations in the following funds:

Special Revenue Funds:	
Auxiliary Services	\$5,155
Management Information System	3,537
Entry Year	8,098
SchoolNet Professional Development	667
Ohio Reads	6,031
Alternative Schools	67,247
DPIA	53,167
Adult Basic Education	153,983
Title VI-B	918,789
Nutrition Education and Training Program	299
Title III	150,460
Title I	2,307,975
Title V	418,713
Drug-Free Schools	70,757
Preschool	21,146
Class Size Reduction	27,146
Miscellaneous Federal	444,197
Food Service	1,162,131
Uniform School Supply	681,674
Adult Education	13,595

Ohio Revised Code Sec 5705.39 requires the total appropriation from each fund should not exceed the total estimated resources. At year end the District had appropriations in excess of total estimated resources in the following funds: Emergency Levy \$5, Public School Support \$18,306, Athletic Fund \$2,458, Public School Preschool \$73,380, Class Size Reduction \$40,642, Special Rotary \$652, and Building \$268,887.

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, 2007	(\$221,769)	\$0
Current Year Set Aside Requirements	980,795	980,795
Qualified Disbursements	<u>(1,172,418)</u>	<u>(1,602,779)</u>
Set Aside Reserve Balance as of June 30, 2008	<u><u>(\$413,392)</u></u>	<u><u>(\$621,984)</u></u>

Qualifying disbursements and carryover from prior years for textbooks resulted in \$413,392 for carryover to offset textbook requirements in future years.

19. INTERFUND TRANSACTIONS

Interfund transactions at June 30, 2008, 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	\$885,043	\$0	\$0	\$90,451
Other Governmental Funds	<u>1,512</u>	<u>886,555</u>	<u>366,669</u>	<u>276,218</u>
Total All Funds	<u><u>\$886,555</u></u>	<u><u>\$886,555</u></u>	<u><u>\$366,669</u></u>	<u><u>\$366,669</u></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:

ESI Electrical Contractor	\$149,938
M & D Blacktop	115,979
Mulhall Becker Construction	154,416
Nor-Com, Inc.	101,513
Steed Hammond Paul	279,483
The Quandel Group, Inc.	446,809
	<u><u>\$1,248,138</u></u>

21. CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2008, the District has implemented GASB Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions” and GASB Statement No. 50 “Pension Disclosures”.

Statement No. 45 addresses how state and local governments should account for and report their costs and obligations related to postemployment healthcare and other non-pension benefits. This also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and for certain employers, the extent to which the plan has been funded over time. Collectively, these benefits are commonly referred to as “other postemployment benefits (OPEB).”

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements.

There was no effect on fund balance/net assets as a result of the implementation of these new standards.

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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, 2008

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$17,990,712	\$18,169,413	\$18,169,414	\$1
Tuition and Fees	1,051,254	1,061,696	1,061,696	0
Investment Earnings	378,813	382,576	382,576	0
Intergovernmental	22,772,463	22,998,661	22,998,662	1
Extracurricular Activities	57,366	57,936	57,936	0
Other Revenues	96,980	97,943	97,943	0
Total Revenues	42,347,588	42,768,225	42,768,227	2
Expenditures:				
Current:				
Instruction:				
Regular	22,120,785	22,190,282	22,045,948	144,334
Special	1,117,933	1,121,445	1,114,151	7,294
Other	595,692	597,564	593,677	3,887
Support Services:				
Pupil	3,631,923	3,643,334	3,619,636	23,698
Instructional Staff	1,530,870	1,535,680	1,525,691	9,989
General Administration	29,326	29,418	29,227	191
School Administration	4,859,168	4,874,434	4,842,729	31,705
Fiscal	1,264,653	1,268,627	1,260,375	8,252
Business	496,290	497,849	494,611	3,238
Operations and Maintenance	4,397,305	4,411,120	4,382,428	28,692
Pupil Transportation	63,923	64,124	63,707	417
Central	716,659	718,910	714,234	4,676
Operation of Non-Instructional Services	3,468	3,479	3,456	23
Extracurricular Activities	653,780	655,834	651,568	4,266
Capital Outlay	679,964	682,101	677,664	4,437
Debt Service:				
Principal Retirement	239,687	240,440	238,876	1,564
Interest and Fiscal Charges	87,673	87,948	87,376	572
Total Expenditures	42,489,099	42,622,589	42,345,354	277,235
Excess of Revenues Over (Under) Expenditures	(141,511)	145,636	422,873	277,237
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	33,272	33,602	33,602	0
Proceeds of Short-Term Notes	670,997	677,662	677,662	0
Advances In	5,392,051	5,445,610	5,445,610	0
Advances (Out)	(6,000,358)	(6,019,209)	(5,980,058)	39,151
Transfers In	28,823	29,109	29,109	0
Transfers (Out)	(119,966)	(120,343)	(119,560)	783
Total Other Financing Sources (Uses)	4,819	46,431	86,365	39,934
Net Change in Fund Balance	(136,692)	192,067	509,238	317,171
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	138,830	138,830	138,830	0
Fund Balance End of Year	\$2,138	\$330,897	\$648,068	\$317,171

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, 2008

	Emergency Levy Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$16,108,004	\$15,301,099	\$15,301,099	\$0
Intergovernmental	4,254,183	4,041,076	4,041,076	0
Other Revenues	63	60	60	0
Total Revenues	20,362,250	19,342,235	19,342,235	0
Expenditures:				
Current:				
Instruction:				
Regular	133,230	133,230	90,092	43,138
Special	6,179,506	6,179,506	4,178,668	2,000,838
Vocational	34,956	34,956	23,638	11,318
Other	10,320,110	10,320,110	6,978,602	3,341,508
Support Services:				
Instructional Staff	794,626	794,626	537,337	257,289
Fiscal	467,024	467,024	315,808	151,216
Operations and Maintenance	3,695,922	3,695,922	2,499,234	1,196,688
Pupil Transportation	4,318,190	4,318,190	2,920,020	1,398,170
Central	1,539,341	1,539,341	1,040,924	498,417
Debt Service:				
Principal Retirement	443,323	443,323	299,781	143,542
Total Expenditures	27,926,228	27,926,228	18,884,104	9,042,124
Net Change in Fund Balance	(7,563,978)	(8,583,993)	458,131	9,042,124
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	7,563,973	7,563,973	7,563,973	0
Fund Balance End of Year	(\$5)	(\$1,020,020)	\$8,022,104	\$9,042,124

See accompanying notes to the required supplementary information.

MIDDLETOWN CITY SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2008

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 2008.

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 Fund</u>
GAAP Basis	\$4,294,273	\$294,630
Net Adjustment for Revenue Accruals	(542,392)	(569,625)
Net Adjustment for Expenditure Accruals	(2,061,587)	1,211,261
Transfers In	29,109	0
Transfers Out	(29,109)	0
Advances In	5,445,610	0
Advances Out	(5,980,058)	0
Encumbrances	(646,608)	(478,135)
Budget Basis	<u>\$509,238</u>	<u>\$458,131</u>

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**COMBINING STATEMENTS AND
INDIVIDUAL FUND SCHEDULES**

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.

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

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

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.

Nutrition Education & Training Program: To account for funds related to the operation of the nutrition education & training program for the District.

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, 2008

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$1,215,786	\$439,024	\$1,654,810
Receivables:			
Accounts	3,629	0	3,629
Intergovernmental	2,467,764	0	2,467,764
Interfund	1,512	0	1,512
Inventory	2,475	0	2,475
Total Assets	3,691,166	439,024	4,130,190
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	45,642	0	45,642
Accrued Wages and Benefits	1,262,487	0	1,262,487
Compensated Absences	37,746	0	37,746
Interfund Payable	886,555	0	886,555
Deferred Revenue	2,230,152	0	2,230,152
Total Liabilities	4,462,582	0	4,462,582
Fund Balances:			
Reserved for Encumbrances	2,691,204	0	2,691,204
Reserved for Inventory	2,475	0	2,475
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	(3,465,095)	0	(3,465,095)
Capital Projects Funds	0	439,024	439,024
Total Fund Balances	(771,416)	439,024	(332,392)
Total Liabilities and Fund Balances	\$3,691,166	\$439,024	\$4,130,190

Middletown City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008

	Public School Support	Local Grants	Venture Capital	Athletic	Auxiliary Services
Assets:					
Equity in Pooled Cash and Investments	\$62,027	\$68,954	\$684	\$72,844	\$123,721
Receivables:					
Accounts	2,385	0	0	136	0
Intergovernmental	0	0	0	0	0
Interfund	0	1,512	0	0	0
Inventory	0	0	0	0	0
Total Assets	64,412	70,466	684	72,980	123,721
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	2,884	123	0	150	1,229
Accrued Wages and Benefits	0	3,819	0	0	66,573
Compensated Absences	0	0	0	0	0
Interfund Payable	0	0	0	0	0
Deferred Revenue	0	0	0	0	0
Total Liabilities	2,884	3,942	0	150	67,802
Fund Balances:					
Reserved for Encumbrances	20,229	4,647	0	29,867	115,524
Reserved for Inventory	0	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	41,299	61,877	684	42,963	(59,605)
Total Fund Balances	61,528	66,524	684	72,830	55,919
Total Liabilities and Fund Balances	\$64,412	\$70,466	\$684	\$72,980	\$123,721

Management Information System	Entry Year	OneNet Network Connectivity	SchoolNet Professional Development	Ohio Reads	Alternative Schools	DPIA
\$0	\$702	\$0	\$2,303	\$2,181	\$4,648	\$458,337
0	0	0	0	0	0	0
0	0	0	0	0	45,664	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	702	0	2,303	2,181	50,312	458,337
0	0	0	0	0	0	268
0	0	0	0	0	44,771	298,676
0	0	0	0	0	0	0
0	0	0	0	0	1,620	0
0	0	0	0	0	45,664	0
0	0	0	0	0	92,055	298,944
0	0	0	0	0	53,438	68,319
0	0	0	0	0	0	0
0	702	0	2,303	2,181	(95,181)	91,074
0	702	0	2,303	2,181	(41,743)	159,393
\$0	\$702	\$0	\$2,303	\$2,181	\$50,312	\$458,337

Continued

Middletown City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008

	Miscellaneous State Grants	Adult Basic Education	Public School Preschool	Title VI-B	Title III
Assets:					
Equity in Pooled Cash and Investments	\$90,887	\$10,569	\$10,383	\$105,918	\$281
Receivables:					
Accounts	0	0	0	0	0
Intergovernmental	0	28,563	87,152	371,374	29,575
Interfund	0	0	0	0	0
Inventory	0	0	0	0	0
Total Assets	90,887	39,132	97,535	477,292	29,856
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	0	227	0	2,947	0
Accrued Wages and Benefits	1,696	22,302	22,423	206,383	0
Compensated Absences	0	0	0	0	0
Interfund Payable	0	751	0	1,488	0
Deferred Revenue	0	28,563	87,152	371,374	29,575
Total Liabilities	1,696	51,843	109,575	582,192	29,575
Fund Balances:					
Reserved for Encumbrances	8,019	64,964	17,588	273,370	11,078
Reserved for Inventory	0	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	81,172	(77,675)	(29,628)	(378,270)	(10,797)
Total Fund Balances	89,191	(12,711)	(12,040)	(104,900)	281
Total Liabilities and Fund Balances	\$90,887	\$39,132	\$97,535	\$477,292	\$29,856

Title I	Title V	Drug-Free Schools	Preschool	Nutrition Education & Training Program	Class Size Reduction	Miscellaneous Federal
\$52,590	\$7,455	\$1,902	\$991	\$287	\$0	\$123,440
0	0	0	0	0	0	225
591,670	2,795	400	441	0	399,241	673,277
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>644,260</u>	<u>10,250</u>	<u>2,302</u>	<u>1,432</u>	<u>287</u>	<u>399,241</u>	<u>796,942</u>
29,405	0	3,749	0	0	1,280	0
380,362	0	0	0	0	39,040	176,442
0	0	0	0	0	19,645	18,101
237,270	20,627	5,511	0	0	82,134	2,835
591,670	2,795	400	441	0	399,241	673,277
<u>1,238,707</u>	<u>23,422</u>	<u>9,660</u>	<u>441</u>	<u>0</u>	<u>541,340</u>	<u>870,655</u>
490,176	57,253	339	2,185	286	66,508	493,070
0	0	0	0	0	0	0
<u>(1,084,623)</u>	<u>(70,425)</u>	<u>(7,697)</u>	<u>(1,194)</u>	<u>1</u>	<u>(208,607)</u>	<u>(566,783)</u>
<u>(594,447)</u>	<u>(13,172)</u>	<u>(7,358)</u>	<u>991</u>	<u>287</u>	<u>(142,099)</u>	<u>(73,713)</u>
<u>\$644,260</u>	<u>\$10,250</u>	<u>\$2,302</u>	<u>\$1,432</u>	<u>\$287</u>	<u>\$399,241</u>	<u>\$796,942</u>

Continued

Middletown City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008

	Food Service	Uniform School Supply	Special Rotary	Adult Education	Total Nonmajor Special Revenue Funds
Assets:					
Equity in Pooled Cash and Investments	\$0	\$4,519	\$5,260	\$4,903	\$1,215,786
Receivables:					
Accounts	0	789	0	94	3,629
Intergovernmental	237,612	0	0	0	2,467,764
Interfund	0	0	0	0	1,512
Inventory	2,475	0	0	0	2,475
Total Assets	240,087	5,308	5,260	4,997	3,691,166
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	0	3,085	0	295	45,642
Accrued Wages and Benefits	0	0	0	0	1,262,487
Compensated Absences	0	0	0	0	37,746
Interfund Payable	534,319	0	0	0	886,555
Deferred Revenue	0	0	0	0	2,230,152
Total Liabilities	534,319	3,085	0	295	4,462,582
Fund Balances:					
Reserved for Encumbrances	841,048	67,339	0	5,957	2,691,204
Reserved for Inventory	2,475	0	0	0	2,475
Unreserved, Undesignated, Reported in: Special Revenue Funds	(1,137,755)	(65,116)	5,260	(1,255)	(3,465,095)
Total Fund Balances	(294,232)	2,223	5,260	4,702	(771,416)
Total Liabilities and Fund Balances	\$240,087	\$5,308	\$5,260	\$4,997	\$3,691,166

Middletown City School District
 Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2008

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

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Middletown City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2008

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Tuition and Fees	\$52,830	\$0	\$52,830
Investment Earnings	1,436	0	1,436
Intergovernmental	14,388,360	0	14,388,360
Extracurricular Activities	202,134	0	202,134
Charges for Services	637,736	0	637,736
Other Revenues	97,439	0	97,439
Total Revenues	15,379,935	0	15,379,935
Expenditures:			
Current:			
Instruction:			
Regular	2,867,007	197	2,867,204
Special	4,673,281	0	4,673,281
Other	810,371	0	810,371
Support Services:			
Pupil	841,119	0	841,119
Instructional Staff	2,361,132	0	2,361,132
School Administration	357,491	0	357,491
Operations and Maintenance	170,685	0	170,685
Pupil Transportation	299,726	0	299,726
Central	210,425	0	210,425
Operation of Non-Instructional Services	3,682,488	0	3,682,488
Extracurricular Activities	140,130	0	140,130
Total Expenditures	16,413,855	197	16,414,052
Excess of Revenues Over (Under) Expenditures	(1,033,920)	(197)	(1,034,117)
Other Financing Sources (Uses):			
Transfers In	366,669	0	366,669
Transfers (Out)	(276,218)	0	(276,218)
Total Other Financing Sources (Uses)	90,451	0	90,451
Net Change in Fund Balance	(943,469)	(197)	(943,666)
Fund Balance Beginning of Year	172,053	439,221	611,274
Fund Balance End of Year	(\$771,416)	\$439,024	(\$332,392)

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, 2008

	Public School Support	Local Grants	Venture Capital	Athletic	Auxiliary Services
Revenues:					
Tuition and Fees	\$1,507	\$0	\$0	\$0	\$0
Investment Earnings	0	0	0	0	1,436
Intergovernmental	0	56,640	0	0	605,521
Extracurricular Activities	27,904	25	0	174,205	0
Charges for Services	0	0	0	0	0
Other Revenues	67,470	12,298	0	11,913	0
Total Revenues	96,881	68,963	0	186,118	606,957
Expenditures:					
Current:					
Instruction:					
Regular	0	29,921	0	0	0
Special	0	0	0	0	0
Other	0	1,515	0	0	0
Support Services:					
Pupil	115,487	325	0	0	0
Instructional Staff	0	12,223	0	0	0
School Administration	0	862	0	0	0
Operations and Maintenance	0	16,114	0	0	0
Pupil Transportation	0	97	0	0	0
Central	0	5,865	0	0	0
Operation of Non-Instructional Services	0	879	0	0	596,453
Extracurricular Activities	0	0	0	140,130	0
Total Expenditures	115,487	67,801	0	140,130	596,453
Excess of Revenues Over (Under) Expenditures	(18,606)	1,162	0	45,988	10,504
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Transfers (Out)	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balance	(18,606)	1,162	0	45,988	10,504
Fund Balance Beginning of Year	80,134	65,362	684	26,842	45,415
Fund Balance End of Year	\$61,528	\$66,524	\$684	\$72,830	\$55,919

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
21,567	8,800	33,000	2,970	9,489	237,497	3,386,086
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
21,567	8,800	33,000	2,970	9,489	237,497	3,386,086
0	0	0	0	0	259,969	2,297,140
0	0	0	0	23,089	0	0
0	0	0	0	0	0	537,535
0	0	0	0	0	0	174,845
0	8,800	0	667	0	279	18
0	0	0	0	0	0	0
0	0	0	0	0	0	150,227
0	0	0	0	0	0	0
21,567	0	33,000	0	0	0	149,993
0	0	0	0	0	0	0
0	0	0	0	0	0	0
21,567	8,800	33,000	667	23,089	260,248	3,309,758
0	0	0	2,303	(13,600)	(22,751)	76,328
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	2,303	(13,600)	(22,751)	76,328
0	702	0	0	15,781	(18,992)	83,065
\$0	\$702	\$0	\$2,303	\$2,181	(\$41,743)	\$159,393

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, 2008

	Miscellaneous State Grants	Adult Basic Education	Public School Preschool	Title VI-B	Title III
Revenues:					
Tuition and Fees	\$0	\$0	\$0	\$0	\$0
Investment Earnings	0	0	0	0	0
Intergovernmental	98,386	343,386	112,328	2,251,260	64,262
Extracurricular Activities	0	0	0	0	0
Charges for Services	0	0	0	0	0
Other Revenues	0	0	0	0	0
Total Revenues	98,386	343,386	112,328	2,251,260	64,262
Expenditures:					
Current:					
Instruction:					
Regular	12,011	0	18,577	0	0
Special	17,358	0	82,523	1,122,607	14,448
Other	269	266,153	0	90	0
Support Services:					
Pupil	0	242	0	516,593	0
Instructional Staff	20,969	66,771	23,268	228,440	9,106
School Administration	0	25,681	0	244,983	0
Operations and Maintenance	0	0	0	0	0
Pupil Transportation	0	0	0	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services	0	430	0	99,283	0
Extracurricular Activities	0	0	0	0	0
Total Expenditures	50,607	359,277	124,368	2,211,996	23,554
Excess of Revenues Over (Under) Expenditures	47,779	(15,891)	(12,040)	39,264	40,708
Other Financing Sources (Uses):					
Transfers In	10,452	0	0	0	0
Transfers (Out)	0	0	0	0	0
Total Other Financing Sources (Uses)	10,452	0	0	0	0
Net Change in Fund Balance	58,231	(15,891)	(12,040)	39,264	40,708
Fund Balance Beginning of Year	30,960	3,180	0	(144,164)	(40,427)
Fund Balance End of Year	\$89,191	(\$12,711)	(\$12,040)	(\$104,900)	\$281

Title I	Title V	Drug-Free Schools	Preschool	Nutrition Education & Training Program	Class Size Reduction	Miscellaneous Federal
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
2,503,582	9,055	51,943	35,105	300	188,345	2,276,547
0	0	0	0	0	0	0
0	0	0	0	0	0	0
1,361	0	20	0	0	0	225
<u>2,504,943</u>	<u>9,055</u>	<u>51,963</u>	<u>35,105</u>	<u>300</u>	<u>188,345</u>	<u>2,276,772</u>
0	161,820	0	0	13	0	87,556
2,286,713	0	33,611	0	0	0	1,092,932
800	0	0	0	0	2,489	1,325
405	0	0	33,222	0	0	0
346,666	0	16,643	0	0	377,095	1,250,187
61,040	0	0	0	0	0	24,925
0	0	4,344	0	0	0	0
299,136	0	493	0	0	0	0
0	0	0	0	0	0	0
46,654	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>3,041,414</u>	<u>161,820</u>	<u>55,091</u>	<u>33,222</u>	<u>13</u>	<u>379,584</u>	<u>2,456,925</u>
<u>(536,471)</u>	<u>(152,765)</u>	<u>(3,128)</u>	<u>1,883</u>	<u>287</u>	<u>(191,239)</u>	<u>(180,153)</u>
0	146,343	0	0	0	129,874	0
0	(4,614)	0	0	0	(271,604)	0
0	141,729	0	0	0	(141,730)	0
(536,471)	(11,036)	(3,128)	1,883	287	(332,969)	(180,153)
(57,976)	(2,136)	(4,230)	(892)	0	190,870	106,440
<u>(\$594,447)</u>	<u>(\$13,172)</u>	<u>(\$7,358)</u>	<u>\$991</u>	<u>\$287</u>	<u>(\$142,099)</u>	<u>(\$73,713)</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, 2008

	Food Service	Uniform School Supply	Special Rotary	Adult Education	Total Nonmajor Special Revenue Funds
Revenues:					
Tuition and Fees	\$0	\$48,951	\$0	\$2,372	\$52,830
Investment Earnings	0	0	0	0	1,436
Intergovernmental	2,064,121	0	0	28,170	14,388,360
Extracurricular Activities	0	0	0	0	202,134
Charges for Services	637,736	0	0	0	637,736
Other Revenues	0	0	103	4,049	97,439
Total Revenues	2,701,857	48,951	103	34,591	15,379,935
Expenditures:					
Current:					
Instruction:					
Regular	0	0	0	0	2,867,007
Special	0	0	0	0	4,673,281
Other	195	0	0	0	810,371
Support Services:					
Pupil	0	0	0	0	841,119
Instructional Staff	0	0	0	0	2,361,132
School Administration	0	0	0	0	357,491
Operations and Maintenance	0	0	0	0	170,685
Pupil Transportation	0	0	0	0	299,726
Central	0	0	0	0	210,425
Operation of Non-Instructional Services	2,719,443	179,861	0	39,485	3,682,488
Extracurricular Activities	0	0	0	0	140,130
Total Expenditures	2,719,638	179,861	0	39,485	16,413,855
Excess of Revenues Over (Under) Expenditures	(17,781)	(130,910)	103	(4,894)	(1,033,920)
Other Financing Sources (Uses):					
Transfers In	0	80,000	0	0	366,669
Transfers (Out)	0	0	0	0	(276,218)
Total Other Financing Sources (Uses)	0	80,000	0	0	90,451
Net Change in Fund Balance	(17,781)	(50,910)	103	(4,894)	(943,469)
Fund Balance Beginning of Year	(276,451)	53,133	5,157	9,596	172,053
Fund Balance End of Year	<u>(\$294,232)</u>	<u>\$2,223</u>	<u>\$5,260</u>	<u>\$4,702</u>	<u>(\$771,416)</u>

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, 2008

	<u>Permanent Improvement</u>	<u>SchoolNet Plus</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:			
Taxes	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Regular	<u>0</u>	<u>197</u>	<u>197</u>
Total Expenditures	<u>0</u>	<u>197</u>	<u>197</u>
Net Change in Fund Balance	0	(197)	(197)
Fund Balance Beginning of Year	<u>439,024</u>	<u>197</u>	<u>439,221</u>
Fund Balance End of Year	<u>\$439,024</u>	<u>\$0</u>	<u>\$439,024</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, 2008

	Public School Support Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Tuition and Fees	\$1,507	\$1,507	\$0
Extracurricular Activities	26,493	26,493	0
Other Revenues	67,141	67,141	0
Total Revenues	95,141	95,141	0
Expenditures:			
Current:			
Support Services:			
Pupil	194,347	139,627	54,720
Total Expenditures	194,347	139,627	54,720
Excess of Revenues Over (Under) Expenditures	(99,206)	(44,486)	54,720
Other financing sources (uses):			
Transfers In	2,153	2,153	0
Transfers (Out)	(2,997)	(2,153)	844
Total Other Financing Sources (Uses)	(844)	0	844
Net Change in Fund Balance	(100,050)	(44,486)	55,564
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	81,744	81,744	0
Fund Balance End of Year	(\$18,306)	\$37,258	\$55,564

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, 2008

	Local Grants Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$56,639	\$56,640	\$1
Extracurricular Activities	25	25	0
Other Revenues	12,299	12,299	0
Total Revenues	68,963	68,964	1
Expenditures:			
Current:			
Instruction:			
Regular	58,414	31,480	26,934
Other	2,813	1,516	1,297
Support Services:			
Pupil	603	325	278
Instructional Staff	15,596	8,405	7,191
School Administration	2,045	1,102	943
Operations and Maintenance	38,266	20,622	17,644
Pupil Transportation	180	97	83
Central	10,885	5,866	5,019
Operation of Non-Instructional Services	1,633	880	753
Total Expenditures	130,435	70,293	60,142
Net Change in Fund Balance	(61,472)	(1,329)	60,143
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	65,508	65,508	0
Fund Balance End of Year	\$4,036	\$64,179	\$60,143

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, 2008

	Venture Capital Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Instruction:			
Regular	683	0	683
Total Expenditures	683	0	683
Net Change in Fund Balance	(683)	0	683
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	684	684	0
Fund Balance End of Year	\$1	\$684	\$683

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, 2008

	Athletic Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Extracurricular Activities	\$174,073	\$174,073	\$0
Other Revenues	11,909	11,909	0
Total Revenues	185,982	185,982	0
Expenditures:			
Current:			
Extracurricular Activities	215,271	169,927	45,344
Total Expenditures	215,271	169,927	45,344
Excess of Revenues Over (Under) Expenditures	(29,289)	16,055	45,344
Other financing sources (uses):			
Advances In	357	357	0
Advances (Out)	(452)	(357)	95
Total Other Financing Sources (Uses)	(95)	0	95
Net Change in Fund Balance	(29,384)	16,055	45,439
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	26,926	26,926	0
Fund Balance End of Year	(\$2,458)	\$42,981	\$45,439

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, 2008

	Auxiliary Services Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$1,436	\$1,436	\$0
Intergovernmental	605,521	605,521	0
Total Revenues	606,957	606,957	0
Expenditures:			
Current:			
Operation of Non-Instructional Services	729,456	734,551	(5,095)
Total Expenditures	729,456	734,551	(5,095)
Excess of Revenues Over (Under) Expenditures	(122,499)	(127,594)	(5,095)
Other financing sources (uses):			
Advances In	8,632	8,632	0
Advances (Out)	(8,572)	(8,632)	(60)
Total Other Financing Sources (Uses)	60	0	(60)
Net Change in Fund Balance	(122,439)	(127,594)	(5,155)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	134,565	134,565	0
Fund Balance End of Year	\$12,126	\$6,971	(\$5,155)

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, 2008

	Management Information System Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$21,567	\$21,567	\$0
Total Revenues	21,567	21,567	0
Expenditures:			
Current:			
Support Services:			
Central	18,030	21,567	(3,537)
Total Expenditures	18,030	21,567	(3,537)
Net Change in Fund Balance	3,537	0	(3,537)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$3,537	\$0	(\$3,537)

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, 2008

	Entry Year		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$8,800	\$8,800	\$0
Total Revenues	8,800	8,800	0
Expenditures:			
Current:			
Support Services:			
Instructional Staff	702	8,800	(8,098)
Total Expenditures	702	8,800	(8,098)
Net Change in Fund Balance	8,098	0	(8,098)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	702	702	0
Fund Balance End of Year	\$8,800	\$702	(\$8,098)

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, 2008

	OneNet Network Connectivity Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$33,000	\$33,000	\$0
Total Revenues	33,000	33,000	0
Expenditures:			
Current:			
Support Services:			
Central	33,000	33,000	0
Total Expenditures	33,000	33,000	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, 2008

	SchoolNet Professional Development Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$2,970	\$2,970	\$0
Total Revenues	2,970	2,970	0
Expenditures:			
Current:			
Support Services:			
Instructional Staff	0	667	(667)
Total Expenditures	0	667	(667)
Net Change in Fund Balance	2,970	2,303	(667)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$2,970	\$2,303	(\$667)

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, 2008

	Ohio Reads Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$9,489	\$9,489	\$0
Other Revenues	986	986	0
Total Revenues	10,475	10,475	0
Expenditures:			
Current:			
Instruction:			
Special	23,102	27,590	(4,488)
Total Expenditures	23,102	27,590	(4,488)
Excess of Revenues Over (Under) Expenditures	(12,627)	(17,115)	(4,488)
Other financing sources (uses):			
Advances In	9,489	9,489	0
Advances (Out)	(7,946)	(9,489)	(1,543)
Total Other Financing Sources (Uses)	1,543	0	(1,543)
Net Change in Fund Balance	(11,084)	(17,115)	(6,031)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	19,296	19,296	0
Fund Balance End of Year	\$8,212	\$2,181	(\$6,031)

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, 2008

	Alternative Schools Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$237,497	\$237,497	\$0
Total Revenues	<u>237,497</u>	<u>237,497</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Regular	259,009	315,083	(56,074)
Support Services:			
Instructional Staff	229	279	(50)
Total Expenditures	<u>259,238</u>	<u>315,362</u>	<u>(56,124)</u>
Excess of Revenues Over (Under) Expenditures	<u>(21,741)</u>	<u>(77,865)</u>	<u>(56,124)</u>
Other financing sources (uses):			
Advances In	64,120	64,120	0
Advances (Out)	<u>(51,377)</u>	<u>(62,500)</u>	<u>(11,123)</u>
Total Other Financing Sources (Uses)	<u>12,743</u>	<u>1,620</u>	<u>(11,123)</u>
Net Change in Fund Balance	(8,998)	(76,245)	(67,247)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>27,455</u>	<u>27,455</u>	<u>0</u>
Fund Balance End of Year	<u>\$18,457</u>	<u>(\$48,790)</u>	<u>(\$67,247)</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, 2008

	DPIA Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$3,386,086	\$3,386,086	\$0
Total Revenues	<u>3,386,086</u>	<u>3,386,086</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Regular	2,068,757	2,103,647	(34,890)
Other	528,620	537,535	(8,915)
Support Services:			
Pupil	158,726	161,403	(2,677)
Instructional Staff	18	18	0
Operations and Maintenance	248,884	253,081	(4,197)
Central	147,505	149,993	(2,488)
Total Expenditures	<u>3,152,510</u>	<u>3,205,677</u>	<u>(53,167)</u>
Net Change in Fund Balance	233,576	180,409	(53,167)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>209,340</u>	<u>209,340</u>	<u>0</u>
Fund Balance End of Year	<u>\$442,916</u>	<u>\$389,749</u>	<u>(\$53,167)</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, 2008

	Miscellaneous State Grants Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$98,385	\$98,385	\$0
Total Revenues	<u>98,385</u>	<u>98,385</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Regular	21,478	12,318	9,160
Special	30,266	17,358	12,908
Other	469	269	200
Support Services:			
Instructional Staff	52,898	30,338	22,560
Total Expenditures	<u>105,111</u>	<u>60,283</u>	<u>44,828</u>
Excess of Revenues Over (Under) Expenditures	<u>(6,726)</u>	<u>38,102</u>	<u>44,828</u>
Other financing sources (uses):			
Advances In	1,051	1,051	0
Advances (Out)	(20,057)	(11,503)	8,554
Transfers In	10,452	10,452	0
Total Other Financing Sources (Uses)	<u>(8,554)</u>	<u>0</u>	<u>8,554</u>
Net Change in Fund Balance	(15,280)	38,102	53,382
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>44,761</u>	<u>44,761</u>	<u>0</u>
Fund Balance End of Year	<u>\$29,481</u>	<u>\$82,863</u>	<u>\$53,382</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, 2008

	Adult Basic Education Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$343,386	\$343,386	\$0
Total Revenues	<u>343,386</u>	<u>343,386</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Other	233,705	321,478	(87,773)
Support Services:			
Pupil	176	242	(66)
Instructional Staff	57,709	79,383	(21,674)
School Administration	18,669	25,681	(7,012)
Operation of Non-Instructional Services	<u>801</u>	<u>1,102</u>	<u>(301)</u>
Total Expenditures	<u>311,060</u>	<u>427,886</u>	<u>(116,826)</u>
Excess of Revenues Over (Under) Expenditures	<u>32,326</u>	<u>(84,500)</u>	<u>(116,826)</u>
Other financing sources (uses):			
Advances In	127,722	127,722	0
Advances (Out)	<u>(98,935)</u>	<u>(136,092)</u>	<u>(37,157)</u>
Total Other Financing Sources (Uses)	<u>28,787</u>	<u>(8,370)</u>	<u>(37,157)</u>
Net Change in Fund Balance	61,113	(92,870)	(153,983)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>38,248</u>	<u>38,248</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$99,361</u></u>	<u><u>(\$54,622)</u></u>	<u><u>(\$153,983)</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, 2008

	Public School Preschool Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$112,328	\$112,328	\$0
Total Revenues	112,328	112,328	0
Expenditures:			
Current:			
Instruction:			
Regular	28,300	18,912	9,388
Special	125,715	84,010	41,705
Support Services:			
Instructional Staff	24,856	16,610	8,246
Total Expenditures	178,871	119,532	59,339
Excess of Revenues Over (Under) Expenditures	(66,543)	(7,204)	59,339
Other financing sources (uses):			
Advances In	13,772	13,772	0
Advances (Out)	(20,609)	(13,772)	6,837
Total Other Financing Sources (Uses)	(6,837)	0	6,837
Net Change in Fund Balance	(73,380)	(7,204)	66,176
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	(\$73,380)	(\$7,204)	\$66,176

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, 2008

	Title VI-B Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$2,251,259	\$2,251,259	\$0
Total Revenues	2,251,259	2,251,259	0
Expenditures:			
Current:			
Instruction:			
Special	977,002	1,309,761	(332,759)
Other	67	90	(23)
Support Services:			
Pupil	424,025	568,444	(144,419)
Instructional Staff	172,870	231,748	(58,878)
School Administration	208,535	279,560	(71,025)
Operation of Non-Instructional Services	80,751	108,254	(27,503)
Total Expenditures	1,863,250	2,497,857	(634,607)
Excess of Revenues Over (Under) Expenditures	388,009	(246,598)	(634,607)
Other financing sources (uses):			
Advances In	1,120,045	1,120,045	0
Advances (Out)	(834,375)	(1,118,557)	(284,182)
Total Other Financing Sources (Uses)	285,670	1,488	(284,182)
Net Change in Fund Balance	673,679	(245,110)	(918,789)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	74,990	74,990	0
Fund Balance End of Year	\$748,669	(\$170,120)	(\$918,789)

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, 2008

	Title III Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$64,262	\$64,262	\$0
Total Revenues	<u>64,262</u>	<u>64,262</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Special	27,411	68,940	(41,529)
Support Services:			
Instructional Staff	4,609	11,591	(6,982)
Total Expenditures	<u>32,020</u>	<u>80,531</u>	<u>(48,511)</u>
Excess of Revenues Over (Under) Expenditures	<u>32,242</u>	<u>(16,269)</u>	<u>(48,511)</u>
Other financing sources (uses):			
Advances In	169,239	169,239	0
Advances (Out)	(67,290)	(169,239)	(101,949)
Total Other Financing Sources (Uses)	<u>101,949</u>	<u>0</u>	<u>(101,949)</u>
Net Change in Fund Balance	134,191	(16,269)	(150,460)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>5,472</u>	<u>5,472</u>	<u>0</u>
Fund Balance End of Year	<u>\$139,663</u>	<u>(\$10,797)</u>	<u>(\$150,460)</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, 2008

	Title I Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$2,503,582	\$2,503,582	\$0
Other Revenues	1,437	1,437	0
Total Revenues	<u>2,505,019</u>	<u>2,505,019</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Special	1,483,956	2,578,082	(1,094,126)
Other	460	800	(340)
Support Services:			
Pupil	233	405	(172)
Instructional Staff	282,057	490,018	(207,961)
School Administration	35,135	61,040	(25,905)
Pupil Transportation	173,588	301,575	(127,987)
Operation of Non-Instructional Services	29,633	51,482	(21,849)
Total Expenditures	<u>2,005,062</u>	<u>3,483,402</u>	<u>(1,478,340)</u>
Excess of Revenues Over (Under) Expenditures	<u>499,957</u>	<u>(978,383)</u>	<u>(1,478,340)</u>
Other financing sources (uses):			
Advances In	2,181,133	2,181,133	0
Advances (Out)	(1,125,228)	(1,954,863)	(829,635)
Total Other Financing Sources (Uses)	<u>1,055,905</u>	<u>226,270</u>	<u>(829,635)</u>
Net Change in Fund Balance	1,555,862	(752,113)	(2,307,975)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>285,122</u>	<u>285,122</u>	<u>0</u>
Fund Balance End of Year	<u>\$1,840,984</u>	<u>(\$466,991)</u>	<u>(\$2,307,975)</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, 2008

	Title V Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$9,055	\$9,055	\$0
Total Revenues	9,055	9,055	0
Expenditures:			
Current:			
Instruction:			
Regular	68,973	218,025	(149,052)
Operation of Non-Instructional Services	535	1,692	(1,157)
Total Expenditures	69,508	219,717	(150,209)
Excess of Revenues Over (Under) Expenditures	(60,453)	(210,662)	(150,209)
Other financing sources (uses):			
Advances In	395,967	395,968	1
Advances (Out)	(122,789)	(388,139)	(265,350)
Transfers In	146,343	146,343	0
Transfers (Out)	(1,460)	(4,614)	(3,154)
Total Other Financing Sources (Uses)	418,061	149,558	(268,503)
Net Change in Fund Balance	357,608	(61,104)	(418,712)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	11,912	11,912	0
Fund Balance End of Year	\$369,520	(\$49,192)	(\$418,712)

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, 2008

	Drug-Free Schools Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$51,942	\$51,942	\$0
Other Revenues	20	20	0
Total Revenues	<u>51,962</u>	<u>51,962</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Special	15,235	34,521	(19,286)
Support Services:			
Instructional Staff	8,095	18,343	(10,248)
Operations and Maintenance	1,917	4,344	(2,427)
Pupil Transportation	217	492	(275)
Total Expenditures	<u>25,464</u>	<u>57,700</u>	<u>(32,236)</u>
Excess of Revenues Over (Under) Expenditures	<u>26,498</u>	<u>(5,738)</u>	<u>(32,236)</u>
Other financing sources (uses):			
Advances In	68,950	68,950	0
Advances (Out)	<u>(30,429)</u>	<u>(68,950)</u>	<u>(38,521)</u>
Total Other Financing Sources (Uses)	<u>38,521</u>	<u>0</u>	<u>(38,521)</u>
Net Change in Fund Balance	65,019	(5,738)	(70,757)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>3,552</u>	<u>3,552</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$68,571</u></u>	<u><u>(\$2,186)</u></u>	<u><u>(\$70,757)</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, 2008

	Preschool Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$35,105	\$35,105	\$0
Total Revenues	<u>35,105</u>	<u>35,105</u>	<u>0</u>
Expenditures:			
Current:			
Support Services:			
Pupil	22,446	35,799	(13,353)
Instructional Staff	83	133	(50)
Total Expenditures	<u>22,529</u>	<u>35,932</u>	<u>(13,403)</u>
Excess of Revenues Over (Under) Expenditures	<u>12,576</u>	<u>(827)</u>	<u>(13,403)</u>
Other financing sources (uses):			
Advances In	20,392	20,392	0
Advances (Out)	<u>(13,016)</u>	<u>(20,759)</u>	<u>(7,743)</u>
Total Other Financing Sources (Uses)	<u>7,376</u>	<u>(367)</u>	<u>(7,743)</u>
Net Change in Fund Balance	19,952	(1,194)	(21,146)
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>\$19,952</u>	<u>(\$1,194)</u>	<u>(\$21,146)</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, 2008

	Nutrition Education & Training Program Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	300	300	0
Total Revenues	300	300	0
Expenditures:			
Current:			
Instruction:			
Regular	0	299	(299)
Total Expenditures	0	299	(299)
Net Change in Fund Balance	300	1	(299)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$300	\$1	(\$299)

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, 2008

	Class Size Reduction Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$188,345	\$188,345	\$0
Total Revenues	188,345	188,345	0
Expenditures:			
Current:			
Instruction:			
Other	2,409	2,489	(80)
Support Services:			
Instructional Staff	415,097	428,800	(13,703)
Total Expenditures	417,506	431,289	(13,783)
Excess of Revenues Over (Under) Expenditures	(229,161)	(242,944)	(13,783)
Other financing sources (uses):			
Advances In	228,725	228,725	0
Advances (Out)	(141,907)	(146,591)	(4,684)
Transfers In	129,874	129,874	0
Transfers (Out)	(262,924)	(271,603)	(8,679)
Total Other Financing Sources (Uses)	(46,232)	(59,595)	(13,363)
Net Change in Fund Balance	(275,393)	(302,539)	(27,146)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	234,751	234,751	0
Fund Balance End of Year	(\$40,642)	(\$67,788)	(\$27,146)

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, 2008

	Miscellaneous Federal Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$2,276,548	\$2,276,548	\$0
Total Revenues	<u>2,276,548</u>	<u>2,276,548</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Regular	76,953	87,555	(10,602)
Special	1,136,752	1,293,361	(156,609)
Other	1,165	1,326	(161)
Support Services:			
Instructional Staff	1,334,226	1,518,040	(183,814)
School Administration	21,907	24,925	(3,018)
Operation of Non-Instructional Services	967	1,100	(133)
Total Expenditures	<u>2,571,970</u>	<u>2,926,307</u>	<u>(354,337)</u>
Excess of Revenues Over (Under) Expenditures	<u>(295,422)</u>	<u>(649,759)</u>	<u>(354,337)</u>
Other financing sources (uses):			
Advances In	742,693	742,693	0
Advances (Out)	<u>(652,257)</u>	<u>(742,117)</u>	<u>(89,860)</u>
Total Other Financing Sources (Uses)	<u>90,436</u>	<u>576</u>	<u>(89,860)</u>
Net Change in Fund Balance	(204,986)	(649,183)	(444,197)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>279,557</u>	<u>279,557</u>	<u>0</u>
Fund Balance End of Year	<u>\$74,571</u>	<u>(\$369,626)</u>	<u>(\$444,197)</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, 2008

	Food Service Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$1,894,026	\$1,894,026	\$0
Charges for Services	637,736	637,736	0
Total Revenues	<u>2,531,762</u>	<u>2,531,762</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Other	134	195	(61)
Support Services:			
Operation of Non-Instructional Services	<u>2,534,093</u>	<u>3,696,163</u>	<u>(1,162,070)</u>
Total Expenditures	<u>2,534,227</u>	<u>3,696,358</u>	<u>(1,162,131)</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,465)</u>	<u>(1,164,596)</u>	<u>(1,162,131)</u>
Other financing sources (uses):			
Advances In	<u>234,320</u>	<u>234,320</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>234,320</u>	<u>234,320</u>	<u>0</u>
Net Change in Fund Balance	231,855	(930,276)	(1,162,131)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>89,227</u>	<u>89,227</u>	<u>0</u>
Fund Balance End of Year	<u>\$321,082</u>	<u>(\$841,049)</u>	<u>(\$1,162,131)</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, 2008

	Uniform School Supply Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Tuition and Fees	\$51,324	\$51,324	\$0
Total Revenues	51,324	51,324	0
Expenditures:			
Current:			
Operation of Non-Instructional Services	36,587	247,199	(210,612)
Total Expenditures	36,587	247,199	(210,612)
Excess of Revenues Over (Under) Expenditures	14,737	(195,875)	(210,612)
Other financing sources (uses):			
Advances In	552,895	552,895	0
Advances (Out)	(81,833)	(552,895)	(471,062)
Transfers In	80,000	80,000	0
Total Other Financing Sources (Uses)	551,062	80,000	(471,062)
Net Change in Fund Balance	565,799	(115,875)	(681,674)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	49,971	49,971	0
Fund Balance End of Year	<u>\$615,770</u>	<u>(\$65,904)</u>	<u>(\$681,674)</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, 2008

	Special Rotary Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Other Revenues	\$100	\$100	\$0
Total Revenues	100	100	0
Expenditures:			
Current:			
Operation of Non-Instructional Services	5,909	0	5,909
Total Expenditures	5,909	0	5,909
Net Change in Fund Balance	(5,809)	100	5,909
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,157	5,157	0
Fund Balance End of Year	(\$652)	\$5,257	\$5,909

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, 2008

	Adult Education Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Tuition and Fees	\$2,303	\$2,303	\$0
Intergovernmental	28,170	28,170	0
Other Revenues	4,024	4,024	0
Total Revenues	34,497	34,497	0
Expenditures:			
Current:			
Operation of Non-Instructional Services	32,539	46,134	(13,595)
Total Expenditures	32,539	46,134	(13,595)
Net Change in Fund Balance	1,958	(11,637)	(13,595)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	10,286	10,286	0
Fund Balance End of Year	\$12,244	(\$1,351)	(\$13,595)

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, 2008

	Debt Service Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$5,473,437	\$4,175,350	(\$1,298,087)
Intergovernmental	1,483,249	1,131,480	(351,769)
Total Revenues	<u>6,956,686</u>	<u>5,306,830</u>	<u>(1,649,856)</u>
Expenditures:			
Current:			
Support Services:			
Fiscal	124,267	86,016	38,251
Debt Service:			
Principal Retirement	8,892,084	6,155,000	2,737,084
Interest and Fiscal Charges	4,458,823	3,086,347	1,372,476
Total Expenditures	<u>13,475,174</u>	<u>9,327,363</u>	<u>4,147,811</u>
Excess of Revenues Over (Under) Expenditures	<u>(6,518,488)</u>	<u>(4,020,533)</u>	<u>2,497,955</u>
Other financing sources (uses):			
Proceeds of Short-Term Notes	4,837,195	3,690,000	(1,147,195)
Total Other Financing Sources (Uses)	<u>4,837,195</u>	<u>3,690,000</u>	<u>(1,147,195)</u>
Net Change in Fund Balance	(1,681,293)	(330,533)	1,350,760
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>2,325,055</u>	<u>2,325,055</u>	<u>0</u>
Fund Balance End of Year	<u>\$643,762</u>	<u>\$1,994,522</u>	<u>\$1,350,760</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, 2008

	Building Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$732,205	\$732,205	\$0
Other Revenues	2,909	2,909	0
Total Revenues	<u>735,114</u>	<u>735,114</u>	<u>0</u>
Expenditures:			
Current:			
Support Services:			
Operations and Maintenance	523,550	515,214	8,336
Capital Outlay	<u>21,092,006</u>	<u>20,756,165</u>	<u>335,841</u>
Total Expenditures	<u>21,615,556</u>	<u>21,271,379</u>	<u>344,177</u>
Net Change in Fund Balance	(20,880,442)	(20,536,265)	344,177
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>20,611,555</u>	<u>20,611,555</u>	<u>0</u>
Fund Balance End of Year	<u>(\$268,887)</u>	<u>\$75,290</u>	<u>\$344,177</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, 2008

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

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, 2008

	SchoolNet Plus Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Instruction:			
Regular	197	197	0
Total Expenditures	197	197	0
Net Change in Fund Balance	(197)	(197)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	197	197	0
Fund Balance End of Year	\$0	\$0	\$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, 2008

	Student Activity			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$74,646	\$68,098	\$68,134	\$74,610
Receivables:				
Accounts	0	118	0	118
Total Assets	<u>74,646</u>	<u>68,216</u>	<u>68,134</u>	<u>74,728</u>
Liabilities:				
Accounts Payable	0	1,419	0	1,419
Other Liabilities	74,646	66,797	68,134	73,309
Total Liabilities	<u>\$74,646</u>	<u>\$68,216</u>	<u>\$68,134</u>	<u>\$74,728</u>

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STATISTICAL SECTION

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 Six Fiscal Years (1)
 (accrual basis of accounting)
 Schedule 1

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
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	\$12,290,959
Restricted	8,437,904	12,430,660	9,985,928	12,868,892	17,120,766	13,174,556
Unrestricted	(1,886,754)	1,078,324	(2,697,142)	(3,327,956)	(4,558,346)	224,044
Total Net Assets	<u>\$16,568,206</u>	<u>\$15,273,121</u>	<u>\$10,428,703</u>	<u>\$12,874,437</u>	<u>\$20,385,574</u>	<u>\$25,689,559</u>

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 Six Fiscal Years (1)
(accrual basis of accounting)
Schedule 2

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental Activities:						
Instruction	\$40,067,476	\$39,780,688	\$42,252,745	\$42,988,158	\$42,406,738	\$43,559,450
Pupil	4,046,144	4,220,322	4,358,304	4,182,323	4,499,071	4,269,073
Instructional Staff	3,767,945	3,427,309	3,540,476	4,104,223	4,767,755	4,294,621
General Administration	80,157	38,334	36,659	23,603	26,713	28,152
School Administration	5,865,161	5,686,716	6,081,530	5,274,363	5,557,076	4,969,878
Fiscal	1,190,464	1,316,828	1,486,704	1,346,439	1,565,314	1,602,802
Business	205,079	271,843	355,906	302,611	498,372	378,914
Operation and Maintenance	6,719,128	6,912,662	7,256,478	7,612,955	7,228,123	8,650,520
Pupil Transportation	2,271,967	2,655,273	3,000,568	2,919,435	3,062,815	3,179,889
Central	1,638,800	1,672,277	1,909,674	1,707,030	2,098,304	1,764,603
Operation of Non-Instructional Services	918,003	4,028,191	3,636,886	3,960,309	3,097,638	3,689,463
Extracurricular Activities	735,315	804,618	680,257	795,465	912,856	787,327
Interest and Fiscal Charges	18,532	1,403,415	3,258,401	3,449,841	2,437,992	2,999,529
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>	<u>80,174,221</u>
Program Revenues						
Governmental Activities:						
Charges for Services						
Instruction	322,602	567,430	512,974	698,140	826,053	536,644
Pupil	125,618	79,212	24,256	29,595	60,320	29,411
Instructional Staff	747	9,994	0	0	92	3
General Administration	0	950	0	0	0	0
School Administration	255	417	0	0	0	0
Operation and Maintenance	38,474	36,175	30,150	115,677	75,601	51,064
Pupil Transportation	68,807	94,210	122,808	160,878	118,062	389,847
Central	31	418	0	0	0	2
Operation of Non-Instructional Services	0	1,159,617	1,113,242	823,803	811,212	689,016
Extracurricular Activities	201,284	206,952	206,256	279,617	277,117	232,082
Operating Grants and Contributions	7,935,288	10,042,965	10,463,524	14,625,856	18,905,396	21,245,312
Capital Grants and Contributions	195,055	135,480	99,364	27,023	94,861	14,078
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>	<u>23,187,459</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>	<u>(\$56,986,762)</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 Six Fiscal Years (1)
 (accrual basis of accounting)
 Schedule 3

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Net (Expense)/Revenue	(\$58,636,010)	(\$59,884,656)	(\$65,282,014)	(\$61,906,166)	(\$56,990,053)	(\$56,986,762)
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	19,017,594
Property Taxes Levied for Special Revenue Purposes	10,173,736	6,387,321	9,568,394	13,680,223	15,998,068	15,925,322
Property Taxes Levied for Debt Service Purposes	226,967	2,105,183	4,779,338	4,513,669	4,243,108	4,373,040
Grants and Entitlements Not Restricted to Specific Programs	22,943,643	24,016,973	23,197,208	23,692,530	22,572,267	21,419,027
Payment in Lieu of Taxes	117,986	108,066	96,121	75,613	54,728	0
Unrestricted Contributions	62,468	76,893	11,547	4,977	22,223	24,728
Investment Earnings	514,161	715,854	1,933,251	1,667,994	2,131,508	1,391,914
Other Revenues	294,034	0	850,121	244,051	177,692	139,122
Total General Revenues	54,292,804	59,065,819	60,437,596	64,888,763	64,501,190	62,290,747
Change in Net Assets	(\$4,343,206)	(\$818,837)	(\$4,844,418)	\$2,982,597	\$7,511,137	\$5,303,985

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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$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	\$1,280,574
Unreserved	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)	(3,511,819)
Total General Fund	8,199,457	7,544,734	11,058,250	9,689,518	2,101,477	(2,524,922)	(3,094,621)	(3,886,585)	(6,525,518)	(2,231,245)
All Other Governmental Funds										
Reserved	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	7,505,213
Unreserved, Reported in:										
Special Revenue Funds	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	3,183,607
Debt Service Funds	576,845	724,145	119,986	375,640	108,809	(1,236,199)	(3,327,299)	(2,922,416)	(1,566,396)	(1,711,469)
Capital Project Funds	439,018	(130,639)	672,057	217,203	245,622	75,199,149	53,297,603	7,444,955	2,040,524	1,896
Total all Other Governmental Funds	\$6,563,997	\$4,853,536	\$4,931,208	\$2,478,582	\$6,329,862	\$80,805,629	\$69,547,547	\$39,629,234	\$21,945,706	\$8,979,247

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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues:										
Taxes	\$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	\$39,009,403
Revenue in Lieu of Taxes	0	0	0	0	55,096	0	0	0	0	0
Tuition and Fees	42,790	13,366	180,804	176,775	389,861	653,559	638,515	939,407	1,027,156	972,600
Investment Earnings	823,497	1,167,796	1,233,654	738,280	514,161	715,854	1,933,143	1,667,994	2,131,508	1,391,914
Intergovernmental	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	42,563,950
Extracurricular Activities	0	0	222,069	287,543	273,536	239,873	229,091	228,349	254,306	260,034
Charges for Services	0	0	0	0	0	1,225,238	1,113,242	823,804	811,212	637,736
Other Revenues	680,115	689,121	632,919	225,185	384,531	278,851	899,993	354,519	275,698	221,547
Total Revenues	\$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	\$85,057,184

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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Instruction	\$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	\$42,666,670
Pupil	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	4,318,458
Instructional Staff	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	4,338,546
General Administration	0	525,750	32,060	41,326	80,157	38,334	36,659	23,603	26,713	28,152
School Administration	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	5,036,582
Fiscal	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	1,626,470
Business	0	0	175,501	181,619	220,962	257,521	329,267	288,765	489,650	425,545
Operation and Maintenance	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	6,992,725
Pupil Transportation	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	3,116,607
Central	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	1,715,473
Operation of Non-Instructional Services	900,563	1,115,875	944,139	843,677	909,419	3,935,230	3,634,918	3,999,121	3,072,757	3,685,944
Extracurricular Activities	774,104	815,772	596,687	754,181	741,966	802,265	677,981	792,039	913,324	789,531
Capital Outlay	132,300	369,741	191,333	208,113	0	459,630	8,501,833	32,295,128	25,417,655	13,708,012
Debt Service										
Principal Retirement	95,000	105,000	0	0	50,739	122,636	4,269,617	1,872,944	2,049,492	2,813,657
Interest and Fiscal Charges	56,163	3,902	21,165	0	17,976	1,424,838	3,270,067	3,408,083	2,651,808	3,178,262
Total Expenditures	\$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	\$94,440,634

Debt Service as a Percentage of
 Noncapital Expenditures

0.27% 0.18% 0.04% 0.00% 0.10% 2.17% 9.37% 6.67% 5.99% 7.52%

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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Other Financing Sources (Uses)										
Issuance of Long Term Debt	\$0	\$0	\$0	\$0	\$0	\$70,800,000	\$0	\$0	\$0	\$677,662
Premium on Bonds Payable	0	0	0	0	0	3,184,930	0	0	0	0
Issuance of Capital Leases	0	0	0	0	374,688	0	3,254,828	921,653	0	0
Proceeds from Sale of Capital Assets	43,049	9,675	28,978	258,005	40,983	7,120	45,485	10,660	3,949	33,602
Sale of Refunding Bonds	0	0	0	0	0	0	0	0	55,465,000	0
Refunding Bonds Issue Costs	0	0	0	0	0	0	0	0	(765,639)	0
Payments to Refunding Bond Escrow Agent	0	0	0	0	0	0	0	0	(59,855,611)	0
Premium on the Sale of Refunding Bonds	0	0	0	0	0	0	0	0	5,156,250	0
Transfers In	2,444,951	24,000	880,345	8,713	523,102	76,060,346	100	0	963,581	366,669
Transfers (Out)	(2,444,951)	(524,000)	(1,380,345)	(8,713)	(523,102)	(76,060,346)	(100)	0	(963,581)	(366,669)
Total Other Financing Sources (Uses)	43,049	(490,325)	(471,022)	258,005	415,671	73,992,050	3,300,313	932,313	3,949	711,264
Net Change in Fund Balances	\$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)	(\$8,672,186)

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 Assessed Value (2)</u>	<u>Tangible Personal Property Assessed Value (2)</u>	<u>Public Utilities Personal Assessed Value (2)</u>	<u>Total Assessed Value (2)</u>	<u>Total Estimated Actual Value</u>	<u>Total Direct Rate</u>
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
2007	717,245,370	133,592,134	36,901,260	887,738,764	2,620,542,282	45.75

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
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
2007	45.75	10.95	8.01	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 Two Years Ago (1)
Schedule 10

<u>2007</u>		
<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
Cincinnati Gas and Electric	\$33,348,310	3.76%
AK Steel Corp	15,095,550	1.70%
Ohio Bell Telephone	5,836,540	0.66%
Precision Strip INC	4,166,220	0.47%
Southwestern Ohio Steel	4,061,950	0.46%
Boymel Sam	3,567,860	0.40%
Bavarian Woods Apts.	2,955,990	0.33%
Chaka-Chak LLC	2,033,000	0.23%
Texas Eastern Transmission	1,886,190	0.21%
Bay West Paper Corp	1,817,680	0.20%
	<u>\$74,769,290</u>	<u>8.42%</u>

<u>2005</u>		
<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
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 two years ago information only available. Information from nine years prior is not available.

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
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%
2007	40,619,396	33,468,165	82.39%	1,726,207	35,194,372	86.64%

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				
1999	\$105,000	\$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		0.03%	0.01%	18
2001	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		0.02%	0.01%	10
2003	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	201,313	76,001,313		2.58%	0.70%	1,473
2005	0	66,970,000	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	76,179,751		2.51%	0.65%	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		2.57%	N/A	1,440
2008	0	5,555,000	0	54,719,650	4,846,875	1,889,478	1,105,268	3,690,000	71,806,271		2.74%	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, 2008
 Schedule 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Direct and Overlapping Debt
Overlapping Debt:			
Butler County	\$72,294,680	11.91%	\$8,610,296
Warren County	248,465	1.51%	3,752
City of Middletown	37,157,000	97.64%	36,280,095
Turtlecreek Township	2,475,000	1.84%	45,540
Butler Technology and Career Center Joint Vocational School District	6,000,000	14.88%	892,800
Subtotal, Overlapping Debt	118,175,145		45,832,483
District Direct Debt	63,566,816	99.64%	63,337,975
Total Direct and Overlapping Debt	\$181,741,961		\$109,170,458

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 2008

Assessed value (1)	\$887,738,764
Debt limit (9% of assessed value)	79,896,489
Debt applicable to limit	63,566,816
Legal debt margin	<u>\$16,329,673</u>

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	\$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	\$79,896,489
Total Net Debt Applicable to Limit	0	0	0	0	0	70,800,000	71,845,000	71,229,916	66,105,060	63,566,816
Legal Debt Margin	\$90,989,754	\$91,320,474	\$82,489,770	\$85,467,329	\$85,742,448	\$15,585,753	\$24,875,660	\$17,822,998	\$31,261,973	\$16,329,673

Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	81.96%	74.28%	79.99%	67.89%	79.56%
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Source: District Records

(1) - Assessed values are on a calendar year basis (i.e. fiscal year 2008 is calendar year 2007)

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)
1998	46,022	\$8,560,958	\$26,079	3.6%
1999	46,022	9,087,357	27,475	3.3%
2000	46,022	9,547,252	28,612	3.2%
2001	51,605	9,729,127	28,949	3.2%
2002	51,605	9,938,473	29,415	4.5%
2003	51,605	10,285,549	30,297	4.5%
2004	51,605	10,844,563	29,864	4.3%
2005	51,605	11,080,584	31,662	5.2%
2006	51,605	11,707,628	33,130	5.6%
2007	51,605	N/A	N/A	5.1%

- 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
 Major Employers (1)
 Current Fiscal Year (2)
 Schedule 16

<u>Major Employers (3)</u>	<u>Type (4)</u>
AK Steel Holding Corp	Mfg
Amylin Pharmaceuticals Inc	Mfg
Armor Holdings Inc	Mfg
Butler County Government	Govt
Cincinnati Financial Corp	Ins
Cornerstone Brands Inc	Trade
Fairfield City Bd of Ed	Govt
Ft Hamilton Memorial Hospital	Serv
Hamilton City Bd of Ed	Govt
Lakota Local Bd of Ed	Govt
Liberty Mutual/Ohio Casualty Corp	Ins
Mercy Regional Hospital	Serv
Miami University	Govt
Middletown Regional Health System	Serv

Source: Ohio Department of Development

(1) - For all of Butler County

(2) - Only current fiscal year information available

(3) - In alphabetical order only

(4) - Number of employees and percentage of population employed not available

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

	Fiscal Year									
	1999	2000	2001 (1)	2002	2003	2004	2005	2006 (2)	2007	2008
Instruction										
Classroom teachers	496.0	514.0	444.0	455.0	435.0	408.0	367.0	354.5	337.5	306.5
Special education teachers and tutors	78.0	83.0	73.0	70.0	72.0	75.0	70.0	69.0	78.0	80.0
Educational aides	30.0	33.0	32.0	42.0	40.0	41.0	43.0	41.5	52.0	58.0
Special education aides and attendants	11.0	11.0	11.0	11.0	13.0	12.0	12.0	12.0	8.0	9.0
Total Instruction	<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>	<u>453.5</u>
Support Services										
Support personnel										
Librarians, nurses, counselors, visiting teachers	85.0	92.0	103.0	92.0	92.0	91.0	92.0	99.0	98.0	91.5
Principals	32.0	33.0	30.0	32.0	30.0	28.0	26.0	25.0	23.0	21.0
Central office administration	20.0	21.0	20.0	22.0	23.0	22.0	23.0	19.0	21.0	20.0
Secretaries and clerical	56.0	55.0	52.0	54.0	56.0	51.0	48.0	47.0	57.0	46.0
Transportation	58.0	58.0	50.0	51.0	51.0	51.0	52.0	51.0	55.0	50.0
Food service	79.0	75.0	68.0	63.0	57.0	60.0	56.0	0.0	0.0	0.0
Custodial	54.0	53.0	52.0	51.0	54.0	51.0	47.0	45.0	44.0	36.0
Maintenance and mechanics	19.0	17.0	15.0	15.0	15.0	16.0	16.0	12.0	11.0	8.0
Total Support Services	<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>	<u>272.5</u>
Total Employees	<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>	<u>726.0</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)		Percentage Change		Expenses (3)	Cost Per Pupil (4)		Percentage Change		Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
			Per Pupil (2)	Percentage Change	Per Pupil (4)	Percentage Change								
1999	9,566	\$58,208,419	\$6,085	10.45%	N/A	N/A	N/A	\$6,514	5.32%	574	17	29.13%		
2000	9,343	60,934,093	6,522	7.18%	N/A	N/A	N/A	7,127	9.41%	597	16	32.81%		
2001	7,818	60,028,783	7,678	17.73%	N/A	N/A	N/A	8,165	14.56%	517	15	39.06%		
2002	7,836	62,284,120	7,948	3.52%	N/A	N/A	N/A	8,514	4.27%	525	15	36.01%		
2003	7,631	67,335,202	8,824	11.01%	\$67,524,171	\$8,849	N/A	9,116	7.07%	507	15	42.45%		
2004	7,302	70,456,316	9,649	9.35%	72,218,476	9,890	11.77%	9,440	3.55%	483	15	48.63%		
2005	7,198	72,607,035	10,087	4.54%	77,854,588	10,816	9.36%	9,879	4.65%	437	16	52.70%		
2006	6,925	73,868,316	10,667	5.75%	78,666,755	11,360	5.03%	10,689	8.20%	424	16	52.29%		
2007	6,436	76,474,165	11,882	11.39%	78,158,767	12,144	6.90%	N/A	N/A	416	15	66.50%		
2008	6,586	74,740,703	11,348	-4.49%	80,174,221	12,173	0.24%	N/A	N/A	387	17	65.00%		

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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<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	503	503
Enrollment	431	406	238	231	416	385	446	276	400	468
Percent of Capacity (3)	79%	74%	44%	42%	76%	71%	82%	51%	80%	93%
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	298	292	268	270	285	271	292	291	270	245
Percent of Capacity (3)	123%	120%	110%	111%	117%	112%	120%	120%	111%	101%
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	438	358	336	358	342	442	383	417	359	354
Percent of Capacity (3)	134%	109%	103%	109%	105%	135%	117%	128%	110%	108%
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)	62,000	62,000
Capacity	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	503	503
Enrollment	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	456	442
Percent of Capacity (3)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	91%	88%
Site Acreage	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	12	12
Highview Elementary - 2007										
Square feet	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	62,000	62,000
Capacity	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	503	503
Enrollment	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	448	449
Percent of Capacity (3)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	89%	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	(2)	(2)	(2)	(2)	(2)
Capacity	334	334	334	334	334	(2)	(2)	(2)	(2)	(2)
Enrollment	322	329	293	274	312	(2)	(2)	(2)	(2)	(2)
Percent of Capacity (3)	96%	99%	88%	82%	93%	(2)	(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	624	596	555	530	458	447	576	537	(6)	(6)
Percent of Capacity (3)	147%	140%	131%	125%	108%	105%	136%	126%	(6)	(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	(2)	(2)
Capacity	639	639	639	639	639	639	639	639	(2)	(2)
Enrollment	390	406	437	436	330	233	203	227	(2)	(2)
Percent of Capacity (3)	61%	64%	68%	68%	52%	36%	32%	36%	(2)	(2)
Site Acreage	8	8	8	8	8	8	8	8	(2)	(2)
Miller Ridge Elementary - 2008										
Square feet	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	62,000
Capacity	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	502
Enrollment	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	421
Percent of Capacity (3)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	84%
Site Acreage	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	37

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<u>School</u>										
Elementary Schools (continued)										
Monroe Elementary - 1955										
Square feet	44,638	44,638	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Capacity	500	500	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Enrollment	432	448	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Percent of Capacity (3)	86%	90%	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Site Acreage	8	8	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Oneida Elementary - 1953										
Square feet	37,255	37,255	37,255	37,255	(2)	(2)	(2)	(2)	(2)	(2)
Capacity	299	299	299	299	(2)	(2)	(2)	(2)	(2)	(2)
Enrollment	268	266	268	265	(2)	(2)	(2)	(2)	(2)	(2)
Percent of Capacity (3)	90%	89%	90%	89%	(2)	(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	755	763	709	669	728	731	746	765	601	414
Percent of Capacity (3)	93%	94%	87%	82%	90%	90%	92%	94%	74%	51%
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)	62,000	62,000
Capacity	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	503	503
Enrollment	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	453	457
Percent of Capacity (3)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	90%	91%
Site Acreage	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	8	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	339	322	335	338	314	307	325	332	268	(9)
Percent of Capacity (3)	129%	123%	128%	129%	120%	117%	124%	127%	102%	(9)
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	378	379	362	356	313	379	302	271	(7)	(7)
Percent of Capacity (3)	70%	71%	67%	66%	58%	71%	56%	50%	(7)	(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	314	341	323	311	300	433	392	390	(6)	(6)
Percent of Capacity (3)	88%	96%	91%	87%	84%	122%	110%	110%	(6)	(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	(2)	(2)
Capacity	387	387	387	387	387	387	387	387	(2)	(2)
Enrollment	340	323	308	284	270	357	337	330	(2)	(2)
Percent of Capacity (3)	88%	83%	80%	73%	70%	92%	87%	85%	(2)	(2)
Site Acreage	5	5	5	5	5	5	5	5	(2)	(2)

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<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	943	773	765	827	799	797	736	703	907	821
Percent of Capacity (3)	60%	49%	49%	52%	51%	51%	47%	45%	58%	52%
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	645	699	622	616	617	605	483	489	599	625
Percent of Capacity (3)	99%	107%	95%	94%	94%	93%	74%	75%	92%	96%
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	(2)	(2)
Capacity	312	312	312	312	312	312	312	312	(2)	(2)
Enrollment	169	169	174	148	177	158	122	66	(2)	(2)
Percent of Capacity (3)	54%	54%	56%	47%	57%	51%	39%	21%	(2)	(2)
Site Acreage	3	3	3	3	3	3	3	3	3	3
Lemon Monroe High - 1949										
Square feet	175,476	175,476	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Capacity	1,200	1,200	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Enrollment	940	896	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Percent of Capacity (3)	78%	75%	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Site Acreage	35	35	(1)	(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	1,536	1,569	1,740	1,839	1,832	1,754	1,809	1,831	1,797	1,834
Percent of Capacity (3)	71%	72%	80%	84%	84%	81%	83%	84%	83%	84%
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 2008, 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
- (8) - Building opened in fiscal year 2008
- (9) - Rosedale Elementary was under renovation during fiscal year 2008. It will be renamed New Central Academy.



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
FEBRUARY 17, 2009