

**MIDDLETOWN CITY SCHOOL DISTRICT
MIDDLETOWN, OHIO**

**MIDDLETOWN
CITY
SCHOOLS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Education
Middletown City School District
Middletown, Ohio

We have reviewed the independent auditor's report of the Middletown City School District, Butler County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2000 through June 30, 2001. 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.

JIM PETRO
Auditor of State

January 18, 2002

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MIDDLETOWN CITY SCHOOL DISTRICT
MIDDLETOWN, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

Prepared by the Office of the Treasurer
Edmund R. Pokora, Treasurer
Robin B. Perry, Assistant Treasurer

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INTRODUCTORY SECTION

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MIDDLETOWN CITY SCHOOL DISTRICT

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513-420-4579 (fax)

Dr. Wayne T. Driscoll, Superintendent

Website: www.middletowncityschools.com

Middletown High

601 N. Breiel Blvd.
Middletown, Ohio 45042-3894
513-420-4500

**Garfield Alternative
Education Center**

1830 Yankee Road
Middletown, Ohio 45044-5491
513-420-4593

Vail Middle

1415 Girard Avenue
Middletown, Ohio 45044-4397
513-420-4528

Verity Middle

1900 Johns Road
Middletown, Ohio 45044-6799
513-420-4538

Amanda Elementary

1300 Oxford State Road
Middletown, Ohio 45044-7553
513-420-4542

Central Academy

1516 First Avenue
Middletown, Ohio 45044-4124
513-420-4537

Creekview Elementary

301 Loretta Drive
Middletown, Ohio 45044-5398
513-420-4544

Jefferson Elementary

800 Charles Street
Middletown, Ohio 45042-2294
513-420-4546

Mayfield Elementary

3325 Burbank Street
Middletown, Ohio 45044-7018
513-420-4549

McKinley Elementary

1210 S. Verity Pkwy.
Middletown, Ohio 45044-5611
513-420-4552

Oneida Elementary

2901 Yankee Road
Middletown, Ohio 45044-7656
513-420-4554

Roosevelt Elementary

2701 Central Avenue
Middletown, Ohio 45044-4895
513-420-4556

Rosedale Elementary

4601 Sophie Avenue
Middletown, Ohio 45042-3893
513-420-4559

Taft Elementary

1036 S. Verity Pkwy.
Middletown, Ohio 45044-5513
513-420-4561

Wildwood Elementary

3300 Wildwood Road
Middletown, Ohio 45042-2519
513-420-4564

Wilson Elementary

106 S. Highview Road
Middletown, Ohio 45044-5095
513-420-4566

Community Education

601 N. Breiel Blvd.
Middletown, Ohio 45042-3894
513-420-4520

November 16, 2001

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, 2001, is hereby submitted. This report contains financial statements, supplemental statements, and other financial and statistical information to provide complete and full disclosure of all material financial aspects of the District for the 2001 fiscal year.

Responsibility for the accuracy, completeness, and fairness of this report rests with the District and specifically, the Office of the Treasurer. To the best of our knowledge and belief, this report and the enclosed data are accurate in all material aspects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District.

This report is divided into three sections:

The Introductory Section includes the table of contents, this transmittal letter, which provides an overview of the District for the 2000-2001 school year, a list of principal officials, and an organizational chart.

The Financial Section includes the unqualified opinion of our independent auditors, Plattenburg and Associates, Inc., the general purpose financial statements, and the combining and individual fund and account group financial statements and schedules.

The Statistical Section includes selective financial, economic, and demographic information, generally presented on a multi-year basis for comparative purposes.

This report was prepared in conformance with generally accepted accounting principles as set forth by the Governmental Accounting Standards Board (GASB) and is representative of the District's continuing commitment to provide meaningful financial information to the citizens of Middletown.

DESCRIPTION OF THE DISTRICT

The District serves an area of 25 square miles, encompassing the City of Middletown and a portion of Lemon Township in the northeastern corner of Butler County. It also encompasses a small portion of Franklin Township in Warren County. The population of the District is over 62,000 according to information from the U.S. Census Bureau, with the City of Middletown accounting for over 58,000 residents. The tax base of the District is comprised of a unique blend of residential, commercial, and industrial property, with over 60% of the tax revenue of the District paid by business and industry. The largest employer in the District is AK Steel, which employs over 4,000 at the Middletown Works and contributes over 13% to the total tax base of the District.

During the 2000-2001 school year, the District had 7,705 students enrolled in 12 elementary schools, two middle schools serving grades 7-8, one comprehensive high school for grades 9-12, and one alternative high school. The District also operates a variety of other facilities, including a central administration building, bus garage, central supply warehouse, and several sports fields.

The District provides a full range of programs and services for its students and citizens. These include elementary and secondary course offerings at the general and college preparatory levels; a broad range of co-curricular and extra-curricular activities to complement the students' curricular program; community education programs for personal development; and adult education offerings for improvement beyond the high school level. Opportunities for vocational education programs are offered through the Butler County Joint Vocational School.

ORGANIZATION OF THE 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 members of the Board, current terms, and total years served as of June 30, 2001, are:

<u>Board Member</u>	<u>Current Term</u>	<u>Total Years</u>
Dr. Mark Frazer	Jan. 1998 - Dec. 2001	11-1/2
Mrs. Katie McNeil	Jan. 2000 - Dec. 2003	5-1/2
Rev. Greg Tyus	Jan. 2000 - Dec. 2003	1-1/2
Mr. John Venturella	Jan. 2000 - Dec. 2003	1-1/2
Mr. Steve Lane	Apr. 2000 - Dec. 2001	1-1/2

For 2001, the members elected Dr. Frazer President and Rev. Tyus Vice-President of the Board of Education.

In addition to policy development, one of the primary duties of the Board is to employ a Superintendent and Treasurer.

The Superintendent is the Chief Executive Officer of the District and is directly responsible to the Board for all operations of the District. On March 9, 1998, the Board named Dr. Wayne Driscoll, Superintendent, for a three-year term ending July 31, 2001. During the 2001 fiscal year the Board and Superintendent agreed to a new three-year contract that will expire on July 31, 2004. Dr. Driscoll holds a Doctorate in Education from Columbia University and has 29 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. Ed Pokora has served as Treasurer since October 1989 and has a total of 18 years experience as a school treasurer in Ohio. At its Organizational meeting in January 2000 the Board approved a four-year contract with Mr. Pokora that expires in January 2004.

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

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 who require easy access to the nation's interstate system. Approximately 42% of the District's tax base are 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 very positive with low unemployment rates, growth in the local tax base, and low inflationary pressures.

EMPLOYEE RELATIONS

The District employed 995 full and part-time staff members during the 2000-2001 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. In September 1998, the MTA and the District entered into a new collective bargaining agreement on language, salary and fringe benefits issues that expired on June 30, 2001. Negotiations with the MTA on a new agreement began in March 2001, but were not completed by the end of the 2001 fiscal year.

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, lunchroom services, clerical support, and building maintenance and custodial needs. In August 1999, the District and the association concluded negotiations on a new collective bargaining agreement that expires on June 30, 2002.

MAJOR INITIATIVES FOR THE YEAR

The 2000-2001 school year proved to be a year of transition for the Middletown City Schools. It was the first school year since 1954 that students from the City of Monroe did not attend Middletown schools. A separate Monroe Local School District was formed on July 1, 2000 from portions of the Middletown and Lebanon school districts.

Tax Levy Renewed

On May 8, 2001 residents approved the renewal of a 4.52 mill, three-year levy that will expire on December 31, 2004. Voters approved this renewal levy with a 58% positive vote, the highest approval rating since 1969. This levy generates \$4.1 million annually and was originally passed in 1995 at the rate of 5.72 mills. This levy has been instrumental in targeting expenditures toward areas that most benefit student achievement and the overall improvement of the system since it was initially approved.

During the renewal campaign, district voters were informed how the funds would be used through the next three years. The levy allocations included: 80% toward direct classroom instructional needs such as textbooks, supplies, equipment, and computers; 15% for business operations and student safety; and 5% toward the establishment of a Budget Reserve Fund for unanticipated expenditures.

Middletown City Schools Continuous Improvement Plan (CIP)

In the summer of 2000, through the combined efforts of school district officials, business leaders, and community representatives, a critical review of the educational needs of the District was conducted. The Middletown City Schools Continuous Improvement Plan (CIP) was adopted by the Board of Education, which outlined specific goals and strategies aimed at improvements in student achievement, attendance, and graduation requirements. The overall goal of the CIP is for the District to become the first urban school district in Ohio to be designated as "effective" on Ohio's state report cards. Implementation of the CIP began in the fall of 2000 and continued through the 2001 fiscal year.

The State of Ohio has adopted 27 accountability standards for school districts and issues report cards each year that classifies a school district in one of four categories, based on the number of standards met. On the 2001 state report card issued in February 2001, the District achieved 10 state standards, an increase of 3 from the 2000 report card. This increase in standards achieved improved the District's rating from Academic Emergency to Academic Watch. The District realized an increase in 19 of the 27 state standards on the 2001 report card.

The current phase of the CIP has involved over 150 individuals on one of six School Improvement Teams who have been reviewing, refining and further developing the key elements of the strategic plan into specific recommendations and action plans. These teams are focusing on the following areas: computer technology, state proficiency tests, full-service and site-based schools, a consistent and challenging curriculum, a multi-year financial plan, and school facilities. The District's CIP is focused on reaching the next report card designation, Continuous Improvement, which will require a total of 14 standards.

District, Staff and Student Recognition

During the 2000-2001 school year a number of school employees and students were recognized for notable achievements and accomplishments. Some of these included:

- Middletown High School (MHS) seniors Geeta Wadhwa and Nicole Woodward were two of 393 Ohio students to receive the Robert C. Byrd scholarship for academic achievement and excellence.
- Carol Fallang, elementary teacher at Rosedale Elementary School was a recipient of the Ashland Inc. Teacher Achievement Award. Ms. Fallang has been with Middle own for 11 years and was one of 10 teachers in Ohio to receive this award.
- MHS Freshman Carling Coffing placed 9th in the Ohio High School Girls Golf Tournament and was named to the Second Team All State.
- The Ohio Foreign Language Association named Sandy Womack, MHS Spanish teacher, the Foreign Language Teacher of the Year in March 2001. Ms. Womack has taught total of 27 years in Middletown.
- The OHANA Foundation named Middletown City Schools one of 50 national nominees for the Technology in Education Leadership Award (TELA) given each year for innovative use of technology in the classroom.
- Tia Marie Leedy, MHS senior, was recognized by the Board of Education for perfect attendance her entire academic career. Ms. Leedy had never missed a day of school from kindergarten through her senior year.
- Evonne McFarland, Adult Education teacher, was named the Southwestern Ohio Adult Education Teacher of the Year. Ms. McFarland has been teaching through the Community Education department for over 15 years.
- The National School Public Relations Association (NSPRA) recognized the District for media and communications accomplishments during the year. The District received the Award of Merit for web page development and the CIP parent booklet.

Vice-President Visits MHS

In October 2000 Vice-President Al Gore made a campaign stop at Middletown High School and spoke with staff and students on a number of educational topics. The Vice-President was running for President in the November 2000 presidential election and spent over four hours at MHS with running mate Joe Liebermann. Vice-President Gore also spoke to a full house at a student rally in the gymnasium that brought local and national media attention to the District and the community.

Partnership With Youth Program

In cooperation with the Mid-Miami Valley Chamber of Commerce and other area organizations, the Partnership With Youth Program was created in 1989 and continues to expand each year. The program establishes formal partnership arrangements between District businesses and individual schools that have become a vital link between the community and the school system. There are currently over 100 businesses and organizations, that partner with one or more of the District's school buildings.

FINANCIAL INFORMATION

The District's accounting system is organized on a "fund" basis. Each fund and account group is a distinct, self-balancing entity. Records for general governmental operations are maintained on a cash basis system of accounting as prescribed by the Ohio Auditor of State. Cash basis accounting differs from generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). GAAP, as more fully described in the notes to the financial statements, provides for a modified accrual basis of accounting for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, Expendable Trust Fund, and Agency Funds and for full accrual basis of accounting for all other funds. The District began a conversion to GAAP for financial reporting with the 1991 fiscal year making this report the eleventh CAFR published by the District.

Internal Controls

The management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of cost and benefits requires estimates and judgments by management.

Single Audit Act

As a recipient of federal and state financial assistance, the District is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the District and annual reviews by the District's independent auditors.

As a part of the District's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The results of the District's single audit for the fiscal year ended June 30, 2001 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgetary Controls

The District maintains its accounts, appropriations and other financial records in accordance with the procedures established and prescribed by the Ohio Auditor of State. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriation resolution approved by the Board of Education. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established by fund level. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts at year-end are carried forward to succeeding years and are not reappropriated.

Governmental and Expendable Trust Funds

The following schedule presents a summary of the major revenues for all Governmental Funds (including the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund) and the Expendable Trust Fund for the fiscal year ended June 30, 2001, and the amount and percentage of increases and decreases in relation to the 2000 fiscal year:

<u>Revenue by Source</u>	<u>2001 Amount</u>	<u>Percent of Total</u>	<u>Incr/(Decr) from 2000</u>	<u>Percent of Incr/(Decr)</u>
Taxes	\$30,398,213	47.3%	(\$115,050)	(0.4%)
Intergovernmental	31,657,070	49.2%	3,404,014	12.0%
Investment Income	1,233,654	1.9%	65,858	5.6%
Tuition and Fees	180,804	0.3%	167,438	100.0%
Extracurricular Activities	222,069	0.3%	29,287	15.2%
Other Revenue	<u>632,919</u>	<u>1.0%</u>	<u>96,836</u>	18.1%
Total	<u>\$64,324,729</u>	<u>100.0%</u>	<u>\$3,648,383</u>	6.0%

Overall, total revenues increased 6% from the 2000 fiscal year, due mostly in part to the increase in intergovernmental revenue.

The schedule on the following page presents a summary of expenditures for all Governmental Funds and the Expendable Trust Fund for the fiscal year ended June 30, 2001, and the amount and percentage of increases and decreases in relation to the 2000 fiscal year.

Expenditure by Function	2001 Amount	Percent of Total	Incr/(Decr) from 2000	Percent of Incr/(Decr)
Instruction	\$34,867,152	57.9%	(\$638,245)	(1.8%)
Pupil	3,275,145	5.4%	101,874	3.2%
Instructional Staff	3,569,265	5.9%	255,700	7.7%
Board of Education	32,060	0.1%	32,060	100.0%
Administration	4,946,418	8.2%	(58,689)	(1.2%)
Fiscal and Business	1,218,914	2.0%	(79,182)	(6.1%)
Operations and Maintenance	6,715,808	11.1%	(197,300)	(2.9%)
Pupil Transportation	2,203,544	3.7%	(462,930)	(17.4%)
Central	1,687,451	2.8%	520,064	44.5%
Community Services	944,139	1.6%	(171,736)	(15.4%)
Extracurricular Activities	596,687	1.0%	(219,085)	(26.9%)
Capital Outlay	191,333	0.3%	(178,408)	(48.3%)
Debt Service	21,165	0.0%	(87,737)	(80.6%)
Total	<u>\$60,269,081</u>	<u>100.0%</u>	<u>(\$1,183,614)</u>	<u>(1.9%)</u>

Total Governmental Fund expenditures decreased 1.9% or approximately \$1,200,000 from the 2000 fiscal year, due mostly in part to a decrease in classroom instruction and a decrease in pupil transportation.

Significant activity in the major funds of each major Governmental Fund Type is highlighted below:

General Fund

The District continues to operate with a very sound financial base as the General Fund ended the 2001 fiscal year with a fund balance of \$11,058,250 and an undesignated and unreserved fund equity of \$5,043,759. This represents an increase of \$3,513,516 or 47% from the fiscal year June 30, 2000 fund equity.

Special Revenue Funds

Special Revenue Funds account for funds that derive revenue primarily from grants and entitlements restricted by law to expenditures for specific purposes and for a portion of the District's general operating expenditures.

Two property tax levies originally approved by voters in 1995 generated \$9,981,324 this year and makes up 52% of the total revenue in the Special Revenue funds. While the proceeds of these levies may be used for general operations similar to those in the General Fund, state law requires these revenues to be accounted for in the Emergency Levy Fund. These funds provide for specific resources and programs for students and reflect the District's continuing commitment to allocate resources in the most beneficial manner.

Other revenue generated by the major Special Revenue Funds include Title I Fund, \$2,095,625; Disadvantaged Pupil Impact Aid (D.P.I.A.) Fund, \$1,161,260; Auxiliary Services Fund, \$662,464; Title VI-B Fund, \$817,201; and Alternative Schools Fund, \$410,839. Total expenditures of \$19,226,646 exceeded revenues of \$19,111,595 resulting in an ending balance of \$4,045,804 in the Special Revenue fund type.

Capital Projects Funds

The Capital Projects Funds are made up of a Permanent Improvement Fund and the state funded SchoolNet Program. SchoolNet funding includes resources for electrical improvements (Power Up), distance learning (IVDL) and computer workstations (SchoolNet Plus). The Capital Projects Fund ended the 2001 fiscal year with a fund balance of \$745,382.

Debt Administration

The District did not have any debt outstanding at June 30, 2001.

Cash Management

The District operates an aggressive cash management program operated under the acronym S.L.Y: Safety, Liquidity and Yield. Investments of funds are made with these three features in mind, safety being the key consideration. Inactive funds are invested in certificates of deposit, in the State Treasury Asset Reserve of Ohio (STAR Ohio), an investment pool managed by the Treasurer of the State of Ohio, or in investments guaranteed by the U. S. Government or its agencies. The amount of investment income in fiscal year 2001 for all District funds was \$1,233,854, which was an increase of over \$66,000 from the previous year.

Risk Management

The District, as a political subdivision, maintains protection for its assets and employees through a comprehensive insurance program. Insurance policies for vehicle fleet liability, general liability, property loss and boiler and machinery coverage is purchased from insurance companies licensed to do business in the State of Ohio. The maximum deductible amount for these coverages is \$1,000 per loss incurred. Employee health insurances (medical and dental) are provided through the Butler County Health Plan (BCHP). The District has been successful in controlling health care costs providing coverage through BCHP since 1985. Note 13 to the financial statements presents a more detailed review of the District's Risk Management Program.

OTHER INFORMATION

Independent Audit

The State of Ohio requires an annual audit by either the Ohio Auditor of State or by an independent public accounting firm. The State Auditor and the District selected Plattenburg and Associates, Inc. to perform the audit for the fiscal year ended June 30, 2001. The auditor's unqualified opinion rendered on the District's general purpose financial statements, and their report on the combining and individual fund statements and schedules, is included in the financial section of this report.

ASBO Certificate o Excellence

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its Comprehensive Annual Report for the fiscal year ended June 30, 2000. In order to be awarded a Certificate of Excellence, a Comprehensive Annual Financial Report must conform to the principles and standards of financial reporting as adopted by ASBO. This award is granted only after an extensive review of the report by a panel of certified public accountants and practicing school business officials. The District believes this report continues to conform to the Certificate of Excellence program standards and is submitting it to ASBO to determine its eligibility for a certificate.

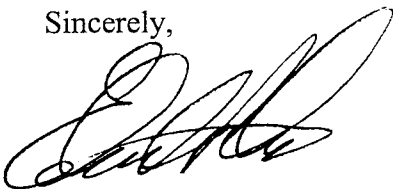
GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2000. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The District believes our current report conforms to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation and publication of the 2001 Comprehensive Annual Financial Report of the Middletown City School District was made possible by the combined efforts of the District's Finance Department and the cooperation of many District employees. The support and commitment to excellence by the Middletown Board of Education and the citizens of the District was vital to the successful issuance of this report and the continuing efforts being made to improve our financial management and reporting.

Sincerely,



Edmund R. Pokora
Treasurer

**MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
LIST OF PRINCIPAL OFFICIALS**

BOARD OF EDUCATION

President	Dr. Mark Frazer
Vice President	Rev. Greg Tyus
Board Member	Mrs. Katie McNeil
Board Member	Mr. John Venturella
Board Member	Mr. Steve Lane

ADMINISTRATIVE OFFICIALS

Superintendent	Wayne T. Driscoll, Ed.D.
Treasurer	Ed Pokora
Director of Human Resources	Brenda Long
Director of Instruction	Susan Combs
Director of Pupil Personnel	Dr. Norris Brown
Legal Counsel	Don Crain, Esq. Frost Brown Todd Attorneys at Law

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, 2000

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.



Timothy Brewer
President

Jeffrey L. Esler
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, 2000

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

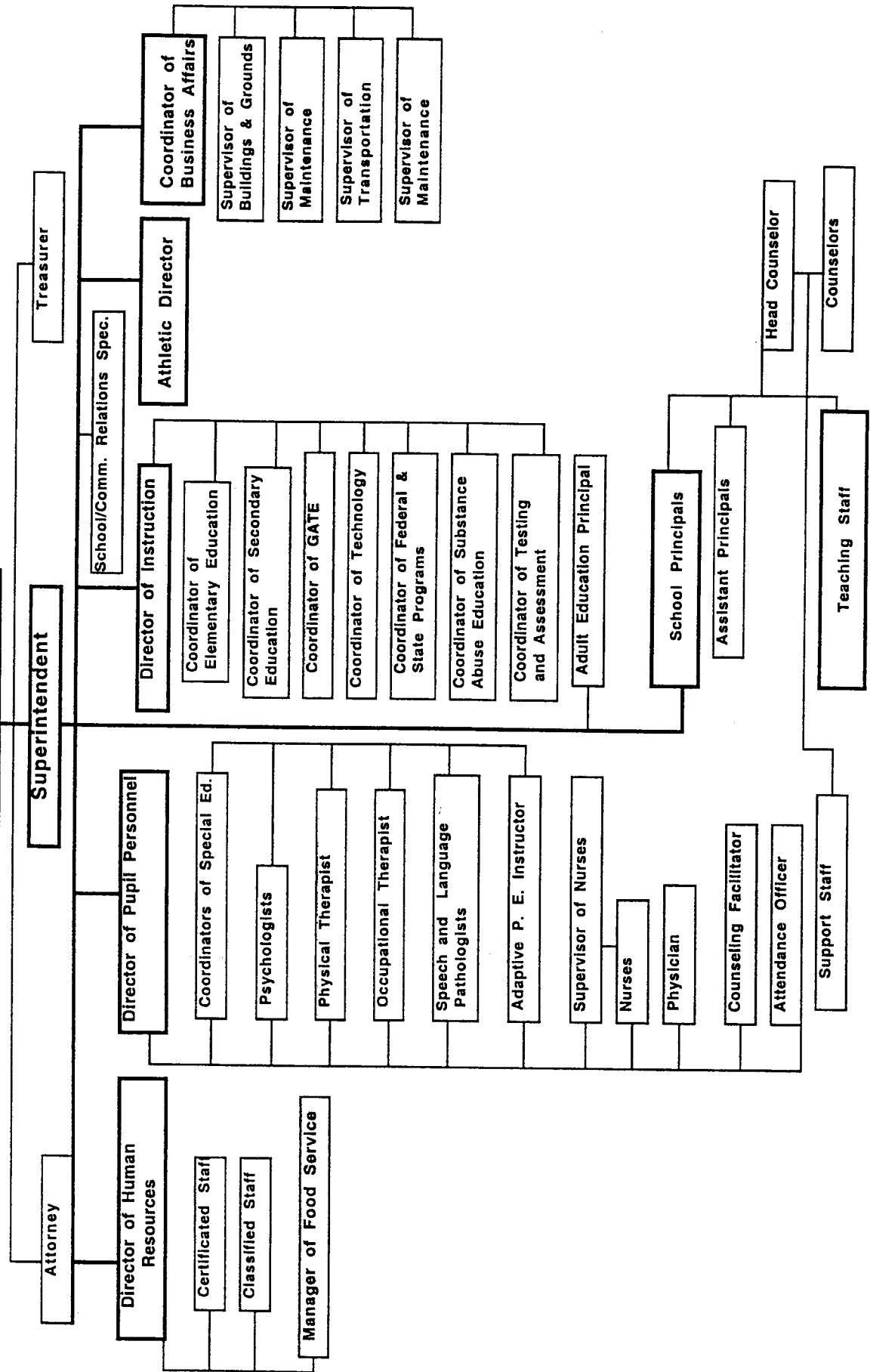
Linda White
President

Don T. Hugen
Executive Director

Middletown City School District

School District Citizens

Board of Education



FINANCIAL SECTION

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Independent Auditors' Report

November 16, 2001

Board of Education
Middletown City School District
Middletown, Ohio

We have audited the accompanying general purpose financial statements of the Middletown City School District (the District), as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

As described in the notes to the financial statements, the District adopted Governmental Accounting Standards Board's Statement 33 as of and for the year ended June 30, 2001.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type 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 a report dated November 16, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance

with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Certified Public Accountants

GENERAL PURPOSE FINANCIAL STATEMENTS

The following general purpose financial statements, along with notes to general purpose financial statements, present an overview of the District's financial position at June 30, 2001 and the results of operations and cash flows of its proprietary fund for the year then ended.

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO

Combined Balance Sheet

All Fund Types and Account Groups

June 30, 2001

	GOVERNMENTAL FUND TYPES			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
Assets				
Equity in pooled cash and investments	\$10,206,699	\$4,038,186	\$119,986	\$755,442
Restricted equity in pooled cash and investments	1,877,007	0	0	0
Receivables:				
Taxes	21,109,379	10,617,620	260,401	0
Accounts	64,874	2,577	0	0
Intergovernmental	8,091	932,575	0	0
Interfund loan receivable	298,914	0	0	0
Inventory held for resale	0	0	0	0
Fixed assets (net, where applicable, of accumulated depreciation)	0	0	0	0
Other debits				
Amount available in debt service fund for retirement of general obligation bonds	0	0	0	0
Amount to be provided from general government resources	0	0	0	0
TOTAL ASSETS AND OTHER DEBITS	<u>33,564,964</u>	<u>15,590,958</u>	<u>380,387</u>	<u>755,442</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
Liabilities				
Accounts payable	188,093	121,307	0	10,060
Accrued wages and benefits	4,116,414	1,537,619	0	0
Compensated absences payable	281,475	54,339	0	0
Interfund loan payable	200	58,914	0	0
Deferred revenue	17,920,532	9,772,975	240,365	0
Due to students	0	0	0	0
Total liabilities	<u>22,506,714</u>	<u>11,545,154</u>	<u>240,365</u>	<u>10,060</u>
Fund equity and other credits:				
Investment in general fixed assets	0	0	0	0
Retained earnings:				
Unreserved	0	0	0	0
Fund balances:				
Reserved:				
Reserved for property taxes	3,188,847	1,776,541	20,036	0
Reserved for encumbrances	948,637	1,489,775	0	73,325
Reserved for set-asides	627,007	0	0	0
Unreserved:				
Undesignated	5,043,759	779,488	119,986	672,057
Designated for set-asides	1,250,000	0	0	0
Total fund equity and other credits	<u>11,058,250</u>	<u>4,045,804</u>	<u>140,022</u>	<u>745,382</u>
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	<u>\$33,564,964</u>	<u>\$15,590,958</u>	<u>\$380,387</u>	<u>\$755,442</u>

See accompanying notes

PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPES	ACCOUNT GROUPS		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$231,374	\$135,446	\$0	\$0	\$15,487,133
0	0	0	0	1,877,007
0	0	0	0	31,987,400
47,861	36,875	0	0	152,187
150,037	83	0	0	1,090,786
200	0	0	0	299,114
160,863	0	0	0	160,863
44,694	0	44,318,777	0	44,363,471
0	0	0	140,022	140,022
0	0	0	2,267,684	2,267,684
<u>635,029</u>	<u>172,404</u>	<u>44,318,777</u>	<u>2,407,706</u>	<u>97,825,667</u>
9,131	533	0	0	329,124
89,862	0	0	303,790	6,047,685
54,326	0	0	2,103,916	2,494,056
240,000	0	0	0	299,114
68,790	0	0	0	28,002,662
0	168,913	0	0	168,913
<u>462,109</u>	<u>169,446</u>	<u>0</u>	<u>2,407,706</u>	<u>37,341,554</u>
0	0	44,318,777	0	44,318,777
172,920	0	0	0	172,920
0	0	0	0	4,985,424
0	0	0	0	2,511,737
0	0	0	0	627,007
0	2,958	0	0	6,618,248
0	0	0	0	1,250,000
<u>172,920</u>	<u>2,958</u>	<u>44,318,777</u>	<u>0</u>	<u>60,484,113</u>
<u>\$635,029</u>	<u>\$172,404</u>	<u>\$44,318,777</u>	<u>\$2,407,706</u>	<u>\$97,825,667</u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Combined Statement of Revenues, Expenditures
And Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Fund
For The Fiscal Year Ended June 30, 2001

	GOVERNMENTAL FUND TYPES			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Taxes	\$20,149,316	\$9,981,324	\$246,335	\$0
Intergovernmental	22,638,011	8,593,771	23,547	401,741
Investment	1,221,400	12,254	0	0
Tuition and fees	180,804	0	0	0
Extracurricular activities	36,932	185,137	0	0
Other revenues	293,810	339,109	0	0
Total revenues	44,520,273	19,111,595	269,882	401,741
Expenditures:				
Current:				
Instruction:				
Regular	22,888,353	2,723,564	0	270,116
Special	1,593	6,247,303	0	0
Vocational	0	265,838	0	0
Other	2,432,325	13,971	0	0
Support services:				
Pupil	2,679,159	592,275	0	0
Instructional staff	523,402	3,045,157	0	706
Board of education	32,060	0	0	0
Administration	4,639,978	306,440	0	0
Fiscal	924,403	116,134	2,876	0
Business	175,501	0	0	0
Operations and maintenance	4,506,737	2,171,082	0	37,989
Pupil transportation	165,533	2,038,011	0	0
Central	1,100,659	586,792	0	0
Operation of non-instructional services	491	943,648	0	0
Extracurricular activities	426,366	170,321	0	0
Capital outlay	25,000	6,110	0	160,223
Debt service:				
Interest and fiscal charges	0	0	21,165	0
Total expenditures	40,521,560	19,226,646	24,041	469,034
Excess of revenues over (under) expenditures	3,998,713	(115,051)	245,841	(67,293)
Other financing sources (uses):				
Proceeds of sale of fixed assets	28,978	0	0	0
Operating transfers in	8,085	22,260	0	850,000
Operating transfers (out)	(522,260)	(8,085)	(850,000)	0
Total other financing sources (uses)	(485,197)	14,175	(850,000)	850,000
Excess of revenues and other financing sources over (under) expenditures and other financing uses	3,513,516	(100,876)	(604,159)	782,707
Fund balance (deficit), July 1	7,544,734	4,146,680	744,181	(37,325)
Fund balance, June 30	\$11,058,250	\$4,045,804	\$140,022	\$745,382

See accompanying notes

FIDUCIARY FUND TYPE	Totals (Memorandum Only)
Expendable Trust	
\$21,238	\$30,398,213
0	31,657,070
0	1,233,654
0	180,804
0	222,069
0	632,919
<u>21,238</u>	<u>64,324,729</u>
24,089	25,906,122
0	6,248,896
0	265,838
0	2,446,296
3,711	3,275,145
0	3,569,265
0	32,060
0	4,946,418
0	1,043,413
0	175,501
0	6,715,808
0	2,203,544
0	1,687,451
0	944,139
0	596,687
0	191,333
0	21,165
<u>27,800</u>	<u>60,269,081</u>
<u>(6,562)</u>	<u>4,055,648</u>
0	28,978
0	880,345
0	(1,380,345)
<u>0</u>	<u>(471,022)</u>
(6,562)	3,584,626
9,520	12,407,790
<u>\$2,958</u>	<u>\$15,992,416</u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
 Combined Statement of Revenues, Expenditures
 And Changes in Fund Balances
 Budget and Actual (Non-GAAP Budgetary Basis)
 All Governmental Fund Types
 For The Fiscal Year Ended June 30, 2001

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$18,579,318	\$18,568,569	(\$10,749)	\$9,194,925	\$9,198,234	\$3,309
Intergovernmental	22,610,487	22,636,269	25,782	8,634,205	8,635,054	849
Investment	1,205,000	1,277,929	72,929	11,117	12,255	1,138
Tuition & fees	155,500	190,068	34,568	0	0	0
Extracurricular activities	33,000	36,861	3,861	184,590	186,087	1,497
Other revenues	269,200	260,412	(8,788)	321,740	333,418	11,678
Total revenues	42,852,505	42,970,108	117,603	18,346,577	18,365,048	18,471
Expenditures:						
Current:						
Instruction:						
Regular	24,730,532	23,770,828	959,704	3,486,440	3,470,201	16,239
Special	914	914	0	6,377,923	6,349,629	28,294
Vocational	0	0	0	28,000	27,726	274
Other	2,672,493	2,595,625	76,868	277,244	277,244	0
Support services:						
Pupil	2,787,743	2,766,684	21,059	638,607	630,339	8,268
Instructional staff	542,620	521,982	20,638	3,148,859	3,129,491	19,368
Board of Education	43,328	29,082	14,246	0	0	0
Administration	4,694,002	4,640,921	53,081	295,987	294,583	1,404
Fiscal	966,647	950,308	16,339	120,000	116,135	3,865
Business	201,673	173,777	27,896	0	0	0
Operations and maintenance	5,060,160	4,936,495	123,665	2,438,638	2,410,230	28,408
Pupil transportation	289,200	232,554	56,646	2,046,243	2,028,250	17,993
Central	1,237,515	1,160,153	77,362	801,165	788,050	13,115
Operation of non-instructional services	1,000	491	509	1,251,857	1,247,915	3,942
Extracurricular activities	443,654	438,348	5,306	174,797	174,797	0
Capital outlay	25,000	25,000	0	36,199	6,110	30,089
Debt Service:						
Principal retirement	0	0	0	0	0	0
Interest and fiscal charges	0	0	0	0	0	0
Total expenditures	43,696,481	42,243,162	1,453,319	21,121,959	20,950,700	171,259
Excess of revenues over (under) expenditures	(843,976)	726,946	1,570,922	(2,775,382)	(2,585,652)	189,730
Other financing sources (uses):						
Proceeds of sale of fixed assets	25,000	28,978	3,978	0	0	0
Operating transfers in	7,600	8,088	488	22,260	22,260	0
Operating transfers (out)	(525,000)	(522,260)	2,740	(8,088)	(8,088)	0
Advances in	757,186	757,187	1	40,860	58,914	18,054
Advances (out)	(300,000)	(298,914)	1,086	(227,187)	(227,187)	0
Total other financing sources (uses)	(35,214)	(26,921)	8,293	(172,155)	(154,101)	18,054
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(879,190)	700,025	1,579,215	(2,947,537)	(2,739,753)	207,784
Fund balance, July 1 (includes prior year encumbrances appropriated)	10,317,634	10,317,634	0	5,263,738	5,263,738	0
Fund balance, June 30	\$9,438,444	\$11,017,659	\$1,579,215	\$2,316,201	\$2,523,985	\$207,784

See accompanying notes

Debt Service			Capital Projects		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$239,000	\$246,335	\$7,335	\$0	\$0	\$0
11,200	23,547	12,347	401,741	401,741	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
250,200	269,882	19,682	401,741	401,741	0
0	0	0	318,021	318,021	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	706	706	0
0	0	0	0	0	0
100	0	100	0	0	0
3,000	2,876	124	0	0	0
0	0	0	0	0	0
0	0	0	37,989	37,989	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	185,643	185,643	0
850,000	850,000	0	0	0	0
21,200	21,165	35	0	0	0
874,300	874,041	259	542,359	542,359	0
(624,100)	(604,159)	19,941	(140,618)	(140,618)	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
(624,100)	(604,159)	19,941	(140,618)	(140,618)	0
724,147	724,147	0	812,675	812,675	0
\$100,047	\$119,988	\$19,941	\$672,057	\$672,057	\$0

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
 Combined Statement of Revenues, Expenses
 And Changes in Retained Earnings
 Proprietary Fund Type
 For The Fiscal Year Ended June 30, 2001

	<u>PROPRIETARY FUND TYPE</u>
	<u>Enterprise</u>
Operating revenues:	
Tuition and fees	\$70,042
Charges for services	1,401,842
Other revenue	2,029
Total revenues	<u>1,473,913</u>
Operating expenses:	
Salaries and wages	1,105,186
Fringe benefits	430,516
Purchased services	66,066
Materials and supplies	1,444,591
Depreciation	5,231
Other operating expenses	7,738
Total operating expenses	<u>3,059,328</u>
Operating income (loss)	<u>(1,585,415)</u>
Non-operating revenues (expenses):	
Federal donated commodities	88,812
Operating grants	1,171,328
Interest revenue	200
Miscellaneous revenue	14,431
Total non-operating revenues	<u>1,274,771</u>
Income (loss)	<u>(310,644)</u>
Operating transfers in	500,000
Net Income	<u>189,356</u>
Retained Earnings (deficit), July 1 (Restated-Note 20)	<u>(16,436)</u>
Retained Earnings, June 30	<u>\$172,920</u>

See accompanying notes

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
 Combined Statement Of Cash Flows
 Proprietary Fund Type
 For The Fiscal Year Ended June 30, 2001

	<u>PROPRIETARY FUND TYPE</u>
	<u>Enterprise</u>
Cash flows from operating activities:	
Cash received from tuition and fees	\$25,683
Cash received from charges for services	1,402,632
Cash payments to suppliers for goods and services	(1,283,107)
Cash payments to employees for services	(1,593,502)
Cash payments for other operating expenses	(7,576)
Net cash provided by (used for) operating activities	<u>(1,455,870)</u>
Cash flows from noncapital financing activities:	
Operating grants received	1,187,059
Miscellaneous funds received	14,431
Cash received from other funds	740,000
Cash payments to other funds	(530,000)
Net cash provided by noncapital financing activities	<u>1,411,490</u>
Cash flows from investing activities:	
Interest on investments	200
Net cash provided by investing activities	<u>200</u>
Net increase in cash and cash equivalents	(44,180)
Cash and cash equivalents, July 1	<u>275,554</u>
Cash and cash equivalents, June 30	<u><u>231,374</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	<u>(1,585,415)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	5,231
Donated commodities used	88,812
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(45,436)
(Increase) decrease in inventory held for resale	73,700
Increase (decrease) in accounts payable	7,548
Increase (decrease) in accrued wages and benefits	(7,972)
Increase (decrease) in compensated absences	2,962
Increase (decrease) in deferred revenue	4,700
Total Adjustments	<u>129,545</u>
Net cash provided by (used for) operating activities	<u><u>(\$1,455,870)</u></u>
Non cash transactions-enterprise fund	
Non cash donation of inventory held for resale-food service	\$88,812

See accompanying notes

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MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 1- DESCRIPTION OF THE DISTRICT

The Middletown City School District (District) 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 280 classified personnel and 550 certified teaching and administrative personnel to provide services to students and other community members.

In terms of enrollment the District is the 28th largest in the State of Ohio (among 613 districts) and the fourth largest in Butler County. It currently operates 12 elementary schools, 2 middle schools (grades 7 - 8), one comprehensive high school (grades 9-12) and one alternative high school. The District encompasses a total of 25 square miles that includes the city of Middletown and portions of Lemon Township.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources. The District also applies Financial Accounting Standards Board Statements and Interpretations issued prior to November 30, 1989 to its proprietary activities, provided they do not conflict with or contradict GASB pronouncements.

A. The Reporting Entity

For financial reporting purposes the District's financial statements include all funds, account groups, and component units for which the District is financially accountable based upon criteria set forth in GASB Statement 14. Generally, component units are legally separate organizations for which the elected officials of the primary government (i.e. the District) are financially accountable. The District would consider an organization to be a component unit if:

1. The district appoints a voting majority of the organization's governing body AND (a) is able to impose its will on that organization OR (b) there is a potential for the organization to provide specific financial burdens on the District; OR

2. The organization is fiscally dependent upon the District; OR
3. The nature of the relationship between the District and the organization is such that the exclusion from the financial reporting entity would render the financial statements of the District misleading.

The District identified no component units that meet the above criteria.

The following activities are included within the reporting entity:

Parochial Schools - The following parochial schools are located within the District: John XXIII Elementary School, Fenwick High 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.

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.

B. Basis of Presentation - Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial 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 recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein. These are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly effect net expendable available resources.

For financial reporting purposes, the various funds and account groups of the District are grouped as follows:

GOVERNMENTAL FUNDS - Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except for those accounted for in proprietary funds) are accounted for through Governmental Funds. The following are the District's Governmental Fund Types:

General Fund: The General Fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

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

Debt Service Fund: The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost; and for the payment of interest on general obligation notes payable, as required by Ohio Law.

Capital Projects Fund: The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

PROPRIETARY FUNDS - Proprietary Funds are used to account for the District's ongoing activities which are similar to those most often found in the private sector. The following is the District's Proprietary Fund Type:

Enterprise Funds: The Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

FIDUCIARY FUNDS - Fiduciary Funds are used to account for the assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include Expendable Trust and Agency Funds. Expendable Trust Funds are accounted for in essentially the same manner as Governmental Funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

ACCOUNT GROUPS - To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of general nature, the following account groups are used:

General Fixed Assets Account Group: This group of accounts is established to account for all fixed assets of the District, other than those accounted for in Proprietary Funds and Trust Funds.

General Long-Term Obligations Account Group: This group of accounts is established to account for all long-term obligations of the District, except those accounted for in Proprietary Funds and Trust Funds.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Fund Types and Expendable Trust Funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

Proprietary Fund Types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e. net total assets) is segregated into contributed capital (if applicable) and retained earnings components. Proprietary Fund Type operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurements made.

The modified accrual basis of accounting is followed for Governmental, Expendable Trust and Agency Funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The District considers revenues available if the County Auditor collects them within sixty days after fiscal year end, or in the case of property taxes, available for advance to the District at the fiscal year end. Revenue accrued at the end of the fiscal year included property taxes, interest, tuition, and state and federal grants.

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2001 and delinquent property taxes, whose availability is indeterminate and which are intended to finance fiscal 2002 operations, have been recorded as deferred revenues.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in

the period in which the related fund liability is incurred, if measurable. Principal and interest on general long term debt are recognized as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. The costs of accumulated unpaid sick and vacation leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources, rather than in the period earned by the employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Funds are accounted for on the accrual basis of accounting. Under this method, revenues are recognized in the period earned and expenses are recognized in the period incurred, if measurable. There were no unbilled service charges receivables at year end. 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. Unused donated commodities are reported as deferred revenue.

D. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The District is required by State Statute to adopt an annual appropriation budget for all fund types except Agency Funds.

Tax Budget

A tax budget of estimated revenues and expenditures for all funds is adopted by the Board of Education prior to January 15 for the period of July 1 to June 30 of the following year and is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year. Public hearings are publicized and conducted to obtain taxpayers' input and comments on the proposed budget. The expressed purpose of the tax budget is to reflect the need for existing or increased tax rates.

Certificate of Estimated Resources

The County Budget Commission determines if the tax budget substantiates a need to levy the full amount of the authorized tax rates and reviews revenue estimates. The Commission certifies its action to the District by March 1. As a part of this certification, the District receives the Official Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances

from the preceding year. The certificate may be further amended during the year if projected increases or the District identifies decreases in revenue. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate of Estimated Resources issued for the 2001 fiscal year.

Appropriations

By July 1, the annual appropriation resolution is legally adopted by the Board of Education at the fund level of expenditures, which are the legal levels of budgetary control, for all funds, other than agency funds. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the Butler County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals. The Board must approve any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions. Amounts shown in the budgetary financial statements represent the final amounts appropriated for the fiscal year, including all supplemental appropriations and modifications. The original appropriation measure was amended several times during the year; however, none of these amendments were significant. All funds completed the year within the amount of their legally authorized appropriation.

Encumbrances

As a part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

Lapsing of Appropriations

Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the Combined Balance Sheet. During the fiscal year, investments included STAR Ohio, repurchase agreements, commercial paper, and Treasury bonds. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost. Under existing Ohio statutes, all investment earnings accrue to the General Fund except those specifically related to auxiliary service funds. Investment earnings are allocated to these funds based on average monthly cash balances. Investment income earned in fiscal 2001 totaled \$1,233,854.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during the fiscal year. 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, 2001.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

F. Inventory (Materials and Supplies)

Inventories of the Enterprise Funds are valued at lower of cost (first-in, first-out method) or market and are determined by physical count. Inventories consisted of donated food, purchased food and other related supplies. Unused commodities at year end are reported as deferred revenue since title does not pass to the District until the commodities are used.

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in Governmental Funds, and related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District follows the policy of not capitalizing assets with a cost of less than \$1,000 and a useful life of less than five years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements to fund fixed assets are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the Enterprise Funds is computed using the straight-line method over an estimated useful life of five to twenty years.

H. Compensated Absences

Compensated absences should be accrued as they are earned by employees if both of the following conditions are met:

1. The employee's rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employee for the benefits through paid time off or cash payment.

The District uses the vesting method for accruing sick leave liabilities. The District's policies regarding compensated absences are determined by state laws and/or negotiated agreements. District employees are granted vacation, personal leave and sick leave in varying amounts. All leave will either be absorbed by time off from work, or with certain limitations, be paid to the employees when their employment ceases. Accrued sick leave is only paid upon retirement at the rate of 25% up to a maximum amount of days. Salary related payments are not considered material for the District.

I. Intergovernmental Revenues

For Governmental Funds, intergovernmental revenues, such as entitlements and non-reimbursable grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for Proprietary Fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

J. Interfund Transactions

During the course of normal operations the District has numerous transactions between funds. An analysis of interfund transactions is reflected in Note 6. The most significant include:

1. Routine transfers of resources from one fund to another fund through which resources to be expended are recorded as operating transfers.
2. Reimbursements from one fund to another fund are treated as expenditures/expenses in the reimbursing fund and as a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans are reflected as interfund loan payable/receivable, while long-term interfund loans (greater than one year in length) are recorded as advances to/from other funds. The District has no long-term advances as of June 30, 2001.

K. Long-Term Obligations

Long-term debt is recognized as a liability of a Governmental Fund when due, or when resources have been accumulated in the Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available resources is reported as a fund liability of a Governmental Fund. The remaining portion of such obligations is reported in the General Long-Term Obligations Account Group. Long-term liabilities expected to be financed from Proprietary Fund operations are accounted for in those funds.

L. Fund Equity

Reserved fund balances indicate that 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. The unreserved portions of fund equity reflected for the Governmental Funds are available for use within the specific purpose of those funds.

M. Fund Balance Reserves

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available spendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation, in future periods. Fund equity reserves are established for encumbrances, materials and supplies inventory, property taxes and budgetary set-asides required under Ohio law.

N. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside through either fund balance reservations or fund balance designations. Such assets are restricted by legal requirements which limits the use of these assets.

O. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

P. Comparative Data

Comparative total data for the prior year have been presented in the general purpose financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative data have not been presented in

all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Q. 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.

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (non-GAAP Budgetary Basis), All Governmental Fund Types and Expendable Trust Funds, and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Non-GAAP Budgetary Basis), Proprietary Fund Type are presented on a budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

- (1.) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- (2.) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- (3.) Outstanding year-end encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance (GAAP basis).
- (4.) For proprietary funds the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as a balance sheet transaction (GAAP basis).

The following tables summarize the adjustments necessary to convert the results of operations at the end of the year on the budget basis to the GAAP basis by fund type.

**Excess (Deficiency) of Revenues and Other Financing Sources Over (Under)
Expenditures and Other Financing Uses and Before Extraordinary Item**

Governmental Fund Types

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$3,513,516	(\$100,876)	(\$604,159)	\$782,707
Revenue Accruals	(792,975)	(689,673)	0	(850,000)
Expenditure Accruals	(954,464)	(435,222)	0	10,060
Encumbrances	<u>(1,066,052)</u>	<u>(1,513,982)</u>	<u>0</u>	<u>(83,385)</u>
Budgetary Basis	<u>\$700,025</u>	<u>(\$2,739,753)</u>	<u>(\$604,159)</u>	<u>(\$140,618)</u>

NOTE 4 – DEFICITS IN FUND BALANCES/ RETAINED EARNINGS

Fund balances/retained earnings at June 30, 2001 included the following individual fund/retained earnings deficits, which include accrual entries:

Special Revenue Fund:

Entry Year	\$30,000
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Enterprise Fund:

Food Service	\$87,209
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The above fund had deficit fund balances due to the accrual of wages and fringe benefits and/or the reclassification of Advances In (other sources) to Interfund Loan Payable (liability). The advances were needed to cover fiscal year end cash deficit caused by the timing of the reimbursements from the respective State and/or Federal Agencies.

NOTE 5 - DEPOSITS AND INVESTMENTS

State Statute requires the classification of monies held by the District into three categories.

Category 1 consists of "active" monies that are required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must be maintained either as cash in the District treasury, in depository accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Category 2 consists of "inactive" monies that not required for use within the current two-year period of designated depositories. Inactive monies may be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories or as savings or deposit accounts, but not limited to, passbook accounts.

Category 3 consists of "interim" monies that are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim monies may be invested or deposited in the following securities provided they mature or are redeemable within two years from the date of purchase:

- (1.) United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States.
- (2.) Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality.
- (3.) Written repurchase agreements for a period not to exceed thirty days in the securities listed above that mature within five years from the date of purchase.
- (4.) Bonds and other obligations of the State of Ohio.
- (5.) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (6.) The State Treasurer's investment pool (STAR Ohio).
- (7.) Certain bankers' acceptances and commercial paper notes for a period not to exceed two hundred and seventy days and in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

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.

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

Deposits:

The District is required to categorize deposits and investments according to GASB Statement No. 3 "Deposits with Financial Institutions, Investments, and Reverse Repurchase Agreements". At year-end, the carrying amount of the District's deposits was (\$1,079,117). The bank balance of deposits was \$1,492,591, of which \$572,851 was covered by federal depository insurance. The remaining bank balance was covered according to Chapter 135, the Uniform Depository

Act, of the Ohio Revised Code, which authorizes pledging of pooled securities in lieu of pledging 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 at all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance. The deposits not covered by federal depository insurance are considered uninsured and uncollateralized under the provisions of GASB Statement No. 3.

Investments:

The District's investments are categorized as follows to give an indication of the level of risk assumed by the entity at year-end. CATEGORY 1 includes investments that are insured or registered or for which the District or its agent in the District's name holds the securities. CATEGORY 2 includes uninsured and unregistered investments for which the counterparty's trust department or agent in the District's name holds the securities. CATEGORY 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its department or agent, but not in the District's name. Based on the above criteria, the District's investments at June 30, 2001 are classified as follows:

<u>Investments</u>	<u>Risk Category</u>	<u>Carrying/Fair Value</u>
STAR Ohio (1)	N/A	\$4,608,741
Money Market Fund (1)	N/A	293,332
Repurchase Agreement	2	5,590,639
Commercial Paper	2	1,046,694
U.S. Treasury Notes	2	249,844
U.S. Treasury Bonds	2	<u>6,654,007</u>
		<u>\$18,443,257</u>

(1.) The investments in STAR Ohio and the Money Market Fund are not categorized because they are not evidenced by securities that exist in physical or book entry form.

NOTE 6 - INTERFUND TRANSACTIONS

Interfund balances at June 30, 2001 consisted of the following individual fund receivables and payables:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$298,914	\$200
Special Revenue Funds:		
Local Grants		18,054
Entry Year Grant		30,000
Misc State Grants		<u>10,860</u>
Total Special Revenue		58,914
Enterprise Funds:		
Food Service	<u>200</u>	<u>240,000</u>
Total	<u>\$299,114</u>	<u>\$299,114</u>

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against real, public utility and tangible personal (business) property. The assessed value, by property classification, upon which taxes collected in 2000 were based, is as follows:

Real Property	\$ 658,757,370
Tangible Personal Property	<u>290,879,618</u>
 Total Assessed Property Value	 <u>\$ 949,636,988</u>

In 2001, real property taxes were levied in January on the assessed values as of January 1, 2000, the lien date. The Butler County Auditor at 35% of appraised market value establishes assessed values. A reappraisal of real property is required to be completed no less than every six years, with a statistical update every third year. The last reappraisal of property took place in 1996. Tangible personal property tax is assessed on equipment and inventory held by businesses as of December 31, 2000. Tangible personal property is assessed at 25% of true value (as defined). In 2001, each business was eligible to receive a \$10,000 exemption in assessed value, which was reimbursed to the District by the State. Real property taxes are payable annually or semi-annually. The first payment is due the second Thursday of February, with the remainder payable the second Thursday in July.

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 represents real property, personal property, and public utility taxes, which became measurable as of the current year end. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended 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.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2001 consisted of taxes, accounts receivables, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State Programs, and the current year guarantee of Federal Funds. A summary of the principal items of receivables follows:

<u>Fund</u>	<u>Type of Receivable</u>	<u>Amount</u>
General	Taxes	\$21,109,379
	Accounts	64,874
	Intergovernmental	8,091
	Interfund	298,914
Special Revenue	Taxes	10,617,620
	Accounts	2,577
	Intergovernmental	932,575
Debt Service	Taxes	260,401

NOTE 9 - FIXED ASSETS

A summary of the changes in the General Fixed Assets Account Group during the fiscal year:

	<u>Balance</u> <u>July 1, 2000</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2001</u>
Land/Improvements	\$1,367,032	212,092	0	\$ 1,579,124
Building/Building Improvements	24,513,255	730,705	0	25,243,960
Furniture/Equipment	<u>17,083,596</u>	<u>1,202,236</u>	<u>(790,139)</u>	<u>17,495,693</u>
Total	<u>\$ 42,963,883</u>	<u>\$2,145,033</u>	<u>(\$790,139)</u>	<u>\$ 44,318,777</u>

A Summary of the Proprietary Fund fixed assets at June 30, 2001 follows:

Furniture/Equipment	\$567,323
Less Accumulated Depreciation	<u>(522,629)</u>
Net Fixed Assets	<u>\$44,694</u>

NOTE 10- NOTES PAYABLE

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

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance July 1</u>	<u>Issued (Retired)</u>	<u>Balance June 30</u>
Bond Anticipation	4.98%	5/26/00	11/27/00	\$850,000	(\$850,000)	\$ 0

NOTE 11- CHANGES IN THE GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP

The following table summarizes changes that occurred in liabilities reported in the General Long-Term Obligations Account Group during the year ended June 30, 2001. Compensated absences will be paid from the fund from which the employee is paid. The accrued wages and benefits amounts shown represent pension contributions that are not expected to be liquidated with expendable available financial resources.

	<u>Balance July 1, 2000</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2001</u>
Accrued Wages/Benefits	\$353,121	\$ 0	(\$49,331)	\$303,790
Compensated Absences	<u>2,389,551</u>	<u>0</u>	<u>(285,635)</u>	<u>2,103,916</u>
Total	<u>\$2,742,672</u>	<u>\$ 0</u>	<u>(\$334,966)</u>	<u>\$2,407,706</u>

NOTE 12 - SEGMENT INFORMATION

The District maintains four Enterprise Funds to account for the operations of Food Services, Uniform School Supply, Special Rotary and an Adult Education Program. The table on the below reflects, in a summarized format, the more significant financial data relating to the Enterprise Funds of the District as of and for the year ended June 30, 2001.

	<u>Food Service</u>	<u>Uniform School Supply</u>	<u>Special Rotary</u>	<u>Adult Education</u>	<u>Total</u>
Operating Revenues	\$1,323,230	\$78,752	\$1,708	\$70,223	\$1,473,913
Operating Expenses					
Before Depreciation	2,865,369	118,833	3,035	66,860	3,054,097
Depreciation	5,106	0	0	125	5,231
Operating Income (Loss)	(1,547,245)	(40,081)	(1,327)	3,238	(1,585,415)
Operating Grants	1,146,964	0	6,280	18,084	1,171,328

Donated Commodities	88,812	0	0	0	88,812
Interest Revenue	200	0	0	0	200
Miscellaneous Revenue	0	0	0	14,431	14,431
Operating Transfers					
In (Out)	500,000	0	0	0	500,000
Net Income (Loss)	188,731	(40,081)	4,953	35,753	189,356
Net Working Capital	(130,596)	172,177	8,985	77,660	128,226
Total Assets	372,994	173,639	8,985	79,411	635,029
Total Liabilities	<u>460,203</u>	<u>1,462</u>	<u>0</u>	<u>444</u>	<u>462,109</u>
Total Equity (Deficit)	<u>\$(87,209)</u>	<u>\$172,177</u>	<u>\$8,985</u>	<u>\$78,967</u>	<u>\$ 172,920</u>

NOTE 13- 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 Nationwide Insurance Company for general liability insurance coverage with a \$1,000,000 single occurrence limit and a \$5,000,000 aggregate limit covering all employees and volunteers of the District. The policy holds a \$5,000 occurrence deductible.

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 \$1,000. The Cincinnati 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 the Nationwide Insurance under a combined liability limit of \$3,000,000 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 and accidental death and dismemberment insurance to most employees through the Educators Mutual Life Insurance Company.

NOTE 14- EMPLOYEE RETIREMENT SYSTEMS

All District employees are covered by the statewide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS). District employees hired after April 1, 1986, are also currently covered under the Federal Social Security Act for the Medicare portion only. The District's employer contributions to both systems are based on a percentage of employees' salaries. State law requires the District to pay the employer share as determined by each retirement system.

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Chapter 3309 of the Ohio Revised Code establishes benefits. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent; 10.5 percent was the portion to fund basic pension obligations. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000 and 1999 were \$1,150,584, \$980,756, and \$899,681 respectively; 53 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$537,084 representing the unpaid contribution for fiscal year 2001 is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Chapter 3307 of the Ohio Revised Code establishes benefits. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent; 9.13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14

percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000 and 1999 were \$4,392,984, \$3,993,808, and \$3,713,578 respectively; 85 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$664,396 representing the unpaid contribution for fiscal year 2001 is recorded as a liability within the respective funds.

NOTE 15- POST EMPLOYMENT BENEFITS

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

The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Retirement Board currently allocates employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund. The Health Care Reserve Allocation for the year ended June 30, 2001 was 4.5% of covered payroll charges.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the fund at June 30, 2000 was \$3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 8.45 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000 were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000 SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

NOTE 16- JOINTLY GOVERNED ORGANIZATIONS

The Southwestern Ohio Computer Association (SWOCA) is a jointly governed organization among a three 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 \$86,002 for services provided during the year. Financial information can be obtained from Mr. Michael Crumley, who serves as Director, at 3603 Hamilton-Middletown Rd., Hamilton, OH 45011.

The Butler County Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards. It possesses its own budgeting and taxing authority. Butler County Joint Vocational School District was formed to provide vocational education opportunities to the students of Butler County, including students of the District. Financial information can be obtained from Mr. Wayne Bethel, who serves as Treasurer, at 3604 Hamilton-Middletown Rd., Hamilton, OH 45011.

NOTE 17- STATE SCHOOL FUNDING DECISION

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of October 22, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may reexamine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

NOTE 18 - CONTINGENT LIABILITIES

The District receives significant financial assistance from federal, state and local agencies in the form of grants that generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, based on prior experience, the District believes such disallowances, if any will be immaterial.

NOTE 19- STATUTORY RESERVES

The District is required by state law to set aside certain General Fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2001, the reserve activity (cash basis) was as follows:

	Textbook <u>Reserve</u>	Capital Maintenance <u>Reserve</u>	Budget Stabilization <u>Reserve</u>	<u>Total</u>
Balance, Beginning of Year	\$ 145,751	\$ 0	\$ 627,007	\$ 772,758
Required Set-Aside	1,133,317	1,133,317	0	2,266,634
Offset Credits	0	0	0	0
Qualifying Expenditures	<u>(1,279,068)</u>	<u>(1,133,317)</u>	<u>0</u>	<u>(2,412,385)</u>
Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 627,007</u>	<u>\$ 627,007</u>

Qualifying expenditures for textbook and capital activity during the year totaled \$1,467,574 and \$1,741,254, respectively, which exceeded the amount required for set-aside.

NOTE 20 -CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2001, the School District has implemented GASB statement No.33, "Accounting and Financial Reporting for Nonexchange Transactions." At June 30, 2000, there was no effect on fund balance as a result of implementing GASB 33.

NOTE 21 – PRIOR PERIOD ADJUSTMENT

The beginning retained earnings of the Enterprise Fund have been adjusted for corrections to the fixed asset detail as follows:

	Enterprise Fund
Balance Previously Stated June 30, 2000	\$ 69,451
Prior Period Adjustment	<u>(85,887)</u>
As Restated July 1, 2000	<u>(\$16,436)</u>

**COMBINING AND INDIVIDUAL FUND
AND ACCOUNT GROUP FINANCIAL
STATEMENTS AND SCHEDULES**

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GENERAL FUND

The General Fund is the primary operating fund of the District. It is used to account for all government resources and activities not accounted for in any other fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of the State of Ohio.

Since there is only one General Fund and the level of budgetary control is not greater than that presented in the General Purpose Financial Statements, no additional financial statements are presented here.

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SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects or expendable trusts) that are legally restricted to expenditures for specified purposes. The following are descriptions of each Special Revenue Fund:

Emergency Levy:

To account for the proceeds of an emergency operating levy originally passed in 1989 and has been renewed through 2005. It also includes the proceeds of the three-year emergency levy originally passed in 1995 and in effect through 2001. Although expenditures in this fund are not restricted to specific purposes, the State of Ohio requires this fund to be classified as a special revenue fund.

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.

Professional Development:

To account for state funds which are provided to assist in the local professional development of the teaching and administrative staff.

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.

Disadvantaged Pupil Impact Aid:

To account for state funds, which provide instructional programs and materials for disadvantaged students. These funds are currently used to operate the Garfield Alternative Education Center.

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.

Summer Intervention:

To account for state funds, related to the District's Summer Intervention Program.

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.

Extended Learning Opportunity:

To account for state funds, related to the Extended Learning Opportunity 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.

D. Eisenhower Math and Science:

To account for federal funds used in the training of teachers in new techniques and methodologies in the areas of mathematics and science.

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 I:

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

Title VI:

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

Drug Free Schools:

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

Preschool:

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

Goals 2000:

To provide support to meet the needs of individuals in their first year of teaching and to prepare them for a performance assessment.

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.

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO

Combining Balance Sheet

All Special Revenue Funds

June 30, 2001

	Emergency Levy	Public School Support	Local Grants	Venture Capital
Assets				
Equity in pooled cash and cash equivalents	\$1,260,696	\$69,444	\$355,132	\$684
Receivables:				
Taxes	10,617,620	0	0	0
Accounts	0	1,980	0	0
Intergovernmental	289	0	0	0
Total Assets	11,878,605	71,424	355,132	684
Liabilities				
Accounts payable	93,933	1,069	3,005	0
Accrued wages & benefits	852,780	0	0	0
Compensated absences	28,446	0	0	0
Interfund payable	0	0	18,054	0
Deferred Revenue	8,841,079	0	0	0
Total liabilities	9,816,238	1,069	21,059	0
Fund balances:				
Reserved:				
Reserved for property taxes	1,776,541	0	0	0
Reserved for encumbrances	1,025,991	4,609	6,465	0
Unreserved:				
Undesignated	(740,165)	65,746	327,608	684
Total fund equity (deficit)	2,062,367	70,355	334,073	684
Total liabilities and fund equity	\$11,878,605	\$71,424	\$355,132	\$684

<u>Athletic</u>	<u>Auxiliary Services</u>	<u>Professional Development</u>	<u>Management Information System</u>	<u>Entry Year</u>	<u>Disadvantaged Pupil Impact Aid</u>
\$37,374	\$230,072	\$14,112	\$21,672	\$0	\$617,122
0	0	0	0	0	0
597	0	0	0	0	0
0	0	139	0	0	0
<u>37,971</u>	<u>230,072</u>	<u>14,251</u>	<u>21,672</u>	<u>0</u>	<u>617,122</u>
1,344	2,939	0	0	0	538
0	51,977	0	0	0	220,975
0	0	0	0	0	0
0	0	0	0	30,000	0
0	0	0	0	0	0
<u>1,344</u>	<u>54,916</u>	<u>0</u>	<u>0</u>	<u>30,000</u>	<u>221,513</u>
0	0	0	0	0	0
8,728	233,012	469	0	0	16,785
27,899	(57,856)	13,782	21,672	(30,000)	378,824
<u>36,627</u>	<u>175,156</u>	<u>14,251</u>	<u>21,672</u>	<u>(30,000)</u>	<u>395,609</u>
<u>\$37,971</u>	<u>\$230,072</u>	<u>\$14,251</u>	<u>\$21,672</u>	<u>\$0</u>	<u>\$617,122</u>

Continued

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO

Combining Balance Sheet

All Special Revenue Funds

June 30, 2001

	Onenet Network Connectivity	SchoolNet Professional Development	Ohio Reads	Summer Intervention
Assets				
Equity in pooled cash and cash equivalents	\$0	\$1,000	\$24,509	\$83,693
Receivables:				
Taxes	0	0	0	0
Accounts	0	0	0	0
Intergovernmental	0	0	0	0
Total Assets	0	1,000	24,509	83,693
Liabilities				
Accounts payable	0	0	3,398	0
Accrued wages & benefits	0	0	0	0
Compensated absences	0	0	0	0
Interfund payable	0	0	0	0
Deferred Revenue	0	0	0	0
Total liabilities	0	0	3,398	0
Fund balances:				
Reserved:				
Reserved for property taxes	0	0	0	0
Reserved for encumbrances	0	0	17,523	0
Unreserved:				
Undesignated	0	1,000	3,588	83,693
Total fund equity (deficit)	0	1,000	21,111	83,693
Total liabilities and fund equity	\$0	\$1,000	\$24,509	\$83,693

<u>Alternative Schools</u>	<u>Extended Learning Opportunity</u>	<u>Miscellaneous State Grants</u>	<u>Adult Basic Education</u>	<u>D. Eisenhower Math and Science</u>	<u>Title VI-B</u>
\$144,832	\$81,576	\$242,634	\$49,298	\$15,680	\$98,032
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	28,723	27,061	308,994
<u>144,832</u>	<u>81,576</u>	<u>242,634</u>	<u>78,021</u>	<u>42,741</u>	<u>407,026</u>
0	48	181	0	159	6,868
69,133	0	21,156	23,166	0	64,921
0	0	0	10,646	0	334
0	0	10,860	0	0	0
0	0	0	28,723	27,061	308,743
<u>69,133</u>	<u>48</u>	<u>32,197</u>	<u>62,535</u>	<u>27,220</u>	<u>380,866</u>
0	0	0	0	0	0
0	0	15,783	42,461	90	23,272
75,699	81,528	194,654	(26,975)	15,431	2,888
<u>75,699</u>	<u>81,528</u>	<u>210,437</u>	<u>15,486</u>	<u>15,521</u>	<u>26,160</u>
<u>\$144,832</u>	<u>\$81,576</u>	<u>\$242,634</u>	<u>\$78,021</u>	<u>\$42,741</u>	<u>\$407,026</u>

Continued

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO

Combining Balance Sheet

All Special Revenue Funds

June 30, 2001

	Title I	Title VI	Drug Free Schools	Preschool
Assets				
Equity in pooled cash and cash equivalents	\$397,816	\$55,167	\$47,140	\$0
Receivables:				
Taxes	0	0	0	0
Accounts	0	0	0	0
Intergovernmental	527,117	0	0	0
Total Assets	<u>924,933</u>	<u>55,167</u>	<u>47,140</u>	<u>0</u>
Liabilities				
Accounts payable	4,254	462	184	0
Accrued wages & benefits	182,466	0	7,856	0
Compensated absences	14,913	0	0	0
Interfund payable	0	0	0	0
Deferred Revenue	527,117	0	0	0
Total liabilities	<u>728,750</u>	<u>462</u>	<u>8,040</u>	<u>0</u>
Fund balances:				
Reserved:				
Reserved for property taxes	0	0	0	0
Reserved for encumbrances	46,899	30,828	4,479	0
Unreserved:				
Undesignated	149,284	23,877	34,621	0
Total fund equity (deficit)	<u>196,183</u>	<u>54,705</u>	<u>39,100</u>	<u>0</u>
Total liabilities and fund equity	<u>\$924,933</u>	<u>\$55,167</u>	<u>\$47,140</u>	<u>\$0</u>

Goals 2000	Miscellaneous Federal	Totals
\$70,871	\$119,630	\$4,038,186
0	0	10,617,620
0	0	2,577
0	40,252	932,575
<u>70,871</u>	<u>159,882</u>	<u>15,590,958</u>

0	2,925	121,307
0	43,189	1,537,619
0	0	54,339
0	0	58,914
0	40,252	9,772,975
<u>0</u>	<u>86,366</u>	<u>11,545,154</u>

0	0	1,776,541
150	12,231	1,489,775
70,721	61,285	779,488
<u>70,871</u>	<u>73,516</u>	<u>4,045,804</u>
<u>\$70,871</u>	<u>\$159,882</u>	<u>\$15,590,958</u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Combining Statement of Revenues, Expenditures
And Changes in Fund Balances
All Special Revenue Funds
For The Fiscal Year Ended June 30, 2001

	Emergency Levy	Public School Support	Local Grants	Venture Capital
Revenues:				
Taxes	\$9,981,324	\$0	\$0	\$0
Intergovernmental	953,450	0	431,496	0
Investment	0	0	0	0
Extracurricular activities	0	22,161	0	0
Other revenues	0	56,112	268,766	0
Total revenues	<u>10,934,774</u>	<u>78,273</u>	<u>700,262</u>	<u>0</u>
Expenditures:				
Current:				
Instruction:				
Regular	781,440	0	249,644	0
Special	4,431,441	0	0	0
Vocational	27,726	0	0	0
Other	0	0	0	0
Support services:				
Pupil	6,417	40,956	11,049	0
Instructional Staff	1,596,091	0	41,425	6,496
Administration	8,893	0	2,967	0
Fiscal	116,134	0	0	0
Operations and maintenance	2,017,722	0	8,210	0
Pupil transportation	2,038,011	0	0	0
Central	507,527	0	4,848	0
Operation of non-instructional services	0	0	61,504	0
Extracurricular activities	0	0	0	0
Capital outlay	6,110	0	0	0
Total Expenditures	<u>11,537,512</u>	<u>40,956</u>	<u>379,647</u>	<u>6,496</u>
Excess of revenues over (under) expenditures	<u>(602,738)</u>	<u>37,317</u>	<u>320,615</u>	<u>(6,496)</u>
Other financing sources (uses):				
Operating transfers in	0	0	22,260	0
Operating transfers (out)	0	0	(8,085)	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>14,175</u>	<u>0</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>(602,738)</u>	<u>37,317</u>	<u>334,790</u>	<u>(6,496)</u>
Fund balance (deficit), July 1	2,665,105	33,038	(717)	7,180
Fund balance (deficit), June 30	<u>\$2,062,367</u>	<u>\$70,355</u>	<u>\$334,073</u>	<u>\$684</u>

Athletic	Auxiliary Services	Professional Development	Management Information System	Entry Year	Disadvantaged Pupil Impact Aid
\$0	\$0	\$0	\$0	\$0	\$0
0	650,210	37,137	30,411	0	1,161,260
0	12,254	0	0	0	0
162,976	0	0	0	0	0
8,066	0	0	0	6,165	0
<u>171,042</u>	<u>662,464</u>	<u>37,137</u>	<u>30,411</u>	<u>6,165</u>	<u>1,161,260</u>
0	0	0	0	0	1,173,384
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	27,340
0	0	39,394	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	117,291
0	0	0	0	0	0
0	0	0	20,417	0	0
0	589,617	0	0	0	0
170,321	0	0	0	0	0
0	0	0	0	0	0
<u>170,321</u>	<u>589,617</u>	<u>39,394</u>	<u>20,417</u>	<u>0</u>	<u>1,318,015</u>
<u>721</u>	<u>72,847</u>	<u>(2,257)</u>	<u>9,994</u>	<u>6,165</u>	<u>(156,755)</u>
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
721	72,847	(2,257)	9,994	6,165	(156,755)
35,906	102,309	16,508	11,678	(36,165)	552,364
<u>\$36,627</u>	<u>\$175,156</u>	<u>\$14,251</u>	<u>\$21,672</u>	<u>(\$30,000)</u>	<u>\$395,609</u>

Continued

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO

Combining Statement of Revenues, Expenditures

And Changes in Fund Balances

All Special Revenue Funds

For The Fiscal Year Ended June 30, 2001

	Onenet Network Connectivity	SchoolNet Professional Development	Ohio Reads	Summer Intervention
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental	54,000	5,000	78,812	83,693
Investment	0	0	0	0
Extracurricular activities	0	0	0	0
Other revenues	0	0	0	0
Total revenues	54,000	5,000	78,812	83,693
Expenditures:				
Current:				
Instruction:				
Regular	0	0	27,669	0
Special	0	0	0	0
Vocational	0	0	0	0
Other	0	0	0	0
Support services:				
Pupil	0	0	0	0
Instructional Staff	0	9,000	42,250	0
Administration	0	0	0	0
Fiscal	0	0	0	0
Operations and maintenance	0	0	0	0
Pupil transportation	0	0	0	0
Central	54,000	0	0	0
Operation of non-instructional services	0	0	0	0
Extracurricular activities	0	0	0	0
Capital outlay	0	0	0	0
Total Expenditures	54,000	9,000	69,919	0
Excess of revenues over (under) expenditures	0	(4,000)	8,893	83,693
Other financing sources (uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	0	0	0	0
Total other financing sources (uses)	0	0	0	0
Excess of revenues and other financing sources over (under) expenditures and other financing uses	0	(4,000)	8,893	83,693
Fund balance (deficit), July 1	0	5,000	12,218	0
Fund balance (deficit), June 30	\$0	\$1,000	\$21,111	\$83,693

Alternative Schools	Extended Learning Opportunity	Miscellaneous State Grants	Adult Basic Education	D. Eisenhower Math and Science	Title VI-B
\$0	\$0	\$0	\$0	\$0	\$0
410,839	124,950	454,498	305,286	32,888	817,201
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>410,839</u>	<u>124,950</u>	<u>454,498</u>	<u>305,286</u>	<u>32,888</u>	<u>817,201</u>
357,257	0	1,466	0	0	0
0	0	0	0	0	312,258
0	0	0	238,112	0	0
0	0	0	0	0	0
0	0	25,628	85	0	128,809
338,435	43,422	66,534	56,719	35,277	81,437
54,448	0	29,545	0	0	128,451
0	0	0	0	0	0
4,475	0	6,840	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	289,344	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>754,615</u>	<u>43,422</u>	<u>419,357</u>	<u>294,916</u>	<u>35,277</u>	<u>650,955</u>
<u>(343,776)</u>	<u>81,528</u>	<u>35,141</u>	<u>10,370</u>	<u>(2,389)</u>	<u>166,246</u>
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(343,776)	81,528	35,141	10,370	(2,389)	166,246
419,475	0	175,296	5,116	17,910	(140,086)
<u>\$75,699</u>	<u>\$81,528</u>	<u>\$210,437</u>	<u>\$15,486</u>	<u>\$15,521</u>	<u>\$26,160</u>

Continued

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Combining Statement of Revenues, Expenditures
And Changes in Fund Balances
All Special Revenue Funds
For The Fiscal Year Ended June 30, 2001

	Title I	Title VI	Drug Free Schools	Preschool
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental	2,095,625	53,455	102,454	19,621
Investment	0	0	0	0
Extracurricular activities	0	0	0	0
Other revenues	0	0	0	0
Total revenues	2,095,625	53,455	102,454	19,621
Expenditures:				
Current:				
Instruction:				
Regular	0	40,219	0	0
Special	1,204,027	0	14,967	4,076
Vocational	0	0	0	0
Other	0	0	0	0
Support services:				
Pupil	336,446	0	0	15,545
Instructional Staff	250,488	11,627	63,699	0
Administration	78,662	1,990	0	0
Fiscal	0	0	0	0
Operations and maintenance	16,544	0	0	0
Pupil transportation	0	0	0	0
Central	0	0	0	0
Operation of non-instructional services	0	1,520	1,567	0
Extracurricular activities	0	0	0	0
Capital outlay	0	0	0	0
Total Expenditures	1,886,167	55,356	80,233	19,621
Excess of revenues over (under) expenditures	209,458	(1,901)	22,221	0
Other financing sources (uses):				
Operating transfers in	0	0	0	0
Operating transfers (out)	0	0	0	0
Total other financing sources (uses)	0	0	0	0
Excess of revenues and other financing sources over (under) expenditures and other financing uses	209,458	(1,901)	22,221	0
Fund balance (deficit), July 1	(13,275)	56,606	16,879	0
Fund balance (deficit), June 30	\$196,183	\$54,705	\$39,100	\$0

<u>Goals 2000</u>	<u>Miscellaneous Federal</u>	<u>Totals</u>
\$0	\$0	\$9,981,324
169,650	521,835	8,593,771
0	0	12,254
0	0	185,137
0	0	339,109
<u>169,650</u>	<u>521,835</u>	<u>19,111,595</u>
10,418	82,067	2,723,564
0	280,534	6,247,303
0	0	265,838
0	13,971	13,971
0	0	592,275
88,361	274,502	3,045,157
0	1,484	306,440
0	0	116,134
0	0	2,171,082
0	0	2,038,011
0	0	586,792
0	96	943,648
0	0	170,321
0	0	6,110
<u>98,779</u>	<u>652,654</u>	<u>19,226,646</u>
<u>70,871</u>	<u>(130,819)</u>	<u>(115,051)</u>
0	0	22,260
0	0	(8,085)
<u>0</u>	<u>0</u>	<u>14,175</u>
70,871	(130,819)	(100,876)
0	204,335	4,146,680
<u>\$70,871</u>	<u>\$73,516</u>	<u>\$4,045,804</u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Emergency Levy Special Revenue Fund
For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$9,194,925	\$9,198,234	\$3,309
Intergovernmental	955,250	956,099	849
Total revenues	<u>10,150,175</u>	<u>10,154,333</u>	<u>4,158</u>
Expenditures:			
Current:			
Instruction:			
Regular	1,553,137	1,536,898	16,239
Special	4,490,060	4,462,211	27,849
Vocational	28,000	27,726	274
Support services:			
Pupil	15,325	7,057	8,268
Instructional Staff	1,628,757	1,616,225	12,532
Administration	9,500	8,893	607
Fiscal	120,000	116,135	3,865
Operations and maintenance	2,254,407	2,226,013	28,394
Pupil Transportation	2,046,243	2,028,250	17,993
Central	721,900	708,785	13,115
Capital outlay	36,199	6,110	30,089
Total Expenditures	<u>12,903,528</u>	<u>12,744,303</u>	<u>159,225</u>
Excess of revenues over (under) expenditures	<u>(2,753,353)</u>	<u>(2,589,970)</u>	<u>163,383</u>
Fund balance, July 1 (includes prior year encumbrances appropriated)	2,824,672	2,824,672	0
Fund balance, June 30	<u>\$71,319</u>	<u>\$234,702</u>	<u>\$163,383</u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Public School Support Special Revenue Fund
For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Extracurricular activities	\$23,700	\$23,710	\$10
Other revenues	42,700	54,257	11,557
Total revenues	<u>66,400</u>	<u>77,967</u>	<u>11,567</u>
Expenditures:			
Current:			
Support services:			
Pupil	54,797	54,797	0
Total Expenditures	<u>54,797</u>	<u>54,797</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>11,603</u>	<u>23,170</u>	<u>11,567</u>
Fund balance, July 1 (includes prior year encumbrances appropriated)	40,984	40,984	0
Fund balance, June 30	<u><u>\$52,587</u></u>	<u><u>\$64,154</u></u>	<u><u>\$11,567</u></u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Local Grants Special Revenue Fund
For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$431,496	\$431,496	\$0
Other revenues	268,825	268,766	(59)
Total revenues	<u>700,321</u>	<u>700,262</u>	<u>(59)</u>
Expenditures:			
Current:			
Instruction:			
Regular	251,051	251,051	0
Support services:			
Pupil	11,049	11,049	0
Instructional Staff	50,349	47,649	2,700
Administration	2,967	2,967	0
Operations and maintenance	11,955	11,955	0
Central	4,848	4,848	0
Operation of non-instructional services	61,504	61,504	0
Total Expenditures	<u>393,723</u>	<u>391,023</u>	<u>2,700</u>
Excess of revenues over (under) expenditures	<u>306,598</u>	<u>309,239</u>	<u>2,641</u>
Other financing sources (uses):			
Operating transfers in	22,260	22,260	0
Operating transfers (out)	(8,088)	(8,088)	0
Advances in	0	18,054	18,054
Advances (out)	(78,357)	(78,357)	0
Total other financing sources (uses)	<u>(64,185)</u>	<u>(46,131)</u>	<u>18,054</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	242,413	263,108	20,695
Fund balance, July 1 (includes prior year encumbrances appropriated)	82,590	82,590	0
Fund balance, June 30	<u>\$325,003</u>	<u>\$345,698</u>	<u>\$20,695</u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Venture Capital Grant Special Revenue Fund
For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$0	\$0	\$0
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures:			
Current:			
Support services:			
Instructional Staff	6,495	6,495	0
Total Expenditures	<u>6,495</u>	<u>6,495</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>(6,495)</u>	<u>(6,495)</u>	<u>0</u>
Fund balance, July 1 (includes prior year encumbrances appropriated)	7,178	7,178	0
Fund balance, June 30	<u><u>\$683</u></u>	<u><u>\$683</u></u>	<u><u>\$0</u></u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Athletic Special Revenue Fund
For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Extracurricular activities	\$160,890	\$162,377	\$1,487
Other revenues	8,175	8,355	180
Total revenues	<u>169,065</u>	<u>170,732</u>	<u>1,667</u>
Expenditures:			
Extracurricular activities	204,092	204,092	0
Total Expenditures	<u>204,092</u>	<u>204,092</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>(35,027)</u>	<u>(33,360)</u>	<u>1,667</u>
Fund balance, July 1 (includes prior year encumbrances appropriated)	62,004	62,004	0
Fund balance, June 30	<u><u>\$26,977</u></u>	<u><u>\$28,644</u></u>	<u><u>\$1,667</u></u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Auxiliary Services Special Revenue Fund
For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$650,209	\$650,209	\$0
Investment	11,117	12,255	1,138
Total revenues	<u>661,326</u>	<u>662,464</u>	<u>1,138</u>
Expenditures:			
Current:			
Operation of non-instructional services	847,883	847,883	0
Total Expenditures	<u>847,883</u>	<u>847,883</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>(186,557)</u>	<u>(185,419)</u>	<u>1,138</u>
Fund balance, July 1 (includes prior year encumbrances appropriated)	185,419	185,419	0
Fund balance, June 30	<u><u>(\$1,138)</u></u>	<u><u>\$0</u></u>	<u><u>\$1,138</u></u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Professional Development Special Revenue Fund
For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$36,998	\$36,998	\$0
Total revenues	<u>36,998</u>	<u>36,998</u>	<u>0</u>
Expenditures:			
Current:			
Support services:			
Instructional Staff	39,963	39,863	100
Total Expenditures	<u>39,963</u>	<u>39,863</u>	<u>100</u>
Excess of revenues over (under) expenditures	<u>(2,965)</u>	<u>(2,865)</u>	<u>100</u>
Fund balance, July 1 (includes prior year encumbrances appropriated)	16,510	16,510	0
Fund balance, June 30	<u>\$13,545</u>	<u>\$13,645</u>	<u>\$100</u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Budget and Actual (Non-GAAP Budgetary Basis)
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Management Information System Special Revenue Fund
For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$30,411	\$30,411	\$0
Total revenues	<u>30,411</u>	<u>30,411</u>	<u>0</u>
Expenditures:			
Current:			
Support services:			
Central	20,418	20,418	0
Total Expenditures	<u>20,418</u>	<u>20,418</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>9,993</u>	<u>9,993</u>	<u>0</u>
Fund balance, July 1 (includes prior year encumbrances appropriated)	11,678	11,678	0
Fund balance, June 30	<u><u>\$21,671</u></u>	<u><u>\$21,671</u></u>	<u><u>\$0</u></u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Entry Year Special Revenue Fund
For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Other revenues	\$2,039	\$2,039	\$0
Total revenues	<u>2,039</u>	<u>2,039</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Regular	0	0	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>2,039</u>	<u>2,039</u>	<u>0</u>
Other financing sources (uses):			
Advances in	30,000	30,000	0
Advances (out)	(32,039)	(32,039)	0
Total other financing sources (uses)	<u>(2,039)</u>	<u>(2,039)</u>	<u>0</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0
Fund balance, July 1 (includes prior year encumbrances appropriated)	0	0	0
Fund balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Disadvantaged Pupil Impact Aid Special Revenue Fund
For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$1,161,260	\$1,161,260	\$0
Total revenues	<u>1,161,260</u>	<u>1,161,260</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Regular	1,122,900	1,122,900	0
Support services:			
Pupil	21,969	21,969	0
Operations and maintenance	139,838	139,825	13
Total Expenditures	<u>1,284,707</u>	<u>1,284,694</u>	<u>13</u>
Excess of revenues over (under) expenditures	<u>(123,447)</u>	<u>(123,434)</u>	<u>13</u>
Fund balance, July 1 (includes prior year encumbrances appropriated)	717,788	717,788	0
Fund balance, June 30	<u><u>\$594,341</u></u>	<u><u>\$594,354</u></u>	<u><u>\$13</u></u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Onenet Network Connectivity Special Revenue Fund
For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$54,000	\$54,000	\$0
Total revenues	<u>54,000</u>	<u>54,000</u>	<u>0</u>
Expenditures:			
Current:			
Support services:			
Central	54,000	54,000	0
Total Expenditures	<u>54,000</u>	<u>54,000</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance, July 1 (includes prior year encumbrances appropriated)	0	0	0
Fund balance, June 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
SchoolNet Professional Development Special Revenue Fund
For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$6,000	\$6,000	\$0
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>0</u>
Expenditures:			
Current:			
Support services:			
Instructional Staff	9,000	9,000	0
Total Expenditures	<u>9,000</u>	<u>9,000</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>(3,000)</u>	<u>(3,000)</u>	<u>0</u>
Fund balance, July 1 (includes prior year encumbrances appropriated)	4,000	4,000	0
Fund balance, June 30	<u><u>\$1,000</u></u>	<u><u>\$1,000</u></u>	<u><u>\$0</u></u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Ohio Reads Special Revenue Fund
For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$78,812	\$78,812	\$0
Total revenues	<u>78,812</u>	<u>78,812</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Regular	30,057	30,057	0
Support services:			
Instructional Staff	59,135	57,385	1,750
Total Expenditures	<u>89,192</u>	<u>87,442</u>	<u>1,750</u>
Excess of revenues over (under) expenditures	<u>(10,380)</u>	<u>(8,630)</u>	<u>1,750</u>
Other financing sources (uses):			
Advances (out)	(11,650)	(11,650)	0
Total other financing sources (uses)	<u>(11,650)</u>	<u>(11,650)</u>	<u>0</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>(22,030)</u>	<u>(20,280)</u>	<u>1,750</u>
Fund balance, July 1 (includes prior year encumbrances appropriated)	23,869	23,869	0
Fund balance, June 30	<u><u>\$1,839</u></u>	<u><u>\$3,589</u></u>	<u><u>\$1,750</u></u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Summer Intervention Special Revenue Fund
For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$83,693	\$83,693	\$0
Total revenues	<u>83,693</u>	<u>83,693</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Regular	0	0	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>83,693</u>	<u>83,693</u>	<u>0</u>
Fund balance, July 1 (includes prior year encumbrances appropriated)	0	0	0
Fund balance, June 30	<u><u>\$83,693</u></u>	<u><u>\$83,693</u></u>	<u><u>\$0</u></u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Alternative Schools Special Revenue Fund
For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$410,839	\$410,839	\$0
Total revenues	<u>410,839</u>	<u>410,839</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Regular	308,261	308,261	0
Support services:			
Instructional Staff	330,870	330,870	0
Administration	45,424	45,424	0
Operations and maintenance	4,475	4,475	0
Total Expenditures	<u>689,030</u>	<u>689,030</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>(278,191)</u>	<u>(278,191)</u>	<u>0</u>
Fund balance, July 1 (includes prior year encumbrances appropriated)	423,023	423,023	0
Fund balance, June 30	<u><u>\$144,832</u></u>	<u><u>\$144,832</u></u>	<u><u>\$0</u></u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Extended Learning Opportunity Special Revenue Fund
For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$124,950	\$124,950	\$0
Total revenues	<u>124,950</u>	<u>124,950</u>	<u>0</u>
Expenditures:			
Current:			
Support services:			
Instructional Staff	43,374	43,374	0
Total Expenditures	<u>43,374</u>	<u>43,374</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>81,576</u>	<u>81,576</u>	<u>0</u>
Fund balance, July 1 (includes prior year encumbrances appropriated)	0	0	0
Fund balance, June 30	<u><u>\$81,576</u></u>	<u><u>\$81,576</u></u>	<u><u>\$0</u></u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Miscellaneous State Grants Special Revenue Fund
For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$492,259	\$492,259	\$0
Total revenues	<u>492,259</u>	<u>492,259</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Regular	24,743	24,743	0
Support services:			
Pupil	25,628	25,628	0
Instructional Staff	84,554	83,743	811
Administration	30,558	30,558	0
Operations and maintenance	6,840	6,840	0
Operation of non-instructional services	328,637	324,694	3,943
Total Expenditures	<u>500,960</u>	<u>496,206</u>	<u>4,754</u>
Excess of revenues over (under) expenditures	<u>(8,701)</u>	<u>(3,947)</u>	<u>4,754</u>
Other financing sources (uses):			
Advances in	10,860	10,860	0
Advances (out)	(24,833)	(24,833)	0
Total other financing sources (uses)	<u>(13,973)</u>	<u>(13,973)</u>	<u>0</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>(22,674)</u>	<u>(17,920)</u>	<u>4,754</u>
Fund balance, July 1 (includes prior year encumbrances appropriated)	244,772	244,772	0
Fund balance, June 30	<u><u>\$222,098</u></u>	<u><u>\$226,852</u></u>	<u><u>\$4,754</u></u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Adult Basic Education Special Revenue Fund
For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$305,286	\$305,286	\$0
Total revenues	<u>305,286</u>	<u>305,286</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Other	263,273	263,273	0
Support services:			
Pupil	85	85	0
Instructional Staff	64,929	64,929	0
Total Expenditures	<u>328,287</u>	<u>328,287</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>(23,001)</u>	<u>(23,001)</u>	<u>0</u>
Fund balance, July 1 (includes prior year encumbrances appropriated)	29,840	29,840	0
Fund balance, June 30	<u><u>\$6,839</u></u>	<u><u>\$6,839</u></u>	<u><u>\$0</u></u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
D. Eisenhower Math and Science Special Revenue Fund
For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$32,888	\$32,888	\$0
Total revenues	<u>32,888</u>	<u>32,888</u>	<u>0</u>
Expenditures:			
Current:			
Support services:			
Instructional Staff	35,367	35,367	0
Total Expenditures	<u>35,367</u>	<u>35,367</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>(2,479)</u>	<u>(2,479)</u>	<u>0</u>
Fund balance, July 1 (includes prior year encumbrances appropriated)	17,911	17,911	0
Fund balance, June 30	<u><u>\$15,432</u></u>	<u><u>\$15,432</u></u>	<u><u>\$0</u></u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Title VI-B Special Revenue Fund
For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$816,950	\$816,950	\$0
Total revenues	<u>816,950</u>	<u>816,950</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Special	350,684	350,684	0
Support services:			
Pupil	151,920	151,920	0
Instructional Staff	89,746	89,746	0
Administration	125,117	124,320	797
Total Expenditures	<u>717,467</u>	<u>716,670</u>	<u>797</u>
Excess of revenues over (under) expenditures	<u>99,483</u>	<u>100,280</u>	<u>797</u>
Other financing sources (uses):			
Advances (out)	(77,244)	(77,244)	0
Total other financing sources (uses)	<u>(77,244)</u>	<u>(77,244)</u>	<u>0</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	22,239	23,036	797
Fund balance, July 1 (includes prior year encumbrances appropriated)	44,971	44,971	0
Fund balance, June 30	<u>\$67,210</u>	<u>\$68,007</u>	<u>\$797</u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Title I Special Revenue Fund
For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$2,095,790	\$2,095,790	\$0
Total revenues	<u>2,095,790</u>	<u>2,095,790</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Regular	984	984	0
Special	1,236,905	1,236,905	0
Support services:			
Pupil	354,134	354,134	0
Instructional Staff	246,887	246,887	0
Administration	78,948	78,948	0
Operations and maintenance	21,123	21,123	0
Total Expenditures	<u>1,938,981</u>	<u>1,938,981</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>156,809</u>	<u>156,809</u>	<u>0</u>
Fund balance, July 1 (includes prior year encumbrances appropriated)	189,828	189,828	0
Fund balance, June 30	<u><u>\$346,637</u></u>	<u><u>\$346,637</u></u>	<u><u>\$0</u></u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Title VI Special Revenue Fund
For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$53,455	\$53,455	\$0
Total revenues	<u>53,455</u>	<u>53,455</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Regular	65,470	65,470	0
Support services:			
Instructional staff	16,882	16,743	139
Administration	1,990	1,990	0
Operation of non-instructional services	1,520	1,520	0
Total Expenditures	<u>85,862</u>	<u>85,723</u>	<u>139</u>
Excess of revenues over (under) expenditures	<u>(32,407)</u>	<u>(32,268)</u>	<u>139</u>
Fund balance, July 1 (includes prior year encumbrances appropriated)	56,605	56,605	0
Fund balance, June 30	<u><u>\$24,198</u></u>	<u><u>\$24,337</u></u>	<u><u>\$139</u></u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Drug Free Schools Special Revenue Fund
For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$102,454	\$102,454	\$0
Total revenues	<u>102,454</u>	<u>102,454</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Special	14,968	14,968	0
Support services:			
Instructional staff	62,433	62,433	0
Operation of non-instructional services	5,740	5,740	0
Total Expenditures	<u>83,141</u>	<u>83,141</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>19,313</u>	<u>19,313</u>	<u>0</u>
Fund balance, July 1 (includes prior year encumbrances appropriated)	23,348	23,348	0
Fund balance, June 30	<u><u>\$42,661</u></u>	<u><u>\$42,661</u></u>	<u><u>\$0</u></u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Preschool Special Revenue Fund
For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$19,621	\$19,621	\$0
Total revenues	<u>19,621</u>	<u>19,621</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Special	4,076	4,076	0
Support services:			
Pupil	15,545	15,545	0
Total Expenditures	<u>19,621</u>	<u>19,621</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance, July 1 (includes prior year encumbrances appropriated)	0	0	0
Fund balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Goals 2000 Special Revenue Fund
For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$169,650	\$169,650	\$0
Total revenues	<u>169,650</u>	<u>169,650</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Regular	10,418	10,418	0
Support services:			
Instructional Staff	88,511	88,511	0
Total Expenditures	<u>98,929</u>	<u>98,929</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>70,721</u>	<u>70,721</u>	<u>0</u>
Fund balance, July 1 (includes prior year encumbrances appropriated)	0	0	0
Fund balance, June 30	<u><u>\$70,721</u></u>	<u><u>\$70,721</u></u>	<u><u>\$0</u></u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Miscellaneous Federal Special Revenue Fund
For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$521,935	\$521,935	\$0
Total revenues	<u>521,935</u>	<u>521,935</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Regular	82,067	82,067	0
Special	279,543	279,097	446
Other	13,971	13,971	0
Support services:			
Instructional Staff	289,317	287,981	1,336
Administration	1,484	1,484	0
Operation of non-instructional services	6,760	6,760	0
Total Expenditures	<u>673,142</u>	<u>671,360</u>	<u>1,782</u>
Excess of revenues over (under) expenditures	<u>(151,207)</u>	<u>(149,425)</u>	<u>1,782</u>
Other financing sources (uses):			
Advances (out)	(3,063)	(3,063)	0
Total other financing sources (uses)	<u>(3,063)</u>	<u>(3,063)</u>	<u>0</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(154,270)	(152,488)	1,782
Fund balance, July 1 (includes prior year encumbrances appropriated)	256,748	256,748	0
Fund balance, June 30	<u><u>\$102,478</u></u>	<u><u>\$104,260</u></u>	<u><u>\$1,782</u></u>

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DEBT SERVICE FUND

The Debt Services 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.

Since there is only one Debt Service Fund and the level of budgetary control is not greater than that presented in the General Purpose Financial Statements, no additional financial statements are presented here.

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CAPITAL PROJECTS FUNDS

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

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.

SchoolNet Power Up:

To account for state funds received to provide for greater electrical power to school buildings for the increased used of technology.

Interactive Video Distance Learning:

To account for state funds received for the installation and implementation of a distance learning program with surrounding school districts.

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO

Combining Balance Sheet

All Capital Project Funds

June 30, 2001

	Permanent Improvement	SchoolNet Plus	SchoolNet Power Up	Interactive Video Distance Learning	Totals
Assets:					
Equity in pooled cash and cash equivalents	\$487,120	\$241,920	\$10,800	\$15,602	\$755,442
Total assets	<u>487,120</u>	<u>241,920</u>	<u>10,800</u>	<u>15,602</u>	<u>755,442</u>
Liabilities:					
Accounts payable	0	10,060	0	0	10,060
Total liabilities	<u>0</u>	<u>10,060</u>	<u>0</u>	<u>0</u>	<u>10,060</u>
Fund balances:					
Reserved:					
Reserved for encumbrances	25,420	47,905	0	0	73,325
Undesignated	461,700	183,955	10,800	15,602	672,057
Total fund equity	<u>487,120</u>	<u>231,860</u>	<u>10,800</u>	<u>15,602</u>	<u>745,382</u>
Total liabilities and fund equity	<u>\$487,120</u>	<u>\$241,920</u>	<u>\$10,800</u>	<u>\$15,602</u>	<u>\$755,442</u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO

Combining Statement of Revenues, Expenditures

And Changes in Fund Balances

All Capital Projects Funds

For The Fiscal Year Ended June 30, 2001

	<u>Permanent Improvement</u>	<u>SchoolNet Plus</u>	<u>SchoolNet Power Up</u>	<u>Interactive Video Distance Learning</u>	<u>Totals</u>
Revenues:					
Intergovernmental	\$0	\$382,686	\$0	\$19,055	\$401,741
Total revenues	<u>0</u>	<u>382,686</u>	<u>0</u>	<u>19,055</u>	<u>401,741</u>
Expenditures:					
Current:					
Instruction:					
Regular	0	270,039	0	77	270,116
Support services:					
Instructional staff	0	706	0	0	706
Operations and maintenance	34,613	0	0	3,376	37,989
Capital outlay	160,223	0	0	0	160,223
Total expenditures	<u>194,836</u>	<u>270,745</u>	<u>0</u>	<u>3,453</u>	<u>469,034</u>
Excess of revenues over (under) expenditures	<u>(194,836)</u>	<u>111,941</u>	<u>0</u>	<u>15,602</u>	<u>(67,293)</u>
Other financing sources (uses):					
Operating transfers in	850,000	0	0	0	850,000
Total other financing sources (uses)	<u>850,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>850,000</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	655,164	111,941	0	15,602	782,707
Fund balance (deficit), July 1	(168,044)	119,919	10,800	0	(37,325)
Fund balance, June 30	<u>\$487,120</u>	<u>\$231,860</u>	<u>\$10,800</u>	<u>\$15,602</u>	<u>\$745,382</u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Permanent Improvement Capital Projects Fund
For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$0	\$0	\$0
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures:			
Current:			
Support services:			
Operations and maintenance	34,613	34,613	0
Capital outlay	185,643	185,643	0
Total Expenditures	<u>220,256</u>	<u>220,256</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>(220,256)</u>	<u>(220,256)</u>	<u>0</u>
Fund balance, July 1 (includes prior year encumbrances appropriated)	681,956	681,956	0
Fund balance, June 30	<u><u>\$461,700</u></u>	<u><u>\$461,700</u></u>	<u><u>\$0</u></u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
SchoolNet Plus Capital Projects Fund
For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$382,686	\$382,686	\$0
Total revenues	<u>382,686</u>	<u>382,686</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Regular	317,944	317,944	0
Support services:			
Instructional Staff	706	706	0
Total Expenditures	<u>318,650</u>	<u>318,650</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>64,036</u>	<u>64,036</u>	<u>0</u>
Fund balance, July 1 (includes prior year encumbrances appropriated)	119,919	119,919	0
Fund balance, June 30	<u><u>\$183,955</u></u>	<u><u>\$183,955</u></u>	<u><u>\$0</u></u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
SchoolNet Power Up Capital Projects Fund
For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Taxes	\$0	\$0	\$0
Total revenues	0	0	0
Expenditures:			
Current:			
Instruction:			
Regular	0	0	0
Total Expenditures	0	0	0
Excess of revenues over (under) expenditures	0	0	0
Fund balance, July 1 (includes prior year encumbrances appropriated)	10,800	10,800	0
Fund balance, June 30	\$10,800	\$10,800	\$0

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Interactive Video Distance Learning Capital Projects Fund
For the Fiscal Year Ended June 30, 2001

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$19,055	\$19,055	\$0
Total revenues	<u>19,055</u>	<u>19,055</u>	<u>0</u>
Expenditures:			
Current:			
Instruction:			
Regular	77	77	0
Support services:			
Operations and maintenance	3,376	3,376	0
Total Expenditures	<u>3,453</u>	<u>3,453</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>15,602</u>	<u>15,602</u>	<u>0</u>
Fund balance, July 1 (includes prior year encumbrances appropriated)	0	0	0
Fund balance, June 30	<u><u>\$15,602</u></u>	<u><u>\$15,602</u></u>	<u><u>\$0</u></u>

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ENTERPRISE FUNDS

Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private sector business where the intent is that the expense (including depreciation) of providing goods or services primarily or solely to the general public be financed, or recovered primarily through user charges. The following are descriptions of each of the District's Enterprise Funds:

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.

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO

Combining Balance Sheet

All Enterprise Funds

June 30, 2001

	Food Service	Uniform School Supply	Special Rotary	Adult Education	Totals
Assets					
Current Assets:					
Equity in pooled cash and cash equivalents	\$16,872	\$173,455	\$7,483	\$33,564	\$231,374
Receivables:					
Accounts	1,635	184	1,502	44,540	47,861
Intergovernmental	150,037	0	0	0	150,037
Interfund	200	0	0	0	200
Inventory held for resale	160,863	0	0	0	160,863
Total current assets	329,607	173,639	8,985	78,104	590,335
Non-current assets:					
Fixed assets (net of accumulated depreciation)	43,387	0	0	1,307	44,694
Total assets	372,994	173,639	8,985	79,411	635,029
Liabilities					
Current liabilities:					
Accounts payable	7,225	1,462	0	444	9,131
Accrued wages	89,862	0	0	0	89,862
Compensated absences payable	54,326	0	0	0	54,326
Interfund payable	240,000	0	0	0	240,000
Deferred revenue	68,790	0	0	0	68,790
Total current liabilities	460,203	1,462	0	444	462,109
Total liabilities	460,203	1,462	0	444	462,109
Retained earnings:					
Unreserved	(87,209)	172,177	8,985	78,967	172,920
Total retained earnings (deficit)	(87,209)	172,177	8,985	78,967	172,920
Total liabilities and fund equity	\$372,994	\$173,639	\$8,985	\$79,411	\$635,029

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO

Combining Statement of Revenues, Expenses

And Changes in Retained Earnings

All Enterprise Funds

For The Fiscal Year Ended June 30, 2001

	Food Service	Uniform School Supply	Special Rotary	Adult Education	Totals
Operating revenues:					
Tuition and fees	\$0	\$184	\$0	\$69,858	\$70,042
Charges for services	1,323,230	78,568	44	0	1,401,842
Other revenue	0	0	1,664	365	2,029
Total revenues	1,323,230	78,752	1,708	70,223	1,473,913
Operating expenses:					
Salaries and wages	1,067,875	0	574	36,737	1,105,186
Fringe benefits	421,109	0	66	9,341	430,516
Purchased services	57,911	0	0	8,155	66,066
Materials and supplies	1,315,323	118,833	1,201	9,234	1,444,591
Depreciation	5,106	0	0	125	5,231
Other operating expenses	3,151	0	1,194	3,393	7,738
Total operating expenses	2,870,475	118,833	3,035	66,985	3,059,328
Operating income (loss)	(1,547,245)	(40,081)	(1,327)	3,238	(1,585,415)
Non-operating revenues (expenses):					
Federal donated commodities	88,812	0	0	0	88,812
Miscellaneous	0	0	0	14,431	14,431
Operating grants	1,146,964	0	6,280	18,084	1,171,328
Interest revenue	200	0	0	0	200
Total non-operating revenues	1,235,976	0	6,280	32,515	1,274,771
Income (loss)	(311,269)	(40,081)	4,953	35,753	(310,644)
Operating transfers in	500,000	0	0	0	500,000
Net income (loss)	188,731	(40,081)	4,953	35,753	189,356
Retained earnings (deficit), July 1 (Restated-Note 20)	(275,940)	212,258	4,032	43,214	(16,436)
Retained earnings (deficit), June 30	(\$87,209)	\$172,177	\$8,985	\$78,967	\$172,920

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO

Combining Statement of Cash Flows

All Enterprise Funds

For The Fiscal Year Ended June 30, 2001

	Food Service	Uniform School Supply	Special Rotary	Adult Education	Totals
Cash flows from operating activities:					
Cash received from tuition and fees	\$0	\$0	\$0	\$25,683	\$25,683
Cash from charges for services	1,322,658	79,930	44	0	1,402,632
Cash payments to suppliers for goods and services	(1,146,390)	(118,954)	(1,201)	(16,562)	(1,283,107)
Cash payments to employees for services	(1,538,257)	0	(640)	(54,605)	(1,593,502)
Cash payments for other operating expenses	(3,151)	0	(1,032)	(3,393)	(7,576)
Net cash provided by (used for) operating activities	(1,365,140)	(39,024)	(2,829)	(48,877)	(1,455,870)
Cash flows from noncapital financing activities:					
Operating grants received	1,162,695	0	6,280	18,084	1,187,059
Cash received from other funds	740,000	0	0	0	740,000
Miscellaneous	0	0	0	14,431	14,431
Cash payments to other funds	(530,000)	0	0	0	(530,000)
Net cash provided by noncapital financing activities	1,372,695	0	6,280	32,515	1,411,490
Cash flows from investing activities:					
Interest on investments	200	0	0	0	200
Net cash provided by investing activities	200	0	0	0	200
Net increase in cash and cash equivalents	7,755	(39,024)	3,451	(16,362)	(44,180)
Cash and cash equivalents, July 1	9,117	212,479	4,032	49,926	275,554
Cash and cash equivalents, June 30	16,872	173,455	7,483	33,564	231,374
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	(1,547,245)	(40,081)	(1,327)	3,238	(1,585,415)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	5,106	0	0	125	5,231
Donated commodities used	88,812	0	0	0	88,812
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(572)	1,178	(1,502)	(44,540)	(45,436)
(Increase) decrease in inventory held for resale	73,317	0	0	383	73,700
Increase (decrease) in accounts payable	7,225	(121)	0	444	7,548
Increase (decrease) in accrued wages and benefits	(3,767)	0	0	(4,205)	(7,972)
Increase (decrease) in compensated absences	7,284	0	0	(4,322)	2,962
Increase (decrease) in deferred revenue	4,700	0	0	0	4,700
Total Adjustments	182,105	1,057	(1,502)	(52,115)	129,545
Net cash provided by (used for) operating activities	(\$1,365,140)	(\$39,024)	(\$2,829)	(\$48,877)	(\$1,455,870)
Non cash transactions-enterprise fund					
Non cash donation of inventory held for resale-food service	\$88,812				

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include Expendable Trust Fund and Agency Funds. The following are descriptions of each of the District's Fiduciary Funds:

EXPENDABLE TRUST FUND

General Trust:

To account for donations received to provide scholarships that are awarded to graduating seniors.

AGENCY FUNDS

District Agency:

To account for federal funds received through the Pell Grant Program as administered by the federal government.

Student Activity:

To account for the resources that belong to the various student groups in the District. The funds account for sales and other revenue generating activities by student activity programs, which have students involved in the management of the program.

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO

Combining Balance Sheet

All Fiduciary Fund Types

June 30, 2001

	Expendable Trust Fund	Agency Funds		Totals
	General Trust	District Agency	Student Activity	
Assets:				
Equity in pooled cash and cash equivalents	\$2,958	\$74,228	\$58,260	\$135,446
Receivables:				
Accounts	0	36,244	631	36,875
Intergovernmental	0	83	0	83
Total Assets	<u>2,958</u>	<u>110,555</u>	<u>58,891</u>	<u>172,404</u>
Liabilities:				
Accounts payable	0	508	25	533
Due to students	0	110,047	58,866	168,913
Total Liabilities	<u>0</u>	<u>110,555</u>	<u>58,891</u>	<u>169,446</u>
Fund balances:				
Unreserved:				
Undesignated	2,958	0	0	2,958
Total fund equity	<u>2,958</u>	<u>0</u>	<u>0</u>	<u>2,958</u>
Total liabilities and fund equity	<u>\$2,958</u>	<u>\$110,555</u>	<u>\$58,891</u>	<u>\$172,404</u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO

Statement of Changes In Assets and Liabilities

Agency Funds

For The Fiscal Year Ended June 30, 2001

	District Agency			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in pooled cash and cash equivalents	\$105,275	\$124,160	\$155,207	\$74,228
Accounts receivable	0	36,244	0	36,244
Total Assets	105,275	160,404	155,207	110,472
Liabilities:				
Due to Others	0	0	0	0
Due to students	105,275	160,404	155,207	110,472
Total Liabilities	\$105,275	\$160,404	\$155,207	\$110,472

	Student Activity			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in pooled cash and cash equivalents	\$62,817	\$169,960	\$174,517	\$58,260
Accounts receivable	681	631	681	631
Total Assets	63,498	170,591	175,198	58,891
Liabilities:				
Due to other schools	12,821	0	0	12,821
Due to students	50,677	170,591	175,198	46,070
Total Liabilities	\$63,498	\$170,591	\$175,198	\$58,891

	Total Agency Funds			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in pooled cash and cash equivalents	\$168,092	\$294,120	\$329,724	\$132,488
Accounts receivable	681	\$36,875	681	36,875
Total Assets	168,773	330,995	330,405	169,363
Liabilities:				
Due to Others	12,821	0	0	12,821
Due to students	155,952	330,995	330,405	156,542
Total Liabilities	\$168,773	\$330,995	\$330,405	\$169,363

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GENERAL FIXED ASSETS ACCOUNT GROUP

This account group is used to account for all land and land improvements, building and building improvements, furniture and equipment not used in the operations of the Proprietary Funds. The majority of the District's assets are reflected in the General Fixed Assets Account Group.

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of General Fixed Assets by Source
June 30, 2001

General fixed assets:

Land	\$1,579,124
Buildings	25,243,960
Equipment	17,495,693

Total General Fixed Assets **\$44,318,777**

Investment in general fixed assets by source:

General Fund	\$37,204,201
Special Revenue Funds	5,344,028
Capital Projects Funds	1,770,548

Total General Fixed Assets **\$44,318,777**

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of General Fixed Assets
By Function and Type
June 30, 2001

<u>Function</u>	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
Instruction:				
Regular	\$991,471	\$24,226,815	\$11,011,558	\$36,229,844
Special	59,955	0	260,549	320,504
Vocational	0	0	154,101	154,101
Adult Continuing	0	0	7,330	7,330
Total instruction	<u>1,051,426</u>	<u>24,226,815</u>	<u>11,433,538</u>	<u>36,711,779</u>
Support services:				
Pupil	3,337	0	41,784	45,121
Instructional staff	0	0	379,198	379,198
Administration	10,793	0	360,928	371,721
Fiscal	0	0	30,065	30,065
Business	0	0	135,931	135,931
Operations and maintenance	385,800	498,269	941,705	1,825,774
Pupil transportation	127,768	333,112	3,094,993	3,555,873
Central	0	0	604,351	604,351
Total support services	<u>527,698</u>	<u>831,381</u>	<u>5,588,955</u>	<u>6,948,034</u>
Non-Instructional services	0	2,770	160,683	163,453
Extracurricular activities	0	0	114,063	114,063
Capital Outlay	0	182,994	198,454	381,448
Total General Fixed Assets	<u>\$1,579,124</u>	<u>\$25,243,960</u>	<u>\$17,495,693</u>	<u>\$44,318,777</u>

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Schedule of Changes in General Fixed Assets
by Function
For the Fiscal Year Ended June 30, 2001

<u>Function</u>	<u>Balance at July 1, 2000</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2001</u>
Instruction:				
Regular	\$35,857,057	\$391,217	\$18,430	\$36,229,844
Special	234,599	85,905	0	320,504
Vocational	154,101	0	0	154,101
Adult Continuing	0	7,330	0	7,330
Total Instruction	<u>36,245,757</u>	<u>484,452</u>	<u>18,430</u>	<u>36,711,779</u>
Support services:				
Pupil	45,400	1,337	1,616	45,121
Instructional staff	399,404	32,498	52,704	379,198
Administration	392,630	3,835	24,744	371,721
Fiscal	30,065	0	0	30,065
Business	135,931	0	0	135,931
Operations and maintenance	784,549	1,041,225	0	1,825,774
Pupil transportation	3,960,100	220,711	624,938	3,555,873
Central	417,476	200,302	13,427	604,351
Total Support services	<u>6,165,555</u>	<u>1,499,908</u>	<u>717,429</u>	<u>6,948,034</u>
Non-Instructional services	129,514	33,939	0	163,453
Extracurricular activities	168,343	0	54,280	114,063
Capital Outlay	<u>254,714</u>	<u>126,734</u>	<u>0</u>	<u>381,448</u>
Total General Fixed Assets	<u>\$42,963,883</u>	<u>\$2,145,033</u>	<u>\$790,139</u>	<u>\$44,318,777</u>

STATISTICAL TABLES

The following unaudited statistical tables reflect social and economic data, financial trends and fiscal capacity of the District. Since the Emergency Levy Special Revenue Fund accounts for approximately 24% of the District's total general operating expenditures, this fund has been combined with the General Fund in the applicable statistical tables.

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO

General Fund Revenues by Source (1)

Last Ten Fiscal Years (2)

TABLE 1

Fiscal Year	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Taxes	\$23,743,813	\$24,319,486	\$23,927,373	\$22,072,246	\$27,508,285	\$28,610,368	\$28,798,460	\$33,787,832	\$30,298,230	\$30,130,640
Intergovernmental	15,768,247	16,636,821	16,785,103	17,307,965	17,614,495	18,287,882	19,011,644	20,443,914	21,694,215	23,591,461
Interest	603,493	354,563	192,364	308,697	605,059	700,852	802,942	816,274	1,161,758	1,221,400
Tuition and Fees	172,367	61,040	70,625	52,532	51,691	62,431	72,309	42,790	13,366	180,804
Other Revenues	113,737	181,319	204,532	251,891	283,965	306,117	808,255	302,395	344,792	330,742
Total Revenues	\$40,401,657	\$41,553,229	\$41,179,997	\$39,993,331	\$46,063,495	\$47,967,650	\$49,493,610	\$55,393,205	\$53,512,361	\$55,455,047

Source: Middletown City School district records.

(1) Includes the revenues of the General and Emergency Levy Funds only.

(2) 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.

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
 General Fund Expenditures by Function (1)
 Last Ten Fiscal Years (2)

Fiscal Year (1)	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Instruction	\$25,453,983	\$28,020,524	\$28,091,596	\$29,161,154	\$25,467,634	\$30,147,726	\$28,804,672	\$29,550,633	\$31,214,769	\$30,562,878
Instructional Staff	1,415,814	1,446,439	1,427,644	1,489,815	1,302,772	1,591,594	1,584,807	1,803,320	2,111,332	2,119,493
Pupil	1,545,535	1,838,829	1,814,957	1,741,693	1,783,145	1,709,399	1,932,718	2,346,520	2,448,690	2,685,576
Board of Education	0	0	0	0	0	0	0	0	0	32,060
Administration	3,435,886	3,750,865	3,682,829	4,720,501	3,608,050	3,997,057	4,099,319	4,523,022	4,772,468	4,648,871
Business and Fiscal	886,333	918,641	942,828	919,929	1,055,131	1,115,005	1,117,283	1,148,369	1,295,335	1,216,038
Operations and Maintenance	4,551,378	5,361,207	5,348,244	4,456,585	4,647,711	5,285,374	5,981,656	6,560,478	6,787,502	6,524,459
Pupil Transportation	1,846,454	1,991,937	2,186,006	1,784,321	1,976,916	1,969,305	2,512,870	2,564,669	2,666,474	2,203,544
Central	0	0	0	0	0	0	0	0	0	1,608,186
Other Support Services	106,980	100,946	194,114	254,770	250,822	522,341	712,003	1,408,105	1,140,744	491
Extracurricular Activities	465,930	617,497	692,461	670,477	423,597	446,808	448,995	504,989	556,343	426,366
Non-Programmed Charges	47,642	51,613	1,710	0	700,282	819,045	652,886	177,788	351,303	31,110
Total Expenditures	\$39,755,935	\$44,098,498	\$44,382,389	\$45,199,245	\$41,216,060	\$47,603,654	\$47,847,209	\$50,587,893	\$53,344,960	\$52,059,072

Source: Middletown City School District records.

(1) Includes the expenditures of the General and Emergency Levy Funds only.

(2) 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.

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO

Property Tax Levies and Collections - Real and Public Utility Property
Last Ten Collection (Calendar) Years (1)

TABLE 3

Collection Year	Tax Levied	Current Tax Collections	Percent Collected	Delinquent Collection	Total Tax Collections	Percent of Total Collections to Levy	Outstanding Delinquent Taxes	Percent of Outstanding Delinquent Taxes to Tax Levied
1992	\$17,165,442	\$16,479,015	96.00%	\$852,598	\$17,331,613	100.97%	\$1,235,160	7.20%
1993	17,732,808	17,267,182	97.37%	766,896	18,034,078	101.70%	927,416	5.23%
1994	19,051,083	18,388,868	96.52%	491,842	18,880,710	99.11%	974,051	5.11%
1995	20,189,292	19,041,666	94.32%	633,911	19,675,577	97.46%	1,002,243	4.96%
1996	24,403,739	23,698,673	97.11%	591,960	24,290,633	99.54%	1,156,572	4.74%
1997	25,501,907	24,824,360	97.34%	651,156	25,475,516	99.90%	1,188,378	4.66%
1998	25,775,921	24,927,425	96.71%	720,380	25,647,805	99.50%	1,390,417	5.39%
1999	25,711,787	25,555,250	99.39%	838,957	26,397,207	102.67%	848,208	3.30%
2000	27,097,451	26,743,803	98.69%	777,700	27,521,503	101.56%	1,205,236	4.45%
2001	27,097,451	26,743,803	98.69%	777,700	27,521,503	101.56%	1,205,236	4.45%

Source: Butler 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, OHIO
 Assessed and Estimated Actual Value of Taxable Property
 Last Ten Collection Years (1)

TABLE 4

Collection Year	Real Property		Tangible Personal Property		Public Utilities Personal		Total	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1992	\$522,717,490	\$1,493,478,543	\$223,051,199	\$826,115,552	\$80,132,130	\$100,165,163	\$825,900,819	\$2,419,759,258
1993	527,179,520	1,506,224,200	220,146,521	846,717,388	97,252,680	121,565,850	844,578,721	2,474,507,438
1994	574,093,730	1,640,267,800	196,654,808	786,619,232	101,607,930	127,009,913	872,356,468	2,553,896,945
1995	586,939,860	1,676,971,029	179,387,670	717,550,680	103,304,360	129,130,450	869,631,890	2,523,652,159
1996	596,732,960	1,704,951,314	205,791,439	823,165,756	91,847,380	114,809,225	894,371,779	2,642,926,295
1997	661,069,610	1,888,770,314	224,104,236	896,416,944	91,108,250	113,885,313	976,282,096	2,899,072,571
1998	675,189,920	1,929,114,057	246,903,455	987,613,820	88,903,890	111,129,863	1,010,997,265	3,027,857,740
1999	687,607,230	1,964,592,086	236,392,230	945,568,920	90,672,470	113,340,588	1,014,671,930	3,023,501,594
2000	636,518,934	1,818,625,526	217,179,292	868,717,168	62,854,774	78,568,468	916,553,000	2,765,911,162
2001	658,757,370	1,882,163,914	229,281,088	949,636,988	61,598,530	76,998,163	949,636,988	2,908,799,065

Source: Butler 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.

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
 Property Tax Rates (Per \$1,000 of Assessed Valuation)
 Direct and Overlapping Governments
 Last Ten Collection (Calendar) Years (1)

	2000		1999		1998		1997		1996		1995		1994		1993		1992		1991			
	TAX YEAR	COLLECTION YEAR	TAX YEAR	COLLECTION YEAR	TAX YEAR	COLLECTION YEAR	TAX YEAR	COLLECTION YEAR	TAX YEAR	COLLECTION YEAR	TAX YEAR	COLLECTION YEAR	TAX YEAR	COLLECTION YEAR	TAX YEAR	COLLECTION YEAR	TAX YEAR	COLLECTION YEAR	TAX YEAR	COLLECTION YEAR		
Middletown CSD	34.98	2001	35.33	2000	36.53	1999	37.03	1998	37.03	1997	38.20	1996	33.23	1995	33.23	1994	33.23	1993	33.23	1992	33.43	1991
Butler County	8.45	2001	8.45	2000	8.45	1999	8.45	1998	8.45	1997	7.45	1996	7.45	1995	7.44	1994	7.44	1993	7.44	1992	7.45	1991
City of Monroe	11.17	2001	7.85	2000	7.85	1999	7.85	1998	7.85	1997	7.85	1996	7.85	1995	9.17	1994	9.17	1993	9.17	1992	9.17	1991
City of Middletown	5.86	2001	6.36	2000	6.31	1999	6.31	1998	6.31	1997	6.31	1996	6.38	1995	6.57	1994	6.57	1993	6.56	1992	6.66	1991
Butler County Joint Vocational	1.93	2001	1.93	2000	1.93	1999	1.93	1998	1.93	1997	1.93	1996	1.93	1995	1.93	1994	1.93	1993	1.94	1992	1.97	1991
Lemon Township	-	2001	-	2000	-	1999	-	1998	-	1997	-	1996	2.92	1995	4.92	1994	4.92	1993	9.42	1992	9.42	1991
Lemon TWP - Monroe Corp.	-	2001	-	2000	-	1999	-	1998	-	1997	-	1996	0.60	1995	0.60	1994	0.60	1993	0.60	1992	0.60	1991

Source: Butler 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.

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Ratio of Net General Bonded Debt to Assessed Value
And Net Bonded Debt Per Capita
Last Ten Fiscal Years (3)

TABLE 6

Year	Population (1)	Total Assessed Value (2)	Gross Bonded Debt	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value (%)
1992	62,684	\$825,900,819	\$645,000	\$75,525	\$569,475	0.07%
1993	62,684	844,578,721	585,000	173,052	411,948	0.05%
1994	62,684	872,356,468	520,000	269,256	250,744	0.03%
1995	62,684	869,631,890	450,000	269,477	180,523	0.02%
1996	62,684	894,371,779	375,000	2,131,561	0	0.00%
1997	62,684	976,282,096	290,000	1,642,235	0	0.00%
1998	62,684	1,010,997,265	200,000	503,152	0	0.00%
1999	62,684	1,014,671,930	105,000	618,539	0	0.00%
2000	62,889	916,553,000	0	744,181	0	0.00%
2001	62,889	949,636,988	0	140,022	0	0.00%

Source:

(1) U.S. Census Bureau

(2) Butler County Auditor, calendar year basis.

(3) 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.

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO

Computation of Legal Debt Margin

June 30, 2001

TABLE 7

Assessed Valuation of District \$949,636,988

Overall Direct Debt Limitation

Direct debt limitation		
9% of assessed valuation		85,467,329
Amount available in Debt Service Fund		140,022
Gross indebtedness	0	
Less: Debt exempt from limitation	0	
Debt subject to 9% limitation	<u>0</u>	<u>0</u>
Legal debt margin within 9% limitation		<u><u>\$85,607,351</u></u>

Unvoted Direct Debt Limitation

Unvoted debt limitation		
0.1% of assessed valuation		949,637
Amount available in Debt Service Fund related to unvoted debt		140,022
Gross indebtedness authorized by the Board	0	
Less: Debt exempt from limitation	0	
Debt subject to 0.1% limitation	<u>0</u>	<u>0</u>
Legal debt margin within 0.1% limitation		<u><u>\$1,089,659</u></u>

Energy Conservation Bond Limitation

Ohio Revised Code Section 133.042

Debt limitation		\$8,546,733
0.9% of assessed valuation		
Energy conservation notes authorized by the board		<u>0</u>
Legal Debt margin within 0.9% limitation		<u><u>\$8,546,733</u></u>

Source: Middletown City School District records.

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO
Computation of Direct and Overlapping Debt
June 30, 2001

TABLE 8

<u>Governmental Unit</u>	<u>Gross General Obligation</u>	<u>Percent Applicable to District (1)</u>	<u>Amount Applicable to District</u>
Direct:			
Middletown City School District	<u>\$0</u>	100.00%	<u>\$0</u>
Overlapping:			
City of Middletown	\$14,675,000	100.00%	\$14,675,000
Butler County	47,905,000	14.11%	6,759,396
Warren County	4,541,342	2.86%	129,882
Total overlapping:	<u>\$67,121,342</u>		<u>\$21,564,278</u>
Total direct and overlapping debt:	<u><u>\$67,121,342</u></u>		<u><u>\$21,564,278</u></u>

Source: Ohio Municipal Advisory Council.

(1) Calculated by the Ohio Municipal Advisory Council.

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO

TABLE 9

Ratio of Annual Debt Service Expenditures
For General Bonded Debt to Total General Fund Expenditures
Last Ten Fiscal Years (2)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures (1)	Ratio of Debt Service to General Fund Expenditures (%)
1992	\$60,000	\$47,250	\$107,250	\$39,755,935	0.27%
1993	60,000	43,050	103,050	44,098,498	0.23%
1994	65,000	38,675	103,675	44,382,389	0.23%
1995	70,000	33,950	103,950	45,199,245	0.23%
1996	75,000	28,875	103,875	41,216,060	0.25%
1997	85,000	23,275	108,275	47,603,654	0.23%
1998	90,000	17,150	107,150	47,847,209	0.22%
1999	95,000	10,675	105,675	50,587,893	0.21%
2000	105,000	3,902	108,902	53,344,960	0.20%
2001	0	21,165	21,165	52,059,072	0.04%

Source: Middletown City School District

(1) Includes General and Emergency Levy Funds only.

(2) 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.

**Demographic Statistics
Last Ten Fiscal Years (4)**

Fiscal Year	Population (1)	School Enrollment (2)	Unemployment Rate (3)		
			Middletown Service Area	State of Ohio	United States
1992	62,684	9,685	7.70%	7.60%	7.60%
1993	62,684	9,828	7.80%	5.80%	7.00%
1994	62,684	9,895	5.50%	5.50%	6.00%
1995	62,684	9,935	4.20%	4.60%	5.80%
1996	62,684	9,780	4.30%	4.90%	5.30%
1997	62,684	9,816	3.50%	4.30%	5.20%
1998	62,684	9,656	3.60%	4.50%	4.70%
1999	62,684	9,466	3.70%	4.50%	4.50%
2000	62,889	9,260	3.30%	4.10%	4.00%
2001	62,889	7,705	3.70%	4.20%	4.50%

- Sources:**
- (1) U.S. Census Bureau
 - (2) Middletown City School District records
 - (3) Ohio Bureau of Employment Services, rates are for Butler County
 - (4) 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.

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO**TABLE 11****Construction, Bank Deposits and Property Values**

Last Ten Calendar Years (4)

<u>Calendar Year</u>	<u>Construction (1)</u>	<u>Bank Deposits (2)</u>	<u>Property Values (3)</u>
1992	\$21,963,514	\$904,381,000	\$522,717,490
1993	13,472,200	724,213,000	527,179,520
1994	20,053,429	711,686,000	574,093,730
1995	20,473,940	737,683,000	586,939,860
1996	209,121,147	800,556,000	596,732,960
1997	26,948,400	783,398,000	661,069,610
1998	40,738,971	815,435,000	675,189,920
1999	38,753,171	864,105,000	687,607,230
2000	10,836,229	913,169,000	636,518,934
2001	6,972,980	1,146,859,000	658,757,370

Sources:

- (1) Butler County Auditor
- (2) Total deposits of all banks headquartered in Butler County, Ohio. (includes national and state chartered banks). Data was not available for the District only. Department of Commerce, Banks Division.
- (3) Butler County Auditor, calendar year basis, real property only. Figures are 35% of real property value.
- (4) 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.

MIDDLETOWN CITY SCHOOL DISTRICT, OHIO

Real and Tangible Personal Property

Top Ten Principal Taxpayers

June 30, 2001

TABLE 12

<u>Name of Taxpayer</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
AK Steel Corp.	\$20,998,990	\$102,807,000	\$123,805,990	13.04%
Cincinnati Gas & Electric Co.	39,215,140	0	39,215,140	4.13%
Southwestern Bell	2,706,700	5,570,870	8,277,570	0.87%
Jefferson Smurfit Corp.	1,551,430	6,556,660	8,108,090	0.85%
Bay West Paper Corp.	1,526,180	5,881,910	7,408,090	0.78%
Ohio Bell	7,173,000	0	7,173,000	0.76%
Aeronca Aircraft Corp.	1,294,490	4,630,143	5,924,633	0.62%
Messer Griesheim	0	5,653,280	5,653,280	0.60%
Air Products & Chemical Inc.	0	3,915,100	3,915,100	0.41%
J&F Steel	0	3,351,160	3,351,160	0.35%
	<u>\$74,465,930</u>	<u>\$138,366,123</u>	<u>\$212,832,053</u>	<u>22.41%</u>

Source: Butler County Auditor.

Year of Incorporation:	1837
Form of Government:	Public School District
Area of District:	23 sq. mi.

Number of Schools

Elementary	12
Middle	2
High	2
	<u>16</u>

Education of Certified Staff

<u>Fiscal Year (1)</u>	<u>Bachelor</u>	<u>Masters and beyond</u>	<u>Average years Experience</u>
1992	57.60%	42.40%	13.7
1993	57.30%	42.70%	14.0
1994	67.10%	32.90%	14.6
1995	50.30%	49.70%	15.1
1996	52.30%	47.70%	14.8
1997	55.90%	44.10%	13.2
1998	58.00%	42.00%	13.0
1999	57.60%	42.40%	13.1
2000	59.40%	40.60%	13.5
2001	59.40%	45.60%	13.7

Source: Ohio Department of Education 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.

MIDDLETOWN CITY SCHOOL DISTRICT

Single Audit Reports

June 30, 2001



**Report on compliance and on internal control over financial reporting
based on an audit of financial statements performed in accordance with
*Government Auditing Standards***

November 16, 2001

Board of Education
Middletown City School District

We have audited the general purpose financial statements of the Middletown City School District, (the District), as of and for the year ended June 30, 2001, and have issued our report thereon dated November 16, 2001. 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.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance required to be reported under *Government Auditing Standards*.

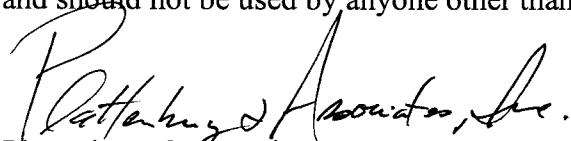
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the

normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Auditor of State, Board of Education, 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.

A handwritten signature in cursive script that reads "Plattenburg & Associates, Inc." The signature is written in black ink and is positioned above the printed name of the firm.

Plattenburg & Associates, Inc.
Certified Public Accountants



**Report on compliance with requirements applicable to each major program and
internal control over compliance in accordance with OMB Circular A-133**

November 16, 2001

Board of Education
Middletown City School District

Compliance

We have audited the compliance of 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 its major federal program for the year ended June 30, 2001. The District's major federal program is identified in the summary of auditor's results portion of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulation, contracts and grants applicable to each of its major federal programs is 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 on 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 its major federal program for the year ended June 30, 2001.

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 and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Federal Awards Expenditures

We have audited the general purpose financial statements of the District as of and for the year ended June 30, 2001, and have issued our report thereon dated November 16, 2001. Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the District taken as a whole. 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 general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended for the information of management, Board of Education, the Auditor of State, 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.



Plattenburg & Associates, Inc.

Certified Public Accountants

MIDDLETOWN CITY SCHOOL DISTRICT
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001

Federal Grant/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
Passed Through Ohio Department of Education:						
Child Nutrition Cluster:						
Food Distribution Program	03-PU	10.550	\$0	\$93,512	\$0	\$88,812
National School Breakfast Program	05-PU	10.553	170,368	0	170,368	0
National School Lunch Program	04-PU	10.555	895,109	0	895,109	0
Child Care Food Program	n/a	10.558	1,347	0	1,347	0
Summer Food Service Program	n/a	10.559	25,653	0	25,653	0
Child Nutrition State Admin	n/a	10.560	2,639	0	2,639	0
Total U.S. Department of Agriculture - Nutrition Cluster			<u>1,095,116</u>	<u>93,512</u>	<u>1,095,116</u>	<u>88,812</u>
U.S. DEPARTMENT OF EDUCATION						
Passed Through Ohio Department of Education:						
Special Education Cluster:						
Title VI - B Grant	6B-SF	84.027	816,950	0	763,888	0
Preschool Grant	PG-S1	84.173	19,621	0	19,621	0
Total U.S. Special Education Cluster			<u>836,571</u>	<u>0</u>	<u>783,509</u>	<u>0</u>
Adult Basic Education Grant	AB-S1	84.002	182,358	0	212,198	0
Eisenhower Grant	MS-S1	84.281	32,888	0	35,118	0
Title I Grant	C1-S0	84.010	2,095,790	0	1,886,803	0
Title VI	C2-S1	84.298	54,455	0	12,996	0
Tech Literacy	TF-S1	84.318	24,676	0	24,676	0
Drug Free Schools Grant	DR-S1	84.186	102,454	0	78,662	0
Comprehensive School Reform	CR-S1	84.332	185,000	0	255,721	0
Entry Year Grant	G2-S4	84.276	192,840	0	176,338	0
Title VI-R	n/a	84.340	296,435	0	280,582	0
Total Department of Education			<u>4,003,467</u>	<u>0</u>	<u>3,746,603</u>	<u>0</u>
U.S. DEPARTMENT OF HEALTH CARE FINANCING ADMINISTRATION						
Medical Assistance Program	n/a	93.778	225,374	0	225,374	0
Total U.S. Department of Health Care			<u>225,374</u>	<u>0</u>	<u>225,374</u>	<u>0</u>
Total Federal Assistance			<u>\$5,323,957</u>	<u>\$93,512</u>	<u>\$5,067,093</u>	<u>\$88,812</u>

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B -- FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with state grants, and it is assumed that federal monies are expended first.

n/a -- Information not available

MIDDLETOWN CITY SCHOOL DISTRICT
June 30, 2001

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None Noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None Noted

MIDDLETOWN CITY SCHOOL DISTRICT
JUNE 30, 2001

SCHEDULE OF PRIOR AUDIT AND QUESTIONED COSTS
OMB CIRCULAR A-133

Middletown City School District had no prior audit findings or questioned costs.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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
JANUARY 29, 2002**