

Middletown City School District

Butler County

Single Audit

July 01, 2008 through June 30, 2009

Fiscal Year Audited Under GAGAS: 2009



Balestra, Harr & Scherer, CPAs, Inc.

528 South West St, P.O. Box 687, Piketon, Ohio 45661 Phone: 740.289.4131 Fax: 740.289.3639
800 Gallia Street, Suite 38, Portsmouth, Ohio 45662 Phone: 740.876.9121 Fax: 800.210.2573



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Middletown City School District, Butler County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 8, 2010

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Middletown City School District

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Middletown City School District
Butler County
Schedule of Federal Awards Receipts and Expenditures
For the Year Ended June 30, 2009

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>United States Department of Agriculture</u>						
<i>Passed through Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
School Breakfast Program	O5PU	10.553	\$ 692,650	\$ -	\$ 692,650	\$ -
National School Lunch Program	LLP4	10.555	1,535,516	63,692	1,535,516	63,692
Summer Food Service Program for Children	24PU	10.559	13,102	-	13,102	-
Total Nutrition Cluster			2,241,268	63,692	2,241,268	63,692
Team Nutrition Grants	TWNT	10.574	-	-	287	-
Total United States Department of Agriculture			2,241,268	63,692	2,241,555	63,692
<u>United States Department of Education</u>						
<i>Passed through Ohio Department of Education</i>						
Special Education - Grants to States	6BSF	84.027	1,542,271	-	1,652,358	-
Special Education - Preschool Grant	PGS1	84.173	31,049	-	32,040	-
Total Special Education Cluster			1,573,320	-	1,684,398	-
Adult Basic Education Grant	ABS	84.002	303,070	-	313,106	-
Title 1 Grants to Local Education Agencies	C1S1	84.010	3,188,612	-	3,045,323	-
Safe and Drug-Free Schools and Communities - State Grants	DRS1	84.186	54,078	-	46,716	-
State Grants for Innovative Programs	C2S1	84.298	11,741	-	98,163	-
Education Technology State Grants	TJS1	84.318	2,794	-	1,089	-
Reading First State Grants	RSS1	84.357	1,179,353	-	1,193,783	-
Title III-Limited English Proficiency	T3S1	84.365	14,016	-	20,661	-
Improving Teacher Quality State Grants	TRS1	84.367	422,205	-	630,765	-
<i>Passed through Hamilton City School District:</i>						
Teaching American History	NA	84.215	7,707	-	18,527	-
Total United States Department of Education			6,756,896	-	7,052,531	-
Total Federal Financial Assistance			\$8,998,164	\$ 63,692	\$ 9,294,086	\$ 63,692

NA - Not Available

See accompanying notes to the schedule of federal awards receipts and expenditures

Middletown City School District

*Notes to the Schedule of Federal Awards Receipts and Expenditures
For the Fiscal Year Ended June 30, 2009*

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – FOOD DONATION

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

NOTE C – MATCHING REQUIREMENTS

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

NOTE D – CHILD NUTRITION CLUSTER

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



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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Middletown City School District, Butler County, Ohio (the School District) as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 29, 2009 in which we noted that the School District adopted Governmental Accounting Standards Board Statement No. 49, Statement No. 52, Statement No. 55 and Statement No. 56. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Governmental Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

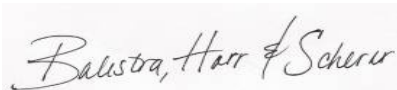
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weakness. We did not identify any deficiencies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

We noted certain matters that we reported to the School District's management in a separate letter dated December 29, 2009.

Compliance and Other Matters

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

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



Balestra, Harr & Scherer, CPAs, Inc.
December 29, 2009



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

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

Compliance

We have audited the compliance of Middletown City School District, Butler County, Ohio (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The School District's management 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 School District's internal control over compliance with the requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

Board of Education

Middletown City School District

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

Page 2

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

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

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

Schedule of Federal Awards Receipts and Expenditures

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2009, and have issued our report thereon dated December 29, 2009 wherein we noted that the School District adopted Governmental Accounting Standards Board Statement No. 49, Statement No. 52, Statement No. 55 and Statement No. 56. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Balestra, Harr & Scherer, CPAs, Inc.
December 29, 2009

MIDDLETOWN CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

1. SUMMARY OF AUDITOR' S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant internal control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Program' s Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Title I Grants to Local Education Agencies, CFDA# 84.010 Reading First State Grants, CFDA# 84.357
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

MIDDLETOWN CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(CONTINUED)

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Independent Auditor's Report on Applying Agreed-Upon Procedures

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states “the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school.”

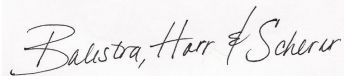
Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Middletown City School District (the District) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on May 14, 2007.
2. We read the policy, noting it included the following requirements from the Ohio Rev. Code Section 3313.666(B)
 - 1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - 2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.66;
 - 3) A procedure for reporting prohibited incidents;
 - 4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - 5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the “Family Educational Rights and Privacy Act of 1974,” 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
 - 6) A procedure for documenting any prohibited incident that is reported;

- 7) A procedure for responding to and investigating any reported incident;
- 8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- 9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- 10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than this specified party.



Balestra, Harr & Scherer, CPAs, Inc.

December 29, 2009

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

OF THE

**MIDDLETOWN CITY
SCHOOL DISTRICT**

FOR THE

FISCAL YEAR ENDED JUNE 30, 2009

**PREPARED BY
TREASURER'S DEPARTMENT
MS. LISA FAHNCKE, CPA, TREASURER**

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INTRODUCTORY SECTION

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**MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY, OHIO**
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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WWW.MIDDLETOWNCITYSCHOOLS.COM

OFFICE OF THE TREASURER

1515 GIRARD AVE.
MIDDLETOWN, OH 45044
(513) 423-0781 • (513) 420-4579 FAX

December 29, 2009

To The Citizens and Board of Education of the Middletown City School District:

The Comprehensive Annual Financial Report [CAFR] of the Middletown City School District (the “District”) for the fiscal year ended June 30, 2009, is hereby submitted. This report, prepared by the Treasurer's office, includes an opinion from our auditor, Balestra, Harr & Scherer CPAs, Inc., and conforms to generally accepted accounting principles [GAAP] as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. This report will provide the residents of the Middletown City School District with comprehensive financial data in a format that will enable them to gain an understanding of the District's financial affairs. Copies will be available upon request to taxpayers, financial rating services, banking institutions and other interested parties.

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

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

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

ECONOMIC CONDITION AND OUTLOOK

The District is located in southwestern Ohio, midway between the cities of Cincinnati and Dayton, in the northeast corner of Butler County. The eastern boundary of the District is along Interstate 75, which runs from Canada to Florida, making it a desirable location for many businesses that require easy access to the nation's interstate system. Approximately 70 percent of the District's tax base is agricultural and residential properties; the remainder is composed of a wide range of manufacturing, commercial and other business properties. The overall economic outlook for the area remains guarded with unemployment rates expected to increase.

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

DESCRIPTION OF THE DISTRICT

The District serves an area of 23 square miles, encompassing the City of Middletown and a portion of Lemon Township in the northeastern corner of Butler County, midway between Cincinnati and Dayton. It also encompasses a small portion of Franklin Township in Warren County. According to information from the U.S. Census Bureau, the population of the City of Middletown is approximately 51,000 residents. The tax base of the District is comprised of a unique blend of residential, commercial, and industrial property, with 30% of the tax revenue of the District paid by business and industry.

During the 2008-09 school year, the District had 6,750 students enrolled in 8 elementary schools, two middle schools serving grades 6-8 and one comprehensive high school for grades 9-12 including an alternative program. The District also operates a variety of other facilities, including a central administration building, bus garage, central supply warehouse, and several sports fields.

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

ORGANIZATION OF THE SCHOOL DISTRICT

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

The Board members represent a cross section of professions in the community. The Board members on June 30, 2009, were as follows:

Board Member	Began Service	Term Expires	Profession
Mrs. Marcia Andrew	January, 2006	December, 2009	Attorney
Rev. Gregory Tyus	December, 2007	December, 2009	Pastor
Mr. Chris Fiora	January, 2008	December, 2011	Business
Mrs. Katie McNeil	January, 1996	December, 2012	Administrative
Mr. John Sauter	January, 2008	December, 2011	Business

The Superintendent is the Chief Executive Officer of the District, responsible directly to the Board for all educational and support operations. Dr. Steve Price was appointed Superintendent in 2002. Dr. Price resigned effective July 31, 2009. Prior to his appointment, Dr. Price was superintendent of Perry Local Schools in Massillon, Ohio. Dr. Price holds a Doctorate in Education from Miami University and has 23 years experience in education.

The Treasurer is the Chief Financial Officer of the District and is directly responsible to the Board for all financial operations, investments, and serves as Secretary to the Board. Mrs. Lisa Fahncke has served as Treasurer since March, 2009 and has a total of 6 years of educational experience as a school Treasurer in Ohio with 17 years of experience in governmental accounting and 22 years of experience in accounting as a whole. Mrs. Fahncke holds a Bachelor's degree from Wright State University and is a certified public accountant in the State of Ohio.

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

EMPLOYEE RELATIONS

The District employed just fewer than 809 full and part-time staff members during the 2008-09 school year. This included classified employees who are responsible for the operation of the District's support services and the teaching and administrative staff of the District. Two organizations represent the teaching and classified employees. The District's administrative employees are not currently represented.

The Middletown Teachers Association (MTA), an affiliate of the Ohio Education Association (OEA), represents all certificated employees of the District. The MTA and District have negotiated a new collective bargaining agreement on language, salary and fringe benefits that began on July 1, 2007.

The Middletown Classified Employees Association (MCEA), also an affiliate of the Ohio Education Association (OEA), represents a majority of the support staff of the District. Classified employees are responsible for providing the necessary support services of the District, including: transportation services, clerical support, building maintenance and custodial needs. The current MCEA collective bargaining agreement expires June 30, 2011.

SERVICES PROVIDED

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

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

MAJOR CURRENT AND FUTURE INITIATIVES

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

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

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

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

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

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

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

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

The amount of the increase was reduced due to an unexpected increase in State Foundation funding as a direct result of increases in the State of Ohio Biennial Budget (House Bill 119). House Bill 119 increased funding to districts with higher percentages of economically disadvantaged students. Middletown City School District's percentage of economically disadvantaged students has risen over the last several years and is approximately 70% in 2009. However, the increased funding must be spent to increase the District's all-day kindergarten program, reduce class size and provide academic intervention.

The Board decided to separate the renewal and increase into two issues for the November 2007 ballot. The issues were a \$4 million renewal and a separate \$1.5 million increase. Voters approved the renewal levy and failed the increase. Therefore, the District reinstated \$4 million of programs and services leaving approximately \$1.5 million of cuts consisting primarily of support and administrative staff. Enrollment increased slightly in 2007-08 and 2008-2009 due to the reinstatement of most programs.

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

RELEVANT FINANCIAL POLICIES

In June of 2006, the State legislature passed House Bill 66. House Bill 66 phases out the tax on tangible personal property of general business, telephone and telecommunications companies, and railroads. The tax on general business and railroad property began being phased out in 2007 and will be eliminated by 2009. The tax on telephone and telecommunication property will begin being phased out in 2009 and will be eliminated by 2011. The tax is being phased out by reducing the assessment rate on the property each year. The District will be reimbursed fully for the lost revenue through May 2012; in the following six years, the reimbursements will be phased out.

FINANCIAL INFORMATION

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

INTERNAL ACCOUNTING AND BUDGETARY CONTROL

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

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

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

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

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

The accounting system used by the District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date. In addition to interim financial statements, each program manager is furnished monthly reports showing the status of the budget accounts for which he or she is responsible. Each program manager may request additional financial reports during the month when necessary. As an additional safeguard, a blanket bond covers all employees involved with receiving and depositing funds and a separate, higher bond covers certain individuals in policy-making roles. The basis of accounting and the various funds utilized by the District are fully described in the notes to the basic financial statements. Additional information on the District's budgetary accounts can also be found in the notes to the basic financial statements.

INDEPENDENT AUDIT

The State of Ohio requires an annual audit by either the Ohio Auditor of State or by an independent public accounting firm. The firm of Balestra, Harr & Scherer CPAs, Inc. was requested by the Treasurer to perform the audit for the fiscal year ended June 30, 2009. The auditor's unqualified opinion rendered on the District's basic financial statements, and their report on the combining and individual fund statements and schedules, is included in the financial section of this report. Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all units of local education agencies in Ohio. The District adopted and has been in conformance with that system effective with its annual financial report since the 1979 calendar year.

AWARDS

GFOA Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

ASBO Certificate of Excellence in Financial Reporting

The Association of School Business Officials International (ASBO) awards a Certificate of Excellence in Financial Reporting to school district that publish Comprehensive Annual Financial Reports which substantially conform to the principles and standards of financial reporting as recommended and adopted by the Association of the School Business Officials. The award is granted only after an intensive review of the financial report by an all-expert panel of certified public accountants and practicing school business officials.

The District received the Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2008. The District believes that the Comprehensive Annual Financial Report for fiscal year June 30, 2009, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

Making Your Tax Dollars Count Award

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

ACKNOWLEDGEMENTS

The preparation of the 2009 Comprehensive Annual Financial Report of the Middletown City School District was made possible by the combined efforts of the District's Finance Department and Julian & Grube, Inc. The publication of this Comprehensive Annual Financial Report for the District is a major step in the reinforcing of the accountability of the District to the taxpayers of the community.

Respectfully submitted,



Lisa Fahncke
Treasurer

**MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY, OHIO
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2009**

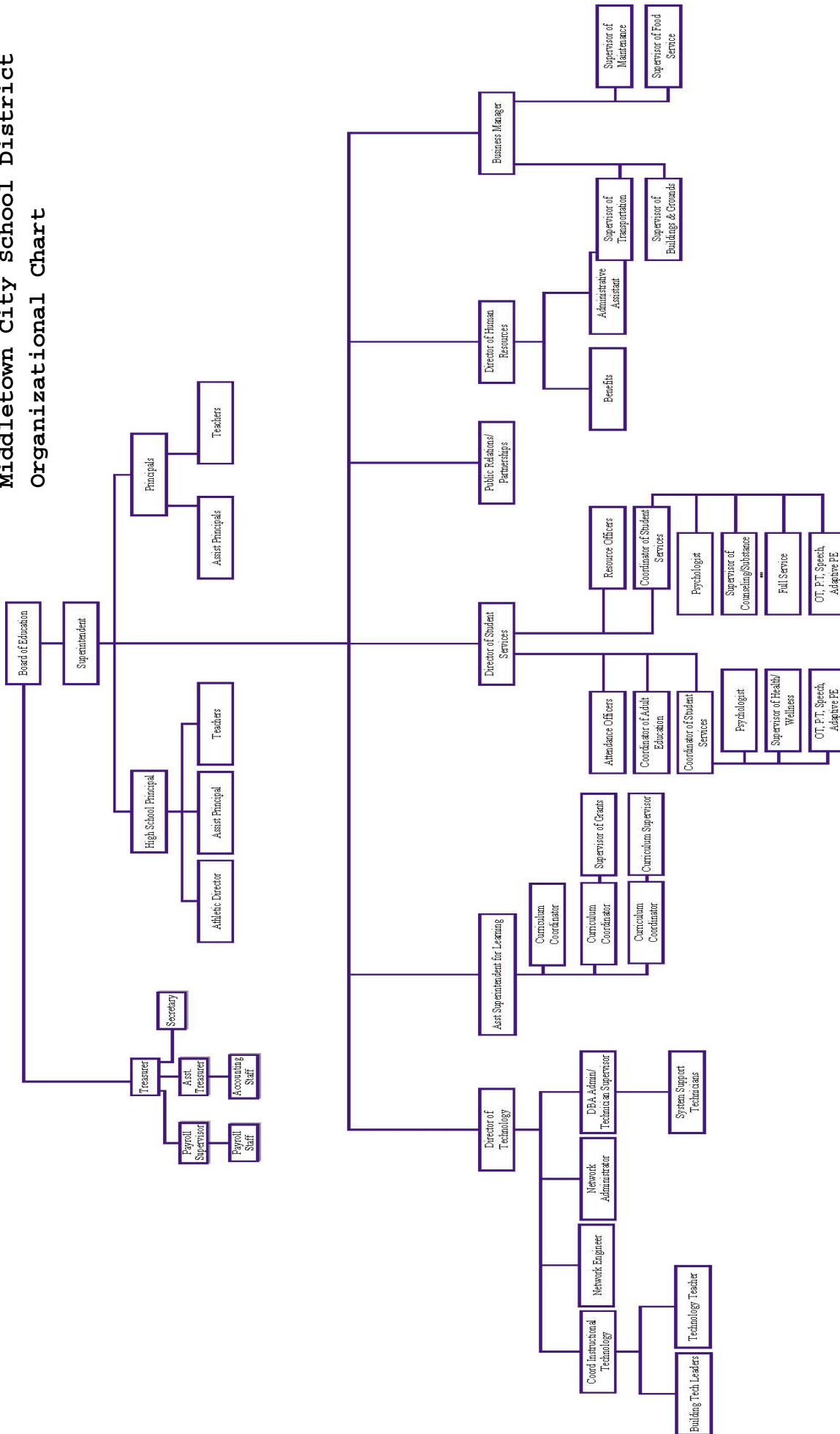
BOARD OF EDUCATION

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

ADMINISTRATIVE OFFICIALS

Superintendent	Stephen C. Price, Ed.D.
Assistant Superintendent	Betsy L. Carter, Ph.D.
Treasurer	Ms. Lisa Fahncke, CPA
Director of Human Resources	Lisa Lowery
Director of Student Services	Susan Combs
Director of Athletics	Gary Lebo
Legal Counsel	Don Crain, Esq. - Frost, Brown & Todd, Attorneys at Law

Middletown City School District Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Middletown City School
District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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.



President

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

MIDDLETOWN CITY SCHOOLS DISTRICT

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2008

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

President

Executive Director

FINANCIAL SECTION

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Middletown City School District, Butler County, Ohio (the School District), as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

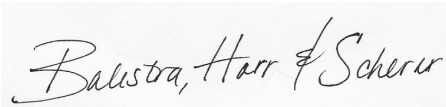
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2009, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2009 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

As described in Note 3, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*.



Balestra, Harr & Scherer, CPAs, Inc.
December 29, 2009

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

The management discussion and analysis of the Middletown City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2009 are as follows:

- In total, net assets of governmental activities increased \$199,613 which represents a 0.78% increase from June 30, 2008.
- General revenues accounted for \$68,531,875 in revenue or 77.72% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$19,641,688 or 22.28% for total revenues of \$88,173,563.
- The District had \$87,973,950 in expenses related to governmental activities; \$19,641,688 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$68,531,875 were adequate to provide for these programs.
- The District has three major funds which include the general fund, the emergency levy fund and the debt service fund. The general fund had \$47,993,173 in revenues and other financing sources and \$45,614,535 in expenditures and other financing uses. The general fund's fund balance increased \$2,378,638 from a deficit of \$2,231,245 to a balance of \$147,393.
- The emergency levy fund had \$19,639,483 in revenues and other financing sources and \$22,208,376 in expenditures. The emergency levy fund's fund balance decreased \$2,568,893 from \$7,689,311 to \$5,120,418.
- The debt service fund had \$5,174,365 in revenues and \$4,737,282 in expenditures. The debt service fund's fund deficit decreased \$437,083 from a deficit of \$1,563,175 to a deficit of \$1,126,092

Using this Comprehensive Annual Financial Report (CAFR)

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2009?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

The District's statement of net assets and statement of activities can be found on pages 17-18 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 11. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, the emergency levy fund and the debt service fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 19-22 of this report.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for some of its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in an agency fund. The District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 23 and 24. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 25-49 of this report.

Required Supplementary Information

The schedules of revenues, expenditures, and changes in fund balance - budget and actual (non-GAAP budgetary basis) for the general fund and emergency levy fund are provided on pages 50-53 of this report.

The District as a Whole

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)

The table below provides a summary of the District's net assets at June 30, 2009 and 2008. The assets and liabilities at June 30, 2008 have been restated to account for an overestimation of property taxes receivable, a current asset, and unearned revenue, a current liability. Restricted and unrestricted net assets have been restated at June 30, 2008 to properly classify the emergency levy fund's fund balance as unrestricted. These restatements have no effect on total net assets at June 30, 2008.

	Net Assets		Percentage Change
	Governmental Activities 2009	Restated Governmental Activities 2008	
<u>Assets</u>			
Current and other assets	\$ 56,795,554	\$ 56,861,941	(0.12) %
Capital assets, net	<u>82,492,413</u>	<u>84,097,230</u>	(1.91) %
Total assets	<u>139,287,967</u>	<u>140,959,171</u>	(1.19) %
<u>Liabilities</u>			
Current liabilities	44,822,662	45,037,518	(0.48) %
Long-term liabilities	<u>68,576,133</u>	<u>70,232,094</u>	(2.36) %
Total liabilities	<u>113,398,795</u>	<u>115,269,612</u>	(1.62) %
<u>Net Assets</u>			
Invested in capital assets, net of related debt	12,696,177	12,290,959	3.30 %
Restricted	4,704,174	5,485,245	(14.24) %
Unrestricted	<u>8,488,821</u>	<u>7,913,355</u>	7.27 %
Total net assets	<u>\$ 25,889,172</u>	<u>\$ 25,689,559</u>	0.78 %

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2009 and June 30, 2008, the District's assets exceeded liabilities by \$25,889,172 and \$25,689,559, respectively. Net assets increased \$199,613 from June 30, 2008.

Assets of the District decreased \$1,671,204 or 1.19%. The most significant decrease was in the area of capital assets. At year-end, capital assets represented 59.22% of total assets. Capital assets include land, buildings and improvements and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2009 and June 30, 2008, were \$12,696,177 and \$12,290,959, respectively. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. The decrease in capital assets of \$1,604,817 or 1.91% is the result of depreciation expense of \$3,260,635 and disposals of 75,609 (net of accumulated depreciation) exceeding additions of \$1,731,427.

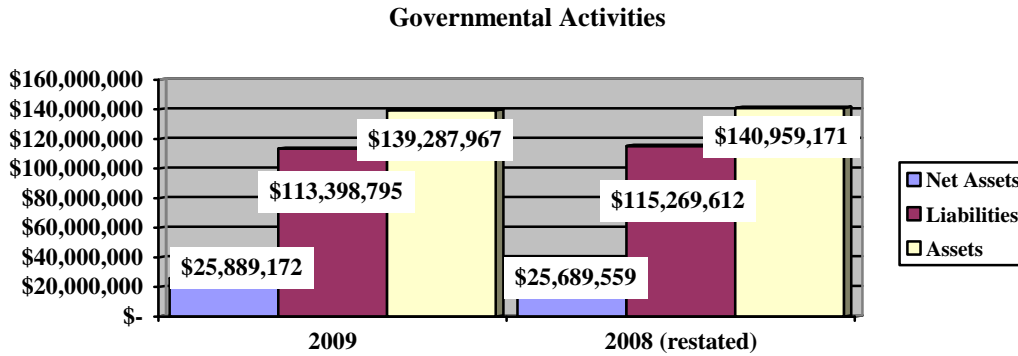
Liabilities of the District decreased \$1,870,817 or 1.62%. This decrease is mainly due to principal payments on bonds, notes and capital leases. Principal paid during the year totaled \$2,229,778.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)

A portion of the District's net assets, \$4,704,174, represents resources that are subject to external restriction on how they may be used. Of the restricted net assets, \$2,427,662 is restricted for capital projects and \$1,925,277 is restricted for State funded programs. The remaining balance of unrestricted net assets of \$8,488,821 may be used to meet the District's ongoing obligations to the students and creditors.

The graph below shows the District's assets, liabilities and net assets at June 30, 2009 and June 30, 2008:



The table below shows the change in net assets for fiscal years 2009 and 2008. Certain amounts have been reclassified to conform to fiscal year 2009's presentation.

Change in Net Assets

	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>	Percentage <u>Change</u>
Revenues			
Program revenues:			
Charges for services and sales	\$ 1,813,142	\$ 1,928,069	(5.96) %
Operating grants and contributions	17,762,109	17,204,236	3.24 %
Capital grants and contributions	66,437	14,078	371.92 %
General revenues:			
Taxes	35,177,578	39,315,956	(10.53) %
Grants and entitlements not restricted	33,102,516	25,484,831	29.89 %
Investment earnings	228,509	1,391,914	(83.58) %
Other	23,272	139,122	(83.27) %
Total revenues	<u>88,173,563</u>	<u>85,478,206</u>	3.15 %

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)

Change in Net Assets

	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>	<u>Percentage Change</u>
<u>Expenses</u>			
Program expenses:			
Instruction:			
Regular	\$ 28,871,675	\$ 25,443,727	13.47 %
Special	8,897,841	9,846,602	(9.64) %
Vocational	40,079	28,145	42.40 %
Adult/continuing	390,194	-	100.00 %
Other	9,365,626	8,240,976	13.65 %
Support services:			
Pupil	4,664,923	4,269,073	9.27 %
Instructional staff	5,950,980	4,294,621	38.57 %
Board of education	39,990	28,152	42.05 %
Administration	5,918,107	4,969,878	19.08 %
Fiscal	1,350,653	1,602,802	(15.73) %
Business	484,511	378,914	27.87 %
Operations and maintenance	8,501,464	8,650,520	(1.72) %
Pupil transportation	3,292,293	3,179,889	3.53 %
Central	2,330,840	1,764,603	32.09 %
Operations of non-instructional services			
Food service operations	3,073,129	2,719,443	13.01 %
Non-instructional services	770,226	970,020	(20.60) %
Extracurricular activities	1,022,353	787,327	29.85 %
Interest and fiscal charges	<u>3,009,066</u>	<u>2,999,529</u>	0.32 %
Total expenses	<u>87,973,950</u>	<u>80,174,221</u>	9.73 %
Change in net assets	199,613	5,303,985	(96.24) %
Net assets, beginning of year	<u>25,689,559</u>	<u>20,385,574</u>	26.02 %
Net assets, end of year	<u>\$ 25,889,172</u>	<u>\$ 25,689,559</u>	0.78 %

Governmental Activities

Net assets of the District's governmental activities increased \$199,613 in fiscal year 2009 and increased \$5,303,985 in fiscal year 2008. Total governmental expenses of \$87,973,950 were offset by program revenues of \$19,641,688 and general revenues of \$68,531,875 during fiscal year 2009. Program revenues supported 22.33% of the total governmental expenses during fiscal year 2009.

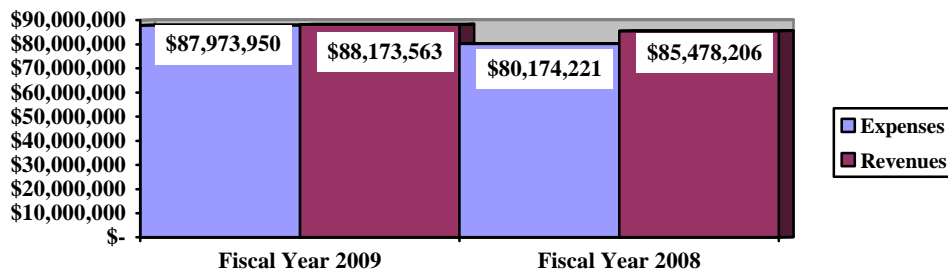
**MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

Revenues of the District increased slightly during fiscal year 2009. Revenues increased \$2,695,357 or 3.15%. Operating grants and contributions increased \$557,873 or 3.24%. This increase is primarily the result of increased funding in the DPIA fund (a nonmajor governmental fund). This fund received roughly \$1,400,000 more in State funding than in fiscal year 2008. Tax revenues decreased \$4,138,378 or 10.53%. This decrease is the result of the phase out of tangible personal property taxes in the State. Conversely, unrestricted grants and entitlements increased \$7,617,685 or 29.89% due to reimbursements by the State for this loss in revenue as well as an increase in State foundation revenue. Investment earnings decreased \$1,163,405 due to a decrease of interest rates earned on investment and a decrease in funds to invest. Expenses increased \$7,799,729 or 9.73%. This increase is primarily due to the new programs provided by the District as well as other cost increases throughout the District.

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2009 and 2008.

Governmental Activities - Revenues and Expenses



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements. Certain amounts have been reclassified to conform to fiscal year 2009's presentation.

	Governmental Activities			
	Total Cost of Services <u>2009</u>	Net Cost of Services <u>2009</u>	Total Cost of Services <u>2008</u>	Net Cost of Services <u>2008</u>
Program expenses				
Instruction:				
Regular	\$ 28,871,675	\$ 24,699,971	\$ 25,443,727	\$ 22,213,898
Special	8,897,841	3,104,106	9,846,602	2,500,453
Vocational	40,079	(94,152)	28,145	(74,793)
Adult/continuing	390,194	52,446	-	-
Other	9,365,626	8,132,865	8,240,976	5,776,316
Support services:				
Pupil	4,664,923	4,129,827	4,269,073	3,532,280
Instructional staff	5,950,980	3,716,193	4,294,621	2,059,239
Board of education	39,990	39,990	28,152	28,152
Administration	5,918,107	5,593,714	4,969,878	4,647,679
Fiscal	1,350,653	1,350,653	1,602,802	1,533,466
Business	484,511	484,511	378,914	378,914
Operations and maintenance	8,501,464	8,156,684	8,650,520	7,809,869
Pupil transportation	3,292,293	2,938,465	3,179,889	1,680,801
Central	2,330,840	2,276,205	1,764,603	1,190,549
Operations of non-instructional services:				
Food service operations	3,073,129	(123,252)	2,719,443	17,586
Non-instructional services	770,226	102,614	970,020	137,579
Extracurricular activities	1,022,353	762,356	787,327	555,245
Interest and fiscal charges	<u>3,009,066</u>	<u>3,009,066</u>	<u>2,999,529</u>	<u>2,999,529</u>
Total	<u>\$ 87,973,950</u>	<u>\$ 68,332,262</u>	<u>\$ 80,174,221</u>	<u>\$ 56,986,762</u>

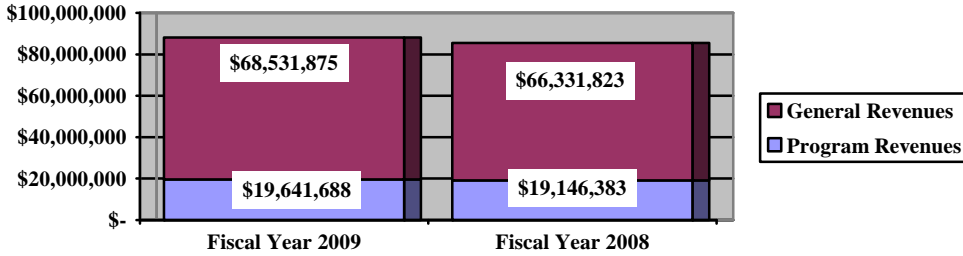
The dependence upon tax and other general revenues for governmental activities is apparent, 75.46% of instruction activities were supported through taxes and other general revenues during fiscal year 2009 and 69.83% in fiscal year 2008. For all governmental activities, general revenue support was 77.67% in fiscal year 2009 and 71.08% in fiscal year 2008. The District's taxpayers and grants and entitlements are by far the primary support for District students.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)

The graph below presents the District's governmental activities revenues for fiscal years 2009 and 2008.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds (as presented on the balance sheet on page 19) reported a combined fund balance of \$7,360,720, which is higher than last year's total of \$6,748,002. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2009 and 2008.

	Fund Balance / (Deficit) <u>June 30, 2009</u>	Fund Balance / (Deficit) <u>June 30, 2008</u>	Increase/ (Decrease)	Percentage Change
General	\$ 147,393	\$ (2,231,245)	\$ 2,378,638	106.61 %
Emergency Levy	5,120,418	7,689,311	(2,568,893)	(33.41) %
Debt Service	(1,126,092)	(1,563,175)	437,083	27.96 %
Other Governmental	<u>3,219,001</u>	<u>2,853,111</u>	<u>365,890</u>	12.82 %
Total	<u>\$ 7,360,720</u>	<u>\$ 6,748,002</u>	<u>\$ 612,718</u>	9.08 %

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)

General Fund

The general fund increased \$2,378,638 during fiscal year 2009. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2009 <u>Amount</u>	2008 <u>Amount</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 16,554,530	\$ 18,819,645	\$ (2,265,115)	(12.04) %
Tuition and fees	666,958	919,770	(252,812)	(27.49) %
Earnings on investments	162,755	396,722	(233,967)	(58.98) %
Intergovernmental	30,033,645	23,003,034	7,030,611	30.56 %
Other revenues	<u>136,115</u>	<u>171,448</u>	<u>(35,333)</u>	(20.61) %
Total	<u>\$ 47,554,003</u>	<u>\$ 43,310,619</u>	<u>\$ 4,243,384</u>	9.80 %
<u>Expenditures</u>				
Instruction	\$ 25,184,976	\$ 21,819,870	\$ 3,365,106	15.42 %
Support services	19,215,724	16,160,518	3,055,206	18.91 %
Operation of non-instructional services	2,244	3,456	(1,212)	(35.07) %
Extracurricular activities	787,530	649,401	138,129	21.27 %
Capital outlay	-	677,662	(677,662)	(100.00) %
Debt service	<u>422,129</u>	<u>326,252</u>	<u>95,877</u>	29.39 %
Total	<u>\$ 45,612,603</u>	<u>\$ 39,637,159</u>	<u>\$ 5,975,444</u>	15.08 %

Revenues of the general fund increased \$4,243,384 or 9.80%. The most significant increase was in the area of intergovernmental revenue which increased \$7,030,611 or 30.56%. This increase is the result of an approximate \$5,900,000 increase in school foundation payments and an increase of \$600,000 in tangible personal property tax reimbursement from the State. Earnings on investments decreased \$233,967 due a lower interest rates earned on investments compared to 2008. Tuition and fees decreased \$252,812 due mainly to a drop in transportation fees.

Expenditures of the general fund increased \$5,975,444 or 15.08%. This increase is primarily the result of new programs provided by the District as well as other cost increases throughout the District.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)

Emergency Levy Fund

The table that follows assists in illustrating the financial activities and fund balance of the emergency levy fund.

	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 14,330,473	\$ 15,870,724	\$ (1,540,251)	(9.70) %
Intergovernmental	<u>4,831,010</u>	<u>4,041,076</u>	<u>789,934</u>	19.55 %
Total	<u>\$ 19,161,483</u>	<u>\$ 19,911,800</u>	<u>\$ (750,317)</u>	(3.77) %
<u>Expenditures</u>				
Instruction	\$ 13,449,115	\$ 12,495,944	\$ 953,171	7.63 %
Support services	7,960,550	6,821,505	1,139,045	16.70 %
Capital outlay	478,000	-	478,000	100.00 %
Debt service	<u>320,711</u>	<u>299,781</u>	<u>20,930</u>	6.98 %
Total	<u>\$ 22,208,376</u>	<u>\$ 19,617,230</u>	<u>\$ 2,591,146</u>	13.21 %

Revenues of the emergency levy fund decreased \$750,317 or 3.77%. The most significant decrease was in the area of tax revenues. Tax revenues decreased \$1,540,251 or 9.70%. This decrease can mainly be attributed to a decrease in personal property tax receipts which are being phased out in the State. Personal property tax receipts decreased approximately \$1,200,000 from fiscal year 2008. Intergovernmental revenues increased \$789,934 primarily due to an increase in personal property tax reimbursements from the State which increased approximately \$550,000.

Expenditures of the emergency levy fund increased \$2,591,146 or 13.21%. This increase is primarily due to an increase in programs provided by the District.

Debt Service Fund

During fiscal year 2009, the debt service fund had revenues of \$5,174,365 and expenditures of \$4,737,282. The debt service fund deficit decreased \$437,083 from a deficit of \$1,563,175 to a deficit of \$1,126,092. This can mainly be attributed a decrease in principal and interest expenditures paid on general obligation bonds during fiscal year 2009.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2009, the District amended its general fund budget several times. For the general fund, final budgeted and actual revenues and other financing sources of \$61,814,520 were \$17,678,420 higher than the original budgeted revenues and other financing sources estimate of \$44,136,100.

General fund original appropriations (appropriated expenditures plus other financing uses) were \$48,595,902. Final appropriations and actual expenditures of \$60,012,566 were \$11,416,664 higher than original budgeted expenditures.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2009, the District had \$82,492,413 invested in land, buildings and improvements and equipment. This entire amount is reported in governmental activities. The following table shows June 30, 2009 balances compared to June 30, 2008:

	Capital Assets at June 30 (Net of Depreciation)	
	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Land	\$ 1,037,059	\$ 1,037,059
Construction in progress	-	28,983,308
Buildings and improvements	76,677,895	48,751,616
Equipment	<u>4,777,459</u>	<u>5,325,247</u>
Total	<u>\$ 82,492,413</u>	<u>\$ 84,097,230</u>

The capital assets decreased \$1,604,817. This is due to depreciation expense of \$3,260,635 and disposals (net of accumulated depreciation) of \$75,609 exceeding additions of \$1,731,427.

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

Debt Administration

At June 30, 2009 the District had \$66,161,236 in general obligation bonds, notes and capital lease obligations outstanding. Of this total, \$2,357,860 is due within one year and \$63,803,376 is due within greater than one year. The following table summarizes the bonds, notes and capital lease obligations outstanding.

	Governmental Activities	Governmental Activities
	<u>2009</u>	<u>2008</u>
Construction bonds	\$ 3,910,000	\$ 5,555,000
2007 refunding bonds		
Current Interest and term	54,740,000	54,790,000
Deferred amount on refunding	(67,357)	(70,350)
Premium	4,640,625	4,846,875
HB 264 conservation notes	1,135,020	1,211,816
2008 HB 264 conservation notes	609,896	677,662
Capital lease obligations	<u>1,193,052</u>	<u>1,105,268</u>
Total	<u>\$ 66,161,236</u>	<u>\$ 68,116,271</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)

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

For the Future

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

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

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

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

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

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

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

All of the District's financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the District's finances, the District's management is confident that the District can continue to provide a quality education for our students and provide a secure financial future.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Lisa Fahncke, Treasurer, Middletown City School District, 1515 Girard Avenue, Middletown, Ohio 45044.

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

STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 18,185,558
Cash with escrow agent.	30,781
Receivables:	
Taxes	35,644,213
Accounts	243,082
Intergovernmental	1,989,938
Accrued interest	8,467
Materials and supplies inventory	4,440
Unamortized bond issue costs	689,075
Capital assets:	
Land	1,037,059
Depreciable capital assets, net	81,455,354
Capital assets, net	82,492,413
 Total assets.	 139,287,967
Liabilities:	
Accounts payable.	587,945
Contracts payable	11,050
Retainage payable	30,781
Accrued wages and benefits	6,259,452
Pension obligation payable	1,780,886
Intergovernmental payable	523,775
Accrued interest payable	278,621
Bond anticipation notes payable	3,635,000
Unearned revenue	31,715,152
Long-term liabilities:	
Due within one year.	2,549,481
Due within more than one year	66,026,652
 Total liabilities	 113,398,795
Net Assets:	
Invested in capital assets, net of related debt.	12,696,177
Restricted for:	
Capital projects	2,427,662
Locally funded programs	58,575
State funded programs	1,925,277
Federally funded programs	189,719
Student activities	77,647
Other purposes	25,294
Unrestricted	8,488,821
 Total net assets	 \$ 25,889,172

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$ 28,871,675	\$ 653,229	\$ 3,518,475	\$ -	\$ (24,699,971)
Special	8,897,841	61,928	5,731,807	-	(3,104,106)
Vocational	40,079	-	134,231	-	94,152
Adult/continuing	390,194	2,539	335,209	-	(52,446)
Other	9,365,626	-	1,232,761	-	(8,132,865)
Support services:					
Pupil	4,664,923	75,760	459,336	-	(4,129,827)
Instructional staff	5,950,980	422	2,234,365	-	(3,716,193)
Board of education	39,990	-	-	-	(39,990)
Administration	5,918,107	99	324,294	-	(5,593,714)
Fiscal	1,350,653	-	-	-	(1,350,653)
Business	484,511	-	-	-	(484,511)
Operations and maintenance	8,501,464	2,325	342,455	-	(8,156,684)
Pupil transportation	3,292,293	99,451	187,940	66,437	(2,938,465)
Central	2,330,840	-	54,635	-	(2,276,205)
Operation of non-instructional services:					
Food service operations	3,073,129	667,441	2,528,940	-	123,252
Other non-instructional services	770,226	-	667,612	-	(102,614)
Extracurricular activities	1,022,353	249,948	10,049	-	(762,356)
Interest and fiscal charges	3,009,066	-	-	-	(3,009,066)
Total governmental activities	\$ 87,973,950	\$ 1,813,142	\$ 17,762,109	\$ 66,437	(68,332,262)
General Revenues:					
Property taxes levied for:					
General purposes					16,749,487
Special revenue					14,565,287
Debt service					3,862,804
Grants and entitlements not restricted to specific programs					33,102,516
Investment earnings					228,509
Miscellaneous					23,272
Total general revenues					68,531,875
Change in net assets					199,613
Net assets at beginning of year					25,689,559
Net assets at end of year					\$ 25,889,172

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	<u>General</u>	<u>Emergency Levy</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and investments	\$ 3,347,136	\$ 6,118,308	\$ 2,369,706	\$ 6,325,798	\$ 18,160,948
Cash with escrow agent	-	-	-	30,781	30,781
Receivables:					
Taxes	17,011,480	14,731,118	3,901,615	-	35,644,213
Accounts	208,530	-	-	34,552	243,082
Intergovernmental	191,227	27,273	7,792	1,763,646	1,989,938
Accrued interest	7,748	-	-	719	8,467
Interfund loans	1,681,004	-	-	-	1,681,004
Advances to other funds	522,797	-	-	1,512	524,309
Materials and supplies inventory	-	-	-	4,440	4,440
Restricted assets:					
Equity in pooled cash and investments	24,610	-	-	-	24,610
Total assets	<u>\$ 22,994,532</u>	<u>\$ 20,876,699</u>	<u>\$ 6,279,113</u>	<u>\$ 8,161,448</u>	<u>\$ 58,311,792</u>
Liabilities:					
Accounts payable	\$ 70,235	\$ 487,242	\$ -	\$ 30,468	\$ 587,945
Contracts payable	-	-	-	11,050	11,050
Retainage payable	-	-	-	30,781	30,781
Accrued wages and benefits	4,470,570	856,771	-	932,111	6,259,452
Compensated absences payable	114,477	-	-	-	114,477
Pension obligation payable	1,379,275	169,956	-	231,655	1,780,886
Intergovernmental payable	376,781	62,891	-	84,103	523,775
Advances from other funds	-	-	-	524,309	524,309
Interfund loan payable	-	-	-	1,681,004	1,681,004
Accrued interest payable	-	-	7,907	-	7,907
Bond anticipation note payable	-	-	3,635,000	-	3,635,000
Deferred revenue	1,305,711	1,083,398	273,259	1,416,966	4,079,334
Unearned revenue	15,130,090	13,096,023	3,489,039	-	31,715,152
Total liabilities	<u>22,847,139</u>	<u>15,756,281</u>	<u>7,405,205</u>	<u>4,942,447</u>	<u>50,951,072</u>
Fund Balances:					
Reserved for encumbrances	212,321	10,710	-	1,643,793	1,866,824
Reserved for materials and supplies inventory	-	-	-	4,440	4,440
Reserved for property tax unavailable for appropriation	633,098	551,697	139,317	-	1,324,112
Reserved for advances	522,797	-	-	1,512	524,309
Reserved for school bus purchases	24,610	-	-	-	24,610
Unreserved, undesignated (deficit), reported in:					
General fund	(1,245,433)	-	-	-	(1,245,433)
Special revenue funds	-	4,558,011	-	(783,440)	3,774,571
Debt service fund	-	-	(1,265,409)	-	(1,265,409)
Capital projects funds	-	-	-	2,352,696	2,352,696
Total fund balances (deficit)	<u>147,393</u>	<u>5,120,418</u>	<u>(1,126,092)</u>	<u>3,219,001</u>	<u>7,360,720</u>
Total liabilities and fund balances	<u>\$ 22,994,532</u>	<u>\$ 20,876,699</u>	<u>\$ 6,279,113</u>	<u>\$ 8,161,448</u>	<u>\$ 58,311,792</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2009

Total governmental fund balances		\$	7,360,720
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			82,492,413
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes receivable	\$	2,604,949	
Intergovernmental receivable		1,469,583	
Accrued interest receivable		4,802	
		4,802	
Total			4,079,334
Bond issuance costs are amortized over the life of the bonds on the statement of net assets.			689,075
Unamortized premiums on bond issuances are not recognized in the funds.			(4,640,625)
Unamortized deferred amounts on refundings are not recognized in the funds.			67,357
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(270,714)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences payable		(2,300,420)	
General obligation bonds payable		(58,650,000)	
HB 264 notes		(1,744,916)	
Capital lease obligations		(1,193,052)	
		(63,888,388)	
Total			(63,888,388)
Net assets of governmental activities		\$	25,889,172

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	General	Emergency Levy	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
From local sources:					
Taxes	\$ 16,554,530	\$ 14,330,473	\$ 3,810,345	\$ -	\$ 34,695,348
Tuition	490,773	-	-	2,647	493,420
Transportation fees	97,003	-	-	45	97,048
Charges for services	-	-	-	667,441	667,441
Earnings on investments	162,755	-	590	60,618	223,963
Extracurricular	28,503	-	-	252,012	280,515
Classroom materials and fees	79,182	-	-	63,187	142,369
Rentals	2,325	-	-	-	2,325
Contributions and donations	250	-	-	39,645	39,895
Services provided to other entities	75,461	-	-	50	75,511
Other local revenues	29,576	-	-	57,086	86,662
Intergovernmental - Intermediate	-	-	-	18,237	18,237
Intergovernmental - State	29,413,303	4,831,010	1,363,430	6,164,699	41,772,442
Intergovernmental - Federal	620,342	-	-	9,231,582	9,851,924
Total revenues	<u>47,554,003</u>	<u>19,161,483</u>	<u>5,174,365</u>	<u>16,557,249</u>	<u>88,447,100</u>
Expenditures:					
Current:					
Instruction:					
Regular	24,601,182	-	-	2,548,669	27,149,851
Special	361,000	5,195,013	-	3,103,703	8,659,716
Vocational	-	38,679	-	-	38,679
Adult/continuing	64,247	-	-	310,909	375,156
Other	158,547	8,215,423	-	784,339	9,158,309
Support services:					
Pupil	3,861,903	48,859	-	543,408	4,454,170
Instructional staff	2,157,050	635,961	-	3,016,644	5,809,655
Board of education	39,105	-	-	-	39,105
Administration	5,333,771	-	-	368,783	5,702,554
Fiscal	991,151	247,708	82,808	7,695	1,329,362
Business	456,107	-	-	-	456,107
Operations and maintenance	5,567,262	2,299,490	-	258,459	8,125,211
Pupil transportation	67,721	3,304,122	-	7,688	3,379,531
Central	741,654	1,424,410	-	55,221	2,221,285
Operation of non-instructional services:					
Food service operations	-	-	-	3,002,984	3,002,984
Other non-instructional services	2,244	-	-	751,463	753,707
Extracurricular activities	787,530	-	-	226,677	1,014,207
Facilities acquisition and construction	-	-	-	1,206,649	1,206,649
Capital outlay	-	478,000	-	-	478,000
Debt service:					
Principal retirement	316,167	218,611	1,695,000	-	2,229,778
Interest and fiscal charges	105,962	102,100	2,959,474	-	3,167,536
Total expenditures	<u>45,612,603</u>	<u>22,208,376</u>	<u>4,737,282</u>	<u>16,193,291</u>	<u>88,751,552</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,941,400</u>	<u>(3,046,893)</u>	<u>437,083</u>	<u>363,958</u>	<u>(304,452)</u>
Other financing sources (uses):					
Transfers in	-	-	-	1,932	1,932
Transfers (out)	(1,932)	-	-	-	(1,932)
Sale of capital assets	913	-	-	-	913
Insurance proceeds	438,257	-	-	-	438,257
Capital lease transaction	-	478,000	-	-	478,000
Total other financing sources (uses)	<u>437,238</u>	<u>478,000</u>	<u>-</u>	<u>1,932</u>	<u>917,170</u>
Net change in fund balances	2,378,638	(2,568,893)	437,083	365,890	612,718
Fund balances (deficit) at beginning of year	<u>(2,231,245)</u>	<u>7,689,311</u>	<u>(1,563,175)</u>	<u>2,853,111</u>	<u>6,748,002</u>
Fund balances (deficit) at end of year	<u>\$ 147,393</u>	<u>\$ 5,120,418</u>	<u>\$ (1,126,092)</u>	<u>\$ 3,219,001</u>	<u>\$ 7,360,720</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Net change in fund balances - total governmental funds	\$	612,718
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital asset additions during the current period.		
Capital asset additions	\$ 1,731,427	
Current year depreciation	<u>(3,260,635)</u>	
Total		(1,529,208)
 The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		
		(75,609)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Taxes	482,230	
Earnings on investments	4,802	
Intergovernmental	<u>(760,569)</u>	
Total		(273,537)
 In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported on the statement of activities:		
Increase in accrued interest payable	(14,162)	
Amortization of bond premiums	206,250	
Amortization of loss on refunding	(2,993)	
Amortization of issuance costs	<u>(30,625)</u>	
Total		158,470
 Repayment of bond, note and capital lease obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. Principal payments during the year were:		
Bonds	1,695,000	
Capital lease	390,216	
Notes	<u>144,562</u>	
Total		2,229,778
 Capital lease transactions are recorded as an other financing source in the funds; however; in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net assets.		
		(478,000)
 Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>(444,999)</u>
Change in net assets of governmental activities	\$	<u>199,613</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments	\$ 2,599	\$ 78,010
Receivables:		
Accounts	-	2,399
Total assets.	2,599	\$ 80,409
Liabilities:		
Accounts payable.	-	\$ 302
Due to students	-	80,107
Total liabilities	-	\$ 80,409
Net Assets:		
Held in trust for scholarships	\$ 2,599	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Private-Purpose Trust
	Scholarship
Additions:	
Gifts and contributions.	\$ 23,454
Total additions.	23,454
Deductions:	
Scholarships awarded	22,900
Change in net assets	554
Net assets at beginning of year.	2,045
Net assets at end of year	\$ 2,599

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Middletown City School District (District) Butler County was originally chartered in 1837 by the Ohio State Legislature. In 1853 State Laws were enacted to create local Boards of Education. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter or further mandated by State and/or federal agencies. The Board controls the District's instructional and support facilities staffed by 239 classified personnel and 556 certified teaching and administrative personnel to provide services to students and other community members.

In terms of enrollment, the District is the 42nd largest in the State of Ohio (among 922 districts and community schools) and the 4th largest in Butler County. It currently operates 8 elementary schools, 2 middle schools (grades 6 - 8), one comprehensive high school (grades 9-12) and one alternative high school. The District encompasses a total of 25 square miles that includes the City of Middletown and portions of Lemon Township.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

The following organizations are described due to their relationship to the District:

Parochial Schools - The following parochial schools are located within the District: John XXIII Elementary School and Middletown Christian Schools. Parochial schools are operated independently of the District. Current State legislation provides partial funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the District, as required by Ohio law. The accounting for these receipts and disbursements is reflected in a Special Revenue Fund for financial reporting purposes, because of the District's administrative responsibility.

The Southwestern Ohio Computer Association (SWOCA)

The Southwestern Ohio Computer Association (SWOCA) is a jointly governed organization among a four county consortium of school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports SWOCA based upon a per pupil charge dependent upon the software package utilized. The Governing Board of SWOCA consists of six members elected by majority vote of all charter member schools plus one representative from the fiscal agent. The District paid SWOCA \$150,073 for services provided during the year. Financial information can be obtained from Mr. Michael Crumley, who serves as Director, at 3603 Hamilton-Middletown Rd., Hamilton, OH 45011.

The Butler County Technology and Career Center

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

Butler County Technology and Career Center was formed to provide vocational education opportunities to the students of Butler County, including students of the District. Financial information can be obtained from Mr. Ed Pokora, who serves as Treasurer, at 3603 Hamilton-Middletown Rd., Hamilton, OH 45011.

B. Measurement Focus

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

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

C. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

General fund - The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by trust funds, (b) food service operations; and (c) for grants and other resources whose use is restricted to a particular purpose.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

FIDUCIARY FUNDS

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

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

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

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the fund financial statements as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Cash and Investments

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During fiscal year 2009, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio), federal agency securities, U.S. Government money markets and nonnegotiable certificates of deposit. Except for nonparticipating investment contracts, such as nonnegotiable certificates of deposit, investments are reported at fair value, which is based on quoted market prices.

The District has invested funds in STAR Ohio during fiscal year 2009. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2009.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$162,755, which includes \$133,871 assigned from other funds.

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

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

F. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

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

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

G. Capital Assets

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

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

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Buildings and improvements	20 - 45 years
Equipment	5 - 20 years

H. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivables/payables". Receivables and payables resulting from long-term interfund loans are classified as "advances to/from other funds". These amounts are eliminated in the governmental activities column on the statement of net assets.

I. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

The District reports compensated absences in accordance with the provisions of GASB No. 16, “Accounting for Compensated Absences”. Vacation benefits are accrued as a liability as the benefits are earned if the employee’s rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vested payment method.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2009 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

J. Accrued Liabilities and Long-Term Obligations

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

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

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

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

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as an addition to or reduction of the face amount of the new debt.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 9.A.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

L. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, materials and supplies inventory, advances, school bus purchase and property taxes unavailable for appropriation. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The restriction for other purposes consist of monies restricted by State statute for school bus purchases (See Note 16).

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Of the District's \$4,704,174 in restricted net assets, none were restricted by enabling legislation.

N. Estimates

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

O. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include the amount required by State statute for school bus purchases. See Note 16 for additional information regarding restricted assets.

P. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

Interfund activity between governmental funds is eliminated in the statement of activities.

**MIDDLETOWN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2009.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2009, the District has implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of GASB Statement No. 49 did not have an effect on the financial statements of the District.

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the District.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the District.

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the District.

**MIDDLETOWN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2009 included the following individual fund deficits:

<u>Major fund</u>	<u>Deficit</u>
Debt service	\$ 1,126,092
 <u>Nonmajor governmental funds</u>	
Food service	100,835
Uniform school supply	39,594
Auxiliary services	18,493
Public school preschool	72,857
Ohio reads	6,081
Alternative schools	232
Adult basic education	27,965
Title VI-B	199,043
Title III	6,533
Title I	447,039
Title V	48,933
Preschool	20
Class size reduction	387,100
Miscellaneous federal grants	46,395

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals normally occur. The deficit fund balance in the debt service fund results from the recording of note proceeds as a fund liability rather than as an other financing source. The deficit fund balances for the nonmajor governmental funds resulted from adjustments for accrued liabilities and the reporting of short-term interfund loans as a fund liability rather than as an other financing source.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**MIDDLETOWN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash on Hand

At fiscal year end, the District had \$1,000 in undeposited cash on hand, which is included on the financial statements of the District as part of “equity in pooled cash and investments”.

B. Cash with Escrow Agent

At fiscal year end, \$30,781 was on deposit with an escrow agent for retainage held as part of a construction contract. This amount is not included in the total amount of deposits reported below and is reported on the financial statements as “cash with escrow agent”.

C. Deposits with Financial Institutions

At June 30, 2009, the carrying amount of all District deposits was \$4,895,913. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2009, \$4,853,442 of the District’s bank balance of \$5,551,442 was exposed to custodial risk as discussed below, while \$698,000 was covered by the FDIC.

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

D. Investments

As of June 30, 2009, the District had the following investments and maturities:

Investment type	Fair Value	Investment Maturities	
		6 months or less	7 to 12 months
FHLB	\$ 101,750	\$ -	\$ 101,750
FHLMC	100,313	100,313	-
FNMA	103,187	-	103,187
U.S. Government money market	2,971,981	2,971,981	-
STAR Ohio	10,092,023	10,092,023	-
Total	\$ 13,369,254	\$ 13,164,317	\$ 204,937

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District’s investment policy limits investment portfolio maturities to five years or less, unless matched to a specific obligation or debt of the District.

**MIDDLETOWN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: The District's investments in federal agency securities were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio and the U.S. Government money market an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2009:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 101,750	0.76
FHLMC	100,313	0.75
FNMA	103,187	0.77
U.S. Government		
money market	2,971,981	22.23
STAR Ohio	<u>10,092,023</u>	<u>75.49</u>
Total	<u>\$ 13,369,254</u>	<u>100.00</u>

E. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2009:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 4,895,913
Investments	13,369,254
Cash with escrow agent	30,781
Cash on hand	<u>1,000</u>
Total	<u>\$ 18,296,948</u>
 <u>Cash and investments per financial statements</u>	
Governmental activities	\$ 18,216,339
Private-purpose trust fund	2,599
Agency fund	<u>78,010</u>
Total	<u>\$ 18,296,948</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund loans receivable/payable consisted of the following at June 30, 2009, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 1,681,004

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

- B. Interfund transfers for the year ended June 30, 2009, consisted of the following, as reported on the fund statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	\$ 1,932

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and (2) to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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

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

- C. Long-term advances to/from other funds at June 30, 2009 as reported on the fund statements, consisted of the following:

<u>Receivable funds</u>	<u>Payable funds</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 522,797
Nonmajor governmental fund	Nonmajor governmental fund	<u>1,512</u>
Total advances to/from other funds		<u>\$ 524,309</u>

The primary purpose of the advances is to cover costs in specific funds where revenues were not received by June 30. These advances will be repaid once the anticipated revenues are received. All long-term advances are not expected to be repaid within one year.

Advances between governmental funds are eliminated on the government-wide financial statements.

**MIDDLETOWN CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real property, public utility property and tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Butler County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available as an advance at June 30, 2009 was \$633,098 in the general fund, \$551,697 in the emergency levy fund and \$139,317 in the debt service fund. These amounts are recorded as revenue. The amount available for advance at June 30, 2008 was \$671,398 in the general fund, \$587,245 in the emergency levy fund and \$148,294 in the debt service fund. The amount of second-half real property taxes available for advance at fiscal year end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second Half Collections		2009 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 717,245,370	80.79	\$ 799,643,380	95.37
Public utility personal	36,901,260	4.16	38,837,820	4.63
Tangible personal property	<u>133,592,134</u>	<u>15.05</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 887,738,764</u>	<u>100.00</u>	<u>\$ 838,481,200</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation:				
General	\$23.19		\$23.19	
Emergency	17.82		17.82	
Debt service	4.74		4.74	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2009 consisted of taxes, accrued interest, accounts (billings for user charged services and student fees), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported in the statement of net assets follows:

Governmental activities:

Taxes	\$ 35,644,213
Accounts	243,082
Accrued interest	8,467
Intergovernmental:	
Medicaid and CAFS	161,357
Due from Counties	64,935
State and federal food reimbursement	329,749
Adult education reimbursement	5,340
Public school preschool	77,103
Adult basic education	68,607
Title VI-B	211,759
Title III	7,694
Title I	544,077
Title V	2,424
Class size reduction	457,313
Miscellaneous federal grants	<u>59,580</u>
Total	<u>\$ 37,885,700</u>

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	<u>Balance</u> <u>06/30/08</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/09</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,037,059	\$ -	\$ -	\$ 1,037,059
Construction in progress	<u>28,983,308</u>	<u>767,983</u>	<u>(29,751,291)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>30,020,367</u>	<u>767,983</u>	<u>(29,751,291)</u>	<u>1,037,059</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	66,564,828	30,162,317	(1,989,822)	94,737,323
Equipment	<u>14,266,784</u>	<u>552,418</u>	<u>(331,726)</u>	<u>14,487,476</u>
Total capital assets, being depreciated	<u>80,831,612</u>	<u>30,714,735</u>	<u>(2,321,548)</u>	<u>109,224,799</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(17,813,212)	(2,167,225)	1,921,009	(18,059,428)
Equipment	<u>(8,941,537)</u>	<u>(1,093,410)</u>	<u>324,930</u>	<u>(9,710,017)</u>
Total accumulated depreciation	<u>(26,754,749)</u>	<u>(3,260,635)</u>	<u>2,245,939</u>	<u>(27,769,445)</u>
Governmental activities capital assets, net	<u>\$ 84,097,230</u>	<u>\$ 28,222,083</u>	<u>\$ (29,826,900)</u>	<u>\$ 82,492,413</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 1,060,525
Special	206,742
Vocational	1,400
Adult/Continuing	10,887
Other	207,317

Support services:

Pupil	102,159
Instructional staff	142,319
Board of education	885
Administration	129,539
Fiscal	30,711
Business	26,727
Operations and maintenance	832,630
Pupil transportation	284,154
Central	102,583
Operation of non-instructional services	17,252
Food service operations	35,308
Extracurricular activities	<u>69,497</u>
Total depreciation expense	<u>\$ 3,260,635</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 9 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2009, the following changes occurred in governmental activities long term obligations:

	Balance Outstanding <u>06/30/08</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>06/30/09</u>	Amounts Due in <u>One Year</u>
Construction bonds	\$ 5,555,000	\$ -	\$ (1,645,000)	\$ 3,910,000	\$ 300,000
2007 refunding bonds:					
2007 current interest and term bonds	54,790,000	-	(50,000)	54,740,000	1,360,000
Deferred amount on 2007 refunding bonds	(70,350)	-	2,993	(67,357)	-
Premium on 2007 refunding bonds	4,846,875	-	(206,250)	4,640,625	-
HB 264 energy conservation note	1,211,816	-	(76,796)	1,135,020	80,521
2008 HB 264 energy conservation note	<u>677,662</u>	<u>-</u>	<u>(67,766)</u>	<u>609,896</u>	<u>67,766</u>
Total bonds and notes	67,011,003	-	(2,042,819)	64,968,184	1,808,287
Capital leases	<u>1,105,268</u>	<u>478,000</u>	<u>(390,216)</u>	<u>1,193,052</u>	<u>549,573</u>
Total long term debt	68,116,271	478,000	(2,433,035)	66,161,236	2,357,860
Compensated absences	<u>2,115,823</u>	<u>716,036</u>	<u>(416,962)</u>	<u>2,414,897</u>	<u>191,621</u>
Total governmental activities	<u>\$ 70,232,094</u>	<u>\$ 1,194,036</u>	<u>\$ (2,849,997)</u>	<u>\$ 68,576,133</u>	<u>\$ 2,549,481</u>

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

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

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

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

**MIDDLETOWN CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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

Fiscal Year Ending June 30,	General Obligation Bonds and Note		
	Principal	Interest	Total
2010	\$ 1,808,287	\$ 2,903,731	\$ 4,712,018
2011	517,193	2,859,471	3,376,664
2012	556,287	2,839,956	3,396,243
2013	780,580	2,814,633	3,595,213
2014	835,082	2,779,833	3,614,915
2015 - 2019	6,723,189	13,192,189	19,915,378
2020 - 2024	12,764,298	10,934,587	23,698,885
2025 - 2029	19,910,000	7,014,288	26,924,288
2030 - 2032	16,500,000	1,352,400	17,852,400
Total	<u>\$ 60,394,916</u>	<u>\$ 46,691,088</u>	<u>\$ 107,086,004</u>

B. Prior Year Defeasance of Debt

In prior years, the District defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the District's financial statements. On June 30, 2009, \$56,250,000 of bonds outstanding are considered defeased.

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2009, are a voted debt margin of \$13,134,703 and an unvoted debt margin of \$837,997.

NOTE 10 - CAPITAL LEASES

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 10 - CAPITAL LEASES - (Continued)

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

<u>Fiscal Year Ending June 30,</u>	<u>Long-Term Debt</u>
2010	\$ 587,310
2011	172,782
2012	91,831
2013	197,540
2014	<u>280,460</u>
Total minimum lease payments	1,329,923
Less: amount representing interest	<u>(136,871)</u>
Total	<u>\$ 1,193,052</u>

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

Equipment	\$2,887,502
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NOTE 11 - SHORT-TERM NOTES PAYABLE

A summary of the governmental activities short-term notes payable transactions for fiscal year 2009 follows:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance June 30, 2008</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2009</u>
Bond Anticipation Notes:							
Notes Series 2008	6/4/08	6/3/09	6.00	\$ 3,690,000	\$ -	\$ (3,690,000)	\$ -
Notes Series 2009	6/2/09	6/1/10	2.75	<u>-</u>	<u>3,635,000</u>	<u>-</u>	<u>3,635,000</u>
Total				<u>\$ 3,690,000</u>	<u>\$ 3,635,000</u>	<u>\$ (3,690,000)</u>	<u>\$ 3,635,000</u>

On June 4, 2008, the District issued \$3,690,000 in notes in anticipation of the issuance of bonds for the purpose of various construction projects throughout the District. The notes bore an interest rate of 6.00% and matured on June 3, 2009.

On June 2, 2009, the District issued \$3,635,000 in notes in anticipation of the issuance of bonds for the purpose of various construction projects throughout the District. The notes bear an interest rate of 2.75% and mature on June 1, 2010. The notes are booked as a fund liability in the debt service fund.

NOTE 12 - RISK MANAGEMENT

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 12 - RISK MANAGEMENT - (Continued)

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

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

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

The Ohio Casualty Insurance Company maintains a \$50,000 public official bond for the Treasurer and a \$20,000 performance bond for the Board President and Superintendent. A blanket school employee honesty bond in the amount of \$5,000 per position is secured for all employees maintaining a position of trust. This includes food service cashiers, school building cashiers, and other employees who handle cash as a part of their job requirements.

Medical and dental insurance benefits are offered to employees through the Butler County Health Plan (BCHP). The employees share the cost of the monthly premium for the coverage with the District. The District also provides life insurance through Prudential Life Insurance and accidental death and dismemberment insurance through UNUM to most employees through the Jefferson Pilot Financial Insurance Company.

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

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 13 - PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$694,802, \$658,484 and \$807,875, respectively; 32.50 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System of Ohio

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

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

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For fiscal year 2009, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 13 - PENSION PLANS - (Continued)

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were \$4,588,431, \$4,253,621 and \$4,338,888, respectively; 81.32 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$138,376 made by the District and \$73,998 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2009, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, the actuarially determined amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2009, 2008, and 2007 were \$443,547, \$425,487 and \$317,135, respectively; 32.50 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$57,327, \$47,445 and \$59,002, respectively; 32.50 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$352,956, \$305,992 and \$327,831, respectively; 81.32 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

NOTE 15 - CONTINGENCIES

A. Grants

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

B. Litigation

The District is not party to legal proceedings.

NOTE 16 - STATUTORY RESERVES

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 16 - STATUTORY RESERVES - (Continued)

	Textbooks/ Instructional Materials	Capital Acquisition
Set-aside balance as of June 30, 2008	\$ (413,392)	\$ -
Current year set-aside requirement	974,464	974,464
Current year offset	-	(1,695,000)
Qualifying disbursements	(946,540)	(1,992,444)
Total	\$ (385,468)	\$ (2,712,980)
Balance carried forward to fiscal year 2010	\$ (385,468)	\$ -

The District had qualifying disbursements during the fiscal year and prior fiscal years that reduced the textbooks/instructional materials set-aside amount below zero; this extra amount is being carried forward to reduce the set-aside requirements of future years.

Although the District had offsets and qualifying disbursements during the fiscal year that reduced the set-aside amount below zero for the capital acquisition reserve, this extra amount may not be used to reduce the set-aside requirement for future fiscal years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

In addition to the above statutory reserves, the District also received monies restricted for school bus purchases in the amount of \$24,610.

REQUIRED SUPPLEMENTARY INFORMATION

MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Taxes	\$ 16,528,751	\$ 16,592,830	\$ 16,592,830	\$ -
Tuition	494,322	496,238	496,238	-
Transportation fees	66,607	66,865	66,865	-
Earnings on investments	173,783	174,457	174,457	-
Extracurricular	26,945	27,049	27,049	-
Classroom materials and fees	73,109	73,392	73,392	-
Rental income	2,316	2,325	2,325	-
Contributions and donations	249	250	250	-
Services provided to other entities	101,241	101,633	101,633	-
Other local revenues	21,539	21,623	21,623	-
Intergovernmental - State	29,294,983	29,408,555	29,408,555	-
Intergovernmental - Federal	519,428	521,442	521,442	-
Total revenues	47,303,273	47,486,659	47,486,659	-
Expenditures:				
Current:				
Instruction:				
Regular	24,357,032	24,208,902	24,208,902	-
Special	1,053,539	336,662	336,662	-
Adult/continuing	-	61,661	61,661	-
Other	536,139	171,014	171,014	-
Support Services:				
Pupil	5,058,150	3,911,346	3,911,346	-
Instructional staff	2,075,529	2,021,821	2,021,821	-
Board of education	1,075	39,119	39,119	-
Administration	7,101,849	5,230,299	5,230,299	-
Fiscal	1,476,806	1,009,127	1,009,127	-
Business	355,778	432,832	432,832	-
Operations and maintenance	5,266,041	5,323,719	5,323,719	-
Pupil transportation	-	67,721	67,721	-
Central	406,370	724,961	724,961	-
Operation of non-instructional services	-	2,244	2,244	-
Extracurricular activities	777,594	766,881	766,881	-
Facilities acquisition and construction	-	112,044	112,044	-
Debt service:				
Principal	75,000	144,562	144,562	-
Interest and fiscal charges	55,000	86,903	86,903	-
Total expenditures	48,595,902	44,651,818	44,651,818	-
Excess (deficiency) of revenues over (under) expenditures	(1,292,629)	2,834,841	2,834,841	-
Other financing sources (uses):				
Transfers out	-	(1,932)	(1,932)	-
Advances in	-	14,038,686	14,038,686	-
Advances out	-	(15,357,444)	(15,357,444)	-
Sale of capital assets	-	913	913	-
Insurance proceeds	-	281,056	281,056	-
Refund of prior year expenditure	-	7,206	7,206	-
Refund of prior year receipts	-	(1,372)	(1,372)	-
Total other financing sources (uses)	-	(1,032,887)	(1,032,887)	-
Net change in fund balance	(1,292,629)	1,801,954	1,801,954	-
Fund balance at beginning of year	648,068	648,068	648,068	-
Prior year encumbrances appropriated	646,608	646,608	646,608	-
Fund balance at end of year	\$ 2,047	\$ 3,096,630	\$ 3,096,630	\$ -

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
EMERGENCY LEVY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Taxes	\$ 13,870,594	\$ 14,366,022	\$ 14,366,022	\$ -
Intergovernmental - State.	4,664,406	4,831,008	4,831,008	-
Total revenues	<u>18,535,000</u>	<u>19,197,030</u>	<u>19,197,030</u>	<u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	957,959	494,682	494,682	-
Special.	8,860,385	5,407,286	5,407,286	-
Vocational.	-	37,603	37,603	-
Other	7,400,000	8,215,419	8,215,419	-
Support Services:				
Pupil.	-	48,859	48,859	-
Instructional staff	1,013,915	624,291	624,291	-
Fiscal	425,000	274,981	274,981	-
Operations and maintenance.	3,858,185	2,275,786	2,275,786	-
Pupil transportation	3,590,050	3,177,274	3,177,274	-
Central.	929,744	1,137,773	1,137,773	-
Total expenditures	<u>27,035,238</u>	<u>21,693,954</u>	<u>21,693,954</u>	<u>-</u>
Net change in fund balance	(8,500,238)	(2,496,924)	(2,496,924)	-
Fund balance at beginning of year	8,022,104	8,022,104	8,022,104	-
Prior year encumbrances appropriated	478,134	478,134	478,134	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 6,003,314</u>	<u>\$ 6,003,314</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 1 - BUDGETARY PROCESS

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2009.

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

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The combined Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (non-GAAP Budgetary Basis) presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
2. Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis);
4. Advances In and Advance Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and
5. Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 1 - BUDGETARY PROCESS - (Continued)

The adjustments necessary to convert the results of operations for the fiscal year on the budget basis to the GAAP basis for the general fund and the emergency levy fund are as follows:

	<u>General</u>	<u>Emergency Levy</u>
Budget basis	\$ 1,801,954	\$(2,496,924)
Net adjustment for revenue accruals	67,344	(35,547)
Net adjustment for expenditure accruals	(1,225,984)	(629,416)
Net adjustment for other sources/(uses)	1,470,125	478,000
Adjustment for encumbrances	<u>265,199</u>	<u>114,994</u>
GAAP basis	<u>\$ 2,378,638</u>	<u>\$(2,568,893)</u>

COMBINING STATEMENTS AND
INDIVIDUAL FUND SCHEDULES

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and investments	\$ 3,916,256	\$ 2,409,542	\$ 6,325,798
Cash with escrow agent	-	30,781	30,781
Receivables:			
Accounts	3,765	30,787	34,552
Accrued interest	-	719	719
Intergovernmental	1,763,646	-	1,763,646
Advances to other funds	1,512	-	1,512
Materials and supplies inventory	4,440	-	4,440
Total assets	\$ 5,689,619	\$ 2,471,829	\$ 8,161,448
Liabilities:			
Accounts payable	\$ 28,132	\$ 2,336	\$ 30,468
Contracts payable	-	11,050	11,050
Retainage payable	-	30,781	30,781
Accrued wages and benefits	932,111	-	932,111
Intergovernmental payable	84,103	-	84,103
Interfund loan payable	1,681,004	-	1,681,004
Pension obligation payable	231,655	-	231,655
Deferred revenue	1,416,247	719	1,416,966
Advances from other funds	524,309	-	524,309
Total liabilities	4,897,561	44,886	4,942,447
Fund balances:			
Reserved for encumbrances	1,569,546	74,247	1,643,793
Reserved for materials and supplies inventory	4,440	-	4,440
Reserved for advances	1,512	-	1,512
Unreserved, undesignated (deficit) reported in:			
Special revenue funds	(783,440)	-	(783,440)
Capital projects funds	-	2,352,696	2,352,696
Total fund balances	792,058	2,426,943	3,219,001
Total liabilities and fund balances	\$ 5,689,619	\$ 2,471,829	\$ 8,161,448

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
From local sources:			
Tuition	\$ 2,647	\$ -	\$ 2,647
Earnings on investments	256	60,362	60,618
Transportation fees	45	-	45
Charges for services	667,441	-	667,441
Extracurricular	252,012	-	252,012
Classroom materials and fees	63,187	-	63,187
Contributions and donations	39,645	-	39,645
Services provided to other entities	50	-	50
Other local revenues	57,086	-	57,086
Intergovernmental - Intermediate	18,237	-	18,237
Intergovernmental - State	6,164,699	-	6,164,699
Intergovernmental - Federal	9,231,582	-	9,231,582
Total revenue.	16,496,887	60,362	16,557,249
Expenditures:			
Current:			
Instruction:			
Regular	2,548,669	-	2,548,669
Special	3,103,703	-	3,103,703
Adult/continuing	310,909	-	310,909
Other	784,339	-	784,339
Support services:			
Pupil	543,408	-	543,408
Instructional staff.	3,016,644	-	3,016,644
Administration	368,783	-	368,783
Fiscal.	-	7,695	7,695
Operations and maintenance	217,193	41,266	258,459
Pupil transportation	5,352	2,336	7,688
Central	55,221	-	55,221
Operation of non-instructional services:			
Food service operations	3,002,984	-	3,002,984
Other non-instructional services	751,463	-	751,463
Extracurricular activities.	226,677	-	226,677
Facilities acquisition and construction	-	1,206,649	1,206,649
Total expenditures	14,935,345	1,257,946	16,193,291
Excess (deficiency) of revenues over (under) expenditures	1,561,542	(1,197,584)	363,958
Other financing sources:			
Transfers in.	1,932	-	1,932
Total other financing sources	1,932	-	1,932
Net change in fund balances.	1,563,474	(1,197,584)	365,890
Fund balances (deficit) at beginning of year .	(771,416)	3,624,527	2,853,111
Fund balances at end of year.	\$ 792,058	\$ 2,426,943	\$ 3,219,001

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

Nonmajor Special Revenue Funds

The special revenue funds are established to account for revenues from specific sources which, legally or otherwise, are restricted to expenditures for specific purposes. A description of the District's special revenue funds follows:

Food Service

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

Uniform School Supply

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

Special Rotary

To account for all revenues and expenditures related to goods and /or services provided by the District, primarily those services provided by vocational classes to the general public. Activities in this are usually curricular in nature.

Adult Education

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

Public School Support

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

Local Grants

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

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

Auxiliary Services

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

Management Information Systems

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

Public School Preschool

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

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

Nonmajor Special Revenue Funds (Continued)

Entry Year

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

OneNet Network Connectivity

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

SchoolNet Professional Development

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

Ohio Reads

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

Alternative Schools

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

DPIA

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

Miscellaneous State Grants

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

Adult Basic Education

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

Title VI-B

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

Nutrition Education & Training

To account for funds related to the operation of the nutrition education & training program for the District.

Title III

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

Title I

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

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

Nonmajor Special Revenue Funds (Continued)

Title V

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

Drug-Free Schools

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

Preschool

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

Class Size Reduction

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

Miscellaneous Federal Grants

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

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2009

	<u>Food Service</u>	<u>Uniform School Supply</u>	<u>Special Rotary</u>	<u>Adult Education</u>
Assets:				
Equity in pooled cash and investments	\$ 100,000	\$ 19,800	\$ 5,259	\$ 6,978
Receivables:				
Accounts	63	2,241	-	499
Intergovernmental	329,749	-	-	5,340
Advances to other funds	-	-	-	-
Materials and supplies inventory	4,440	-	-	-
Total assets.	<u>\$ 434,252</u>	<u>\$ 22,041</u>	<u>\$ 5,259</u>	<u>\$ 12,817</u>
Liabilities:				
Accounts payable.	\$ -	\$ 3,083	\$ -	\$ 24
Accrued wages and benefits	-	-	-	709
Intergovernmental payable	-	-	-	154
Interfund loan payable	-	58,552	-	-
Pension obligation payable.	42,737	-	-	428
Deferred revenue	-	-	-	-
Advances from other funds.	492,350	-	-	-
Total liabilities.	<u>535,087</u>	<u>61,635</u>	<u>-</u>	<u>1,315</u>
Fund balances:				
Reserved for encumbrances.	100,000	16,717	-	1,739
Reserved for advances.	-	-	-	-
Reserved for materials and supplies inventory	4,440	-	-	-
Unreserved-undesignated (deficit)	<u>(205,275)</u>	<u>(56,311)</u>	<u>5,259</u>	<u>9,763</u>
Total fund balances (deficit)	<u>(100,835)</u>	<u>(39,594)</u>	<u>5,259</u>	<u>11,502</u>
Total liabilities and fund balances	<u>\$ 434,252</u>	<u>\$ 22,041</u>	<u>\$ 5,259</u>	<u>\$ 12,817</u>

<u>Public School Support</u>	<u>Local Grants</u>	<u>Venture Capital</u>	<u>Athletic</u>	<u>Auxiliary Services</u>
\$ 51,909	\$ 62,429	\$ 684	\$ 79,969	\$ 84,054
918	-	-	-	-
-	-	-	-	-
-	1,512	-	-	-
-	-	-	-	-
<u>\$ 52,827</u>	<u>\$ 63,941</u>	<u>\$ 684</u>	<u>\$ 79,969</u>	<u>\$ 84,054</u>
\$ 3,369	\$ -	\$ -	\$ 2,296	\$ 302
-	3,197	-	-	55,854
12	202	-	26	3,876
-	-	-	-	33,967
-	1,967	-	-	8,548
-	-	-	-	-
-	-	-	-	-
<u>3,381</u>	<u>5,366</u>	<u>-</u>	<u>2,322</u>	<u>102,547</u>
6,079	1,469	-	13,669	82,088
-	1,512	-	-	-
-	-	-	-	-
<u>43,367</u>	<u>55,594</u>	<u>684</u>	<u>63,978</u>	<u>(100,581)</u>
<u>49,446</u>	<u>58,575</u>	<u>684</u>	<u>77,647</u>	<u>(18,493)</u>
<u>\$ 52,827</u>	<u>\$ 63,941</u>	<u>\$ 684</u>	<u>\$ 79,969</u>	<u>\$ 84,054</u>

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2009

	<u>Public School Preschool</u>	<u>Entry Year</u>	<u>Ohio Reads</u>	<u>Alternative Schools</u>
Assets:				
Equity in pooled cash and investments	\$ 25,026	\$ 702	\$ 16,922	\$ 45,132
Receivables:				
Accounts	-	-	-	-
Intergovernmental	77,103	-	-	-
Advances to other funds	-	-	-	-
Materials and supplies inventory	-	-	-	-
Total assets.	<u>\$ 102,129</u>	<u>\$ 702</u>	<u>\$ 16,922</u>	<u>\$ 45,132</u>
Liabilities:				
Accounts payable.	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits	12,240	-	10,844	29,924
Intergovernmental payable	1,130	432	1,114	2,183
Interfund loan payable	80,021	-	9,351	8,595
Pension obligation payable.	4,492	-	1,694	4,662
Deferred revenue	77,103	-	-	-
Advances from other funds.	-	-	-	-
Total liabilities.	<u>174,986</u>	<u>432</u>	<u>23,003</u>	<u>45,364</u>
Fund balances:				
Reserved for encumbrances.	25,026	-	14,741	40,944
Reserved for advances.	-	-	-	-
Reserved for materials and supplies inventory	-	-	-	-
Unreserved-undesignated (deficit)	<u>(97,883)</u>	<u>270</u>	<u>(20,822)</u>	<u>(41,176)</u>
Total fund balances (deficit)	<u>(72,857)</u>	<u>270</u>	<u>(6,081)</u>	<u>(232)</u>
Total liabilities and fund balances	<u>\$ 102,129</u>	<u>\$ 702</u>	<u>\$ 16,922</u>	<u>\$ 45,132</u>

<u>DPIA</u>	<u>Miscellaneous State Grants</u>	<u>Adult Basic Education</u>	<u>Title VI-B</u>	<u>Title III</u>
\$ 2,178,924	\$ 53,558	\$ 66,701	\$ 232,836	\$ 1,334
-	-	-	-	-
-	-	68,607	211,759	7,694
-	-	-	-	-
-	-	-	-	-
<u>\$ 2,178,924</u>	<u>\$ 53,558</u>	<u>\$ 135,308</u>	<u>\$ 444,595</u>	<u>\$ 9,028</u>
\$ 6	\$ -	\$ -	\$ 3,100	\$ -
179,097	-	21,040	146,146	24
27,544	154	2,044	10,821	83
-	-	66,168	236,006	7,698
39,470	26	5,414	35,806	62
-	-	68,607	211,759	7,694
-	-	-	-	-
<u>246,117</u>	<u>180</u>	<u>163,273</u>	<u>643,638</u>	<u>15,561</u>
217,966	35	36,921	231,285	1,334
-	-	-	-	-
-	-	-	-	-
<u>1,714,841</u>	<u>53,343</u>	<u>(64,886)</u>	<u>(430,328)</u>	<u>(7,867)</u>
<u>1,932,807</u>	<u>53,378</u>	<u>(27,965)</u>	<u>(199,043)</u>	<u>(6,533)</u>
<u>\$ 2,178,924</u>	<u>\$ 53,558</u>	<u>\$ 135,308</u>	<u>\$ 444,595</u>	<u>\$ 9,028</u>

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2009

	<u>Title I</u>	<u>Title V</u>	<u>Drug-Free Schools</u>	<u>Preschool</u>
Assets:				
Equity in pooled cash and investments	\$ 593,865	\$ 72,488	\$ 9,264	\$ -
Receivables:				
Accounts	44	-	-	-
Intergovernmental	544,077	2,424	-	-
Advances to other funds	-	-	-	-
Materials and supplies inventory	-	-	-	-
Total assets.	<u>\$ 1,137,986</u>	<u>\$ 74,912</u>	<u>\$ 9,264</u>	<u>\$ -</u>
Liabilities:				
Accounts payable.	\$ 5,853	\$ -	\$ -	\$ -
Accrued wages and benefits	317,620	271	-	-
Intergovernmental payable	22,486	93	143	20
Interfund loan payable	624,256	106,727	-	-
Pension obligation payable.	59,733	932	-	-
Deferred revenue	544,077	2,424	-	-
Advances from other funds.	11,000	13,398	5,511	-
Total liabilities.	<u>1,585,025</u>	<u>123,845</u>	<u>5,654</u>	<u>20</u>
Fund balances:				
Reserved for encumbrances.	536,677	65,033	31	-
Reserved for advances.	-	-	-	-
Reserved for materials and supplies inventory	-	-	-	-
Unreserved-undesignated (deficit)	<u>(983,716)</u>	<u>(113,966)</u>	<u>3,579</u>	<u>(20)</u>
Total fund balances (deficit)	<u>(447,039)</u>	<u>(48,933)</u>	<u>3,610</u>	<u>(20)</u>
Total liabilities and fund balances	<u>\$ 1,137,986</u>	<u>\$ 74,912</u>	<u>\$ 9,264</u>	<u>\$ -</u>

<u>Class Size Reduction</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue</u>
\$ 69,956	\$ 138,466	\$ 3,916,256
-	-	3,765
457,313	59,580	1,763,646
-	-	1,512
-	-	4,440
<u>\$ 527,269</u>	<u>\$ 198,046</u>	<u>\$ 5,689,619</u>
\$ 1,714	\$ 8,385	\$ 28,132
34,189	120,956	932,111
3,576	8,010	84,103
412,551	37,112	1,681,004
5,026	20,658	231,655
457,313	47,270	1,416,247
-	2,050	524,309
<u>914,369</u>	<u>244,441</u>	<u>4,897,561</u>
68,488	109,304	1,569,546
-	-	1,512
-	-	4,440
<u>(455,588)</u>	<u>(155,699)</u>	<u>(783,440)</u>
<u>(387,100)</u>	<u>(46,395)</u>	<u>792,058</u>
<u>\$ 527,269</u>	<u>\$ 198,046</u>	<u>\$ 5,689,619</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Food Service</u>	<u>Uniform School Supply</u>	<u>Special Rotary</u>	<u>Adult Education</u>
Revenues:				
From local sources:				
Tuition	\$ -	\$ -	\$ -	\$ 2,647
Earnings on investments	-	-	-	-
Transportation fees	-	-	-	-
Charges for services	667,441	-	-	-
Classroom materials and fees	-	63,187	-	-
Extracurricular	-	-	-	-
Contributions and donations	-	-	-	1,000
Services provided to other entities	-	-	-	50
Other local revenues	-	-	-	6,113
Intergovernmental - Intermediate	-	-	-	-
Intergovernmental - State	66,340	-	-	39,075
Intergovernmental - Federal	2,462,600	-	-	-
Total revenue	<u>3,196,381</u>	<u>63,187</u>	<u>-</u>	<u>48,885</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	105,004	1	-
Special	-	-	-	-
Adult/continuing	-	-	-	39,616
Other	-	-	-	-
Support services:				
Pupil	-	-	-	-
Instructional staff	-	-	-	920
Administration	-	-	-	1,549
Operations and maintenance	-	-	-	-
Pupil transportation	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services:				
Food service operations	3,002,984	-	-	-
Other non-instructional services	-	-	-	-
Extracurricular activities	-	-	-	-
Total expenditures	<u>3,002,984</u>	<u>105,004</u>	<u>1</u>	<u>42,085</u>
Excess (deficiency) of revenues over (under) expenditures	193,397	(41,817)	(1)	6,800
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	193,397	(41,817)	(1)	6,800
Fund balances (deficit) at beginning of year	<u>(294,232)</u>	<u>2,223</u>	<u>5,260</u>	<u>4,702</u>
Fund balances (deficit) at end of year	<u>\$ (100,835)</u>	<u>\$ (39,594)</u>	<u>\$ 5,259</u>	<u>\$ 11,502</u>

<u>Public School Support</u>	<u>Local Grants</u>	<u>Venture Capital</u>	<u>Athletic</u>	<u>Auxiliary Services</u>	<u>Management Information Systems</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	256	-
45	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
35,242	-	-	216,770	-	-
17,490	13,015	-	8,140	-	-
-	-	-	-	-	-
43,284	1,105	-	6,584	-	-
-	18,237	-	-	-	-
-	-	-	-	571,476	19,251
-	-	-	-	-	-
<u>96,061</u>	<u>32,357</u>	<u>-</u>	<u>231,494</u>	<u>571,732</u>	<u>19,251</u>
-	10,054	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
104,274	-	-	-	-	-
500	25,992	-	-	-	-
-	184	-	-	-	-
-	701	-	-	-	-
3,369	-	-	-	-	-
-	2,970	-	-	-	19,251
-	-	-	-	-	-
-	405	-	-	646,144	-
-	-	-	226,677	-	-
<u>108,143</u>	<u>40,306</u>	<u>-</u>	<u>226,677</u>	<u>646,144</u>	<u>19,251</u>
(12,082)	(7,949)	-	4,817	(74,412)	-
-	-	-	-	-	-
-	-	-	-	-	-
(12,082)	(7,949)	-	4,817	(74,412)	-
61,528	66,524	684	72,830	55,919	-
<u>\$ 49,446</u>	<u>\$ 58,575</u>	<u>\$ 684</u>	<u>\$ 77,647</u>	<u>\$ (18,493)</u>	<u>\$ -</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Public School Preschool</u>	<u>Entry Year</u>	<u>OneNet Network Connectivity</u>	<u>SchoolNet Professional Development</u>
Revenues:				
From local sources:				
Tuition	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-
Transportation fees	-	-	-	-
Charges for services	-	-	-	-
Classroom materials and fees	-	-	-	-
Extracurricular	-	-	-	-
Contributions and donations	-	-	-	-
Services provided to other entities	-	-	-	-
Other local revenues	-	-	-	-
Intergovernmental - Intermediate	-	-	-	-
Intergovernmental - State	103,669	32,200	33,000	2,970
Intergovernmental - Federal	-	-	-	-
Total revenue	<u>103,669</u>	<u>32,200</u>	<u>33,000</u>	<u>2,970</u>
Expenditures:				
Current:				
Instruction:				
Regular	6,772	-	-	-
Special	117,208	-	-	-
Adult/continuing	-	-	-	-
Other	-	-	-	-
Support services:				
Pupil	-	-	-	-
Instructional staff	40,455	32,632	-	5,273
Administration	-	-	-	-
Operations and maintenance	-	-	-	-
Pupil transportation	51	-	-	-
Central	-	-	33,000	-
Operation of non-instructional services:				
Food service operations	-	-	-	-
Other non-instructional services	-	-	-	-
Extracurricular activities	-	-	-	-
Total expenditures	<u>164,486</u>	<u>32,632</u>	<u>33,000</u>	<u>5,273</u>
Excess (deficiency) of revenues over (under) expenditures	(60,817)	(432)	-	(2,303)
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(60,817)	(432)	-	(2,303)
Fund balances (deficit) at beginning of year	<u>(12,040)</u>	<u>702</u>	<u>-</u>	<u>2,303</u>
Fund balances (deficit) at end of year	<u>\$ (72,857)</u>	<u>\$ 270</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Ohio Reads</u>	<u>Alternative Schools</u>	<u>DPIA</u>	<u>Miscellaneous State Grants</u>	<u>Adult Basic Education</u>	<u>Title VI-B</u>	<u>Nutrition Education & Training</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
88,311	291,380	4,875,308	41,719	-	-	-
-	-	-	-	303,070	1,542,271	-
<u>88,311</u>	<u>291,380</u>	<u>4,875,308</u>	<u>41,719</u>	<u>303,070</u>	<u>1,542,271</u>	<u>-</u>
-	249,069	1,997,508	-	-	-	287
-	-	-	-	-	762,655	-
-	-	-	-	271,293	-	-
-	-	784,339	-	-	-	-
-	-	88,215	-	-	299,549	-
96,573	800	15,340	77,532	43,196	215,115	-
-	-	-	-	1,542	301,452	-
-	-	216,492	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	3,045	58,038	-
-	-	-	-	-	-	-
<u>96,573</u>	<u>249,869</u>	<u>3,101,894</u>	<u>77,532</u>	<u>319,076</u>	<u>1,636,809</u>	<u>287</u>
(8,262)	41,511	1,773,414	(35,813)	(16,006)	(94,538)	(287)
-	-	-	-	752	395	-
-	-	-	-	752	395	-
(8,262)	41,511	1,773,414	(35,813)	(15,254)	(94,143)	(287)
2,181	(41,743)	159,393	89,191	(12,711)	(104,900)	287
<u>\$ (6,081)</u>	<u>\$ (232)</u>	<u>\$ 1,932,807</u>	<u>\$ 53,378</u>	<u>\$ (27,965)</u>	<u>\$ (199,043)</u>	<u>\$ -</u>

- - continued

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Title III</u>	<u>Title I</u>	<u>Title V</u>	<u>Drug-Free Schools</u>
Revenues:				
From local sources:				
Tuition.	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-
Transportation fees	-	-	-	-
Charges for services	-	-	-	-
Classroom materials and fees.	-	-	-	-
Extracurricular	-	-	-	-
Contributions and donations	-	-	-	-
Services provided to other entities	-	-	-	-
Other local revenues	-	-	-	-
Intergovernmental - Intermediate.	-	-	-	-
Intergovernmental - State	-	-	-	-
Intergovernmental - Federal	14,016	3,188,612	11,741	54,078
Total revenue.	<u>14,016</u>	<u>3,188,612</u>	<u>11,741</u>	<u>54,078</u>
Expenditures:				
Current:				
Instruction:				
Regular.	740	80,673	36,898	-
Special	5,206	2,076,046	-	21,439
Adult/continuing	-	-	-	-
Other	-	-	-	-
Support services:				
Pupil	-	22,310	-	-
Instructional staff.	14,884	755,832	8,772	21,314
Administration	-	63,858	-	-
Operations and maintenance	-	-	-	-
Pupil transportation	-	1,575	-	357
Central	-	-	-	-
Operation of non-instructional services:				
Food service operations	-	-	-	-
Other non-instructional services	-	40,910	1,832	-
Extracurricular activities	-	-	-	-
Total expenditures	<u>20,830</u>	<u>3,041,204</u>	<u>47,502</u>	<u>43,110</u>
Excess (deficiency) of revenues over (under) expenditures	(6,814)	147,408	(35,761)	10,968
Other financing sources:				
Transfers in.	-	-	-	-
Total other financing sources.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(6,814)	147,408	(35,761)	10,968
Fund balances (deficit) at beginning of year	<u>281</u>	<u>(594,447)</u>	<u>(13,172)</u>	<u>(7,358)</u>
Fund balances (deficit) at end of year	<u>\$ (6,533)</u>	<u>\$ (447,039)</u>	<u>\$ (48,933)</u>	<u>\$ 3,610</u>

<u>Preschool</u>	<u>Class Size Reduction</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue</u>
\$ -	\$ -	\$ -	\$ 2,647
-	-	-	256
-	-	-	45
-	-	-	667,441
-	-	-	63,187
-	-	-	252,012
-	-	-	39,645
-	-	-	50
-	-	-	57,086
-	-	-	18,237
-	-	-	6,164,699
31,049	422,206	1,201,939	9,231,582
<u>31,049</u>	<u>422,206</u>	<u>1,201,939</u>	<u>16,496,887</u>
-	-	61,663	2,548,669
2,802	-	118,347	3,103,703
-	-	-	310,909
-	-	-	784,339
29,060	-	-	543,408
-	667,207	994,307	3,016,644
198	-	-	368,783
-	-	-	217,193
-	-	-	5,352
-	-	-	55,221
-	-	-	3,002,984
-	-	1,089	751,463
-	-	-	226,677
<u>32,060</u>	<u>667,207</u>	<u>1,175,406</u>	<u>14,935,345</u>
(1,011)	(245,001)	26,533	1,561,542
-	-	785	1,932
-	-	785	1,932
(1,011)	(245,001)	27,318	1,563,474
991	(142,099)	(73,713)	(771,416)
<u>\$ (20)</u>	<u>\$ (387,100)</u>	<u>\$ (46,395)</u>	<u>\$ 792,058</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOOD SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
From local sources:			
Charges for services	\$ 667,378	\$ 667,378	\$ -
Intergovernmental - State	64,013	64,013	-
Intergovernmental - Federal	2,241,268	2,241,268	-
Total revenues	<u>2,972,659</u>	<u>2,972,659</u>	<u>-</u>
Expenditures:			
Operation of non-instructional services:			
Food service operations	2,930,688	2,930,688	-
Total expenditures	<u>2,930,688</u>	<u>2,930,688</u>	<u>-</u>
Excess of revenues over expenditures.	<u>41,971</u>	<u>41,971</u>	<u>-</u>
Other financing sources (uses):			
Advances in	261,271	261,271	-
Advances out	(303,241)	(303,241)	-
Total other financing sources (uses)	<u>(41,970)</u>	<u>(41,970)</u>	<u>-</u>
Net change in fund balance	1	1	-
Fund balance at beginning of year	(841,049)	(841,049)	-
Prior year encumbrances appropriated	841,048	841,048	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
UNIFORM SCHOOL SUPPLY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
From local sources:			
Classroom materials and fees	\$ 61,735	\$ 61,735	\$ -
Total revenues	<u>61,735</u>	<u>61,735</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	124,695	124,695	-
Total expenditures	<u>124,695</u>	<u>124,695</u>	<u>-</u>
Excess of expenditures over revenues.	<u>(62,960)</u>	<u>(62,960)</u>	<u>-</u>
Other financing sources (uses):			
Advances in.	1,013,099	1,013,099	-
Advances out	(954,547)	(954,547)	-
Refund of prior year receipts	(112)	(112)	-
Total other financing sources (uses)	<u>58,440</u>	<u>58,440</u>	<u>-</u>
Net change in fund balance	(4,520)	(4,520)	-
Fund balance at beginning of year	(65,904)	(65,904)	-
Prior year encumbrances appropriated	70,424	70,424	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 SPECIAL ROTARY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
From local sources:			
Other local revenues	\$ 2	\$ 2	\$ -
Total revenues	<u>2</u>	<u>2</u>	<u>-</u>
 Net change in fund balance	 2	 2	 -
 Fund balance at beginning of year	 5,257	 5,257	 -
Fund balance at end of year	<u>\$ 5,259</u>	<u>\$ 5,259</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ADULT EDUCATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
From local sources:			
Tuition	\$ 2,716	\$ 2,716	\$ -
Contributions and donations	1,000	1,000	-
Services provided to other entities	50	50	-
Other local revenues	6,138	6,138	-
Intergovernmental - State	33,735	33,735	-
Total revenues	<u>43,639</u>	<u>43,639</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Adult/continuing	40,588	40,588	-
Support Services:			
Instructional staff	920	920	-
Administration	1,549	1,549	-
Operation of non-instructional services	268	268	-
Total expenditures	<u>43,325</u>	<u>43,325</u>	<u>-</u>
Net change in fund balance	314	314	-
Fund balance at beginning of year	(1,351)	(1,351)	-
Prior year encumbrances appropriated	6,252	6,252	-
Fund balance at end of year	<u>\$ 5,215</u>	<u>\$ 5,215</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PUBLIC SCHOOL SUPPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
From local sources:			
Transportation fees	\$ 45	\$ 45	\$ -
Extracurricular.	36,661	36,661	-
Contributions and donations	17,490	17,490	-
Other local revenues.	43,330	43,330	-
Total revenues	<u>97,526</u>	<u>97,526</u>	<u>-</u>
Expenditures:			
Current:			
Support Services:			
Pupil.	114,597	114,597	-
Instructional staff	500	500	-
Total expenditures	<u>115,097</u>	<u>115,097</u>	<u>-</u>
Excess of expenditures over revenues.	<u>(17,571)</u>	<u>(17,571)</u>	<u>-</u>
Other financing sources (uses):			
Advances in.	40	40	-
Advances out	(40)	(40)	-
Refund of prior year expenditure	150	150	-
Total other financing sources (uses)	<u>150</u>	<u>150</u>	<u>-</u>
Net change in fund balance	(17,421)	(17,421)	-
Fund balance at beginning of year	37,258	37,258	-
Prior year encumbrances appropriated	22,619	22,619	-
Fund balance at end of year	<u>\$ 42,456</u>	<u>\$ 42,456</u>	<u>\$ -</u>

MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LOCAL GRANTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
From local sources:			
Contributions and donations	\$ 13,015	\$ 13,015	\$ -
Other local revenues.	1,105	1,105	-
Intergovernmental - Intermediate	36,871	36,871	-
Total revenues	<u>50,991</u>	<u>50,991</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	11,331	11,331	-
Support Services:			
Instructional staff	24,439	24,439	-
Administration.	500	500	-
Operations and maintenance.	701	701	-
Central.	2,970	2,970	-
Operation of non-instructional services	405	405	-
Total expenditures	<u>40,346</u>	<u>40,346</u>	<u>-</u>
Excess of revenues over expenditures.	<u>10,645</u>	<u>10,645</u>	<u>-</u>
Other financing sources (uses):			
Advances in.	6,650	6,650	-
Advances out	(6,650)	(6,650)	-
Refund of prior year receipts	<u>(18,634)</u>	<u>(18,634)</u>	<u>-</u>
Total other financing sources (uses)	<u>(18,634)</u>	<u>(18,634)</u>	<u>-</u>
Net change in fund balance	(7,989)	(7,989)	-
Fund balance at beginning of year	64,179	64,179	-
Prior year encumbrances appropriated	4,770	4,770	-
Fund balance at end of year	<u>\$ 60,960</u>	<u>\$ 60,960</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
VENTURE CAPITAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund balance at beginning of year	\$ 684	\$ 684	\$ -
Fund balance at end of year	\$ 684	\$ 684	\$ -

MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 ATHLETIC FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
From local sources:			
Extracurricular.	\$ 216,902	\$ 216,902	\$ -
Contributions and donations	8,140	8,140	-
Other local revenues.	6,589	6,589	-
Total revenues	<u>231,631</u>	<u>231,631</u>	<u>-</u>
Expenditures:			
Extracurricular activities.	<u>240,480</u>	<u>240,480</u>	<u>-</u>
Total expenditures	<u>240,480</u>	<u>240,480</u>	<u>-</u>
Excess of expenditures over revenues.	<u>(8,849)</u>	<u>(8,849)</u>	<u>-</u>
Other financing sources:			
Refund of prior year expenditure	<u>5</u>	<u>5</u>	<u>-</u>
Total other financing sources	<u>5</u>	<u>5</u>	<u>-</u>
Net change in fund balance	(8,844)	(8,844)	-
Fund balance at beginning of year	42,981	42,981	-
Prior year encumbrances appropriated	29,867	29,867	-
Fund balance at end of year	<u>\$ 64,004</u>	<u>\$ 64,004</u>	<u>\$ -</u>

MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 AUXILIARY SERVICES FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
From local sources:			
Earnings on investments	\$ 256	\$ 256	\$ -
Intergovernmental - State	571,476	571,476	-
Total revenues	<u>571,732</u>	<u>571,732</u>	<u>-</u>
Expenditures:			
Operation of non-instructional services	727,751	727,751	-
Total expenditures	<u>727,751</u>	<u>727,751</u>	<u>-</u>
Excess of expenditures over revenues.	<u>(156,019)</u>	<u>(156,019)</u>	<u>-</u>
Other financing sources (uses):			
Advances in.	62,861	62,861	-
Advances out	(28,894)	(28,894)	-
Total other financing sources (uses)	<u>33,967</u>	<u>33,967</u>	<u>-</u>
Net change in fund balance	(122,052)	(122,052)	-
Fund balance at beginning of year	6,971	6,971	-
Prior year encumbrances appropriated	116,754	116,754	-
Fund balance at end of year	<u>\$ 1,673</u>	<u>\$ 1,673</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MANAGEMENT INFORMATION SYSTEMS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 19,251	\$ 19,251	\$ -
Total revenues	<u>19,251</u>	<u>19,251</u>	<u>-</u>
Expenditures:			
Support Services:			
Central.	19,251	19,251	-
Total expenditures	<u>19,251</u>	<u>19,251</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PUBLIC SCHOOL PRESCHOOL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 103,669	\$ 103,669	\$ -
Total revenues	<u>103,669</u>	<u>103,669</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	6,752	6,752	-
Special	139,951	139,951	-
Support Services:			
Instructional staff	47,319	47,319	-
Pupil transportation	51	51	-
Total expenditures	<u>194,073</u>	<u>194,073</u>	<u>-</u>
Excess of expenditures over revenues	<u>(90,404)</u>	<u>(90,404)</u>	<u>-</u>
Other financing sources (uses):			
Advances in	171,178	171,178	-
Advances out	<u>(91,158)</u>	<u>(91,158)</u>	<u>-</u>
Total other financing sources (uses)	<u>80,020</u>	<u>80,020</u>	<u>-</u>
Net change in fund balance	(10,384)	(10,384)	-
Fund balance at beginning of year	(7,204)	(7,204)	-
Prior year encumbrances appropriated	17,588	17,588	-
Fund balance at end of year	\$ -	\$ -	\$ -

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENTRY YEAR FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental - State	\$ 32,200	\$ 32,200	\$ -
Total revenues	<u>32,200</u>	<u>32,200</u>	<u>-</u>
Expenditures:			
Current:			
Support Services:			
Instructional staff	32,200	32,200	-
Total expenditures	<u>32,200</u>	<u>32,200</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	<u>702</u>	<u>702</u>	<u>-</u>
Fund balance at end of year	<u>\$ 702</u>	<u>\$ 702</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ONENET NETWORK CONNECTIVITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental - State	\$ 33,000	\$ 33,000	\$ -
Total revenues	<u>33,000</u>	<u>33,000</u>	<u>-</u>
Expenditures:			
Current:			
Support Services:			
Central.	33,000	33,000	-
Total expenditures	<u>33,000</u>	<u>33,000</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SCHOOLNET PROFESSIONAL DEVELOPMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental - State	\$ 2,970	\$ 2,970	\$ -
Total revenues	<u>2,970</u>	<u>2,970</u>	<u>-</u>
Expenditures:			
Current:			
Support Services:			
Instructional staff	5,273	5,273	-
Total expenditures	<u>5,273</u>	<u>5,273</u>	<u>-</u>
Net change in fund balance	(2,303)	(2,303)	-
Fund balance at beginning of year	<u>2,303</u>	<u>2,303</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
OHIO READS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 98,311	\$ 98,311	\$ -
Total revenues	<u>98,311</u>	<u>98,311</u>	<u>-</u>
Expenditures:			
Current:			
Support Services:			
Instructional staff	97,662	97,662	-
Total expenditures	<u>97,662</u>	<u>97,662</u>	<u>-</u>
Excess of revenues over expenditures.	<u>649</u>	<u>649</u>	<u>-</u>
Other financing sources (uses):			
Advances in.	75,667	75,667	-
Advances out	(66,316)	(66,316)	-
Refund of prior year receipts	(10,000)	(10,000)	-
Total other financing sources (uses)	<u>(649)</u>	<u>(649)</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	<u>2,181</u>	<u>2,181</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,181</u>	<u>\$ 2,181</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALTERNATIVE SCHOOLS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 291,380	\$ 291,380	\$ -
Total revenues	<u>291,380</u>	<u>291,380</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	299,634	299,634	-
Support Services:			
Instructional staff	800	800	-
Total expenditures	<u>300,434</u>	<u>300,434</u>	<u>-</u>
Excess of expenditures over revenues.	<u>(9,054)</u>	<u>(9,054)</u>	<u>-</u>
Other financing sources (uses):			
Advances in.	409,768	409,768	-
Advances out	<u>(401,174)</u>	<u>(401,174)</u>	<u>-</u>
Total other financing sources (uses)	<u>8,594</u>	<u>8,594</u>	<u>-</u>
Net change in fund balance	(460)	(460)	-
Fund balance at beginning of year	(48,790)	(48,790)	-
Prior year encumbrances appropriated	53,438	53,438	-
Fund balance at end of year	<u>\$ 4,188</u>	<u>\$ 4,188</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DPIA FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 4,875,308	\$ 4,875,308	\$ -
Total revenues	<u>4,875,308</u>	<u>4,875,308</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	2,271,613	2,271,613	-
Other	731,148	731,148	-
Support Services:			
Pupil.	101,149	101,149	-
Instructional staff	52,291	52,291	-
Operations and maintenance.	216,492	216,492	-
Total expenditures	<u>3,372,693</u>	<u>3,372,693</u>	<u>-</u>
Net change in fund balance	1,502,615	1,502,615	-
Fund balance at beginning of year	389,749	389,749	-
Prior year encumbrances appropriated	68,588	68,588	-
Fund balance at end of year	<u>\$ 1,960,952</u>	<u>\$ 1,960,952</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MISCELLANEOUS STATE GRANTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - State	\$ 41,718	\$ 41,718	\$ -
Total revenues	<u>41,718</u>	<u>41,718</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	35	35	-
Support Services:			
Instructional staff	33,580	33,580	-
Total expenditures	<u>33,615</u>	<u>33,615</u>	<u>-</u>
Excess of revenues over expenditures	<u>8,103</u>	<u>8,103</u>	<u>-</u>
Other financing sources (uses):			
Advances in	46,525	46,525	-
Advances out	(46,525)	(46,525)	-
Refund of prior year receipts	(45,463)	(45,463)	-
Total other financing sources (uses)	<u>(45,463)</u>	<u>(45,463)</u>	<u>-</u>
Net change in fund balance	(37,360)	(37,360)	-
Fund balance at beginning of year	82,863	82,863	-
Prior year encumbrances appropriated	8,020	8,020	-
Fund balance at end of year	<u>\$ 53,523</u>	<u>\$ 53,523</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ADULT BASIC EDUCATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 303,070	\$ 303,070	\$ -
Total revenues	<u>303,070</u>	<u>303,070</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Adult/continuing	306,388	306,388	-
Support Services:			
Instructional staff	39,052	39,052	-
Administration	1,542	1,542	-
Operation of non-instructional services	3,046	3,046	-
Total expenditures	<u>350,028</u>	<u>350,028</u>	<u>-</u>
Excess of expenditures over revenues	<u>(46,958)</u>	<u>(46,958)</u>	<u>-</u>
Other financing sources (uses):			
Transfers in	752	752	-
Advances in	393,391	393,391	-
Advances out	<u>(327,975)</u>	<u>(327,975)</u>	<u>-</u>
Total other financing sources (uses)	<u>66,168</u>	<u>66,168</u>	<u>-</u>
Net change in fund balance	19,210	19,210	-
Fund balance at beginning of year	(54,622)	(54,622)	-
Prior year encumbrances appropriated	65,192	65,192	-
Fund balance at end of year	<u>\$ 29,780</u>	<u>\$ 29,780</u>	<u>\$ -</u>

MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE VI-B FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 1,542,271	\$ 1,542,271	\$ -
Total revenues	<u>1,542,271</u>	<u>1,542,271</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Special.	922,954	922,954	-
Support Services:			
Pupil.	347,289	347,289	-
Instructional staff	229,398	229,398	-
Administration.	315,681	315,681	-
Operation of non-instructional services	69,870	69,870	-
Total expenditures	<u>1,885,192</u>	<u>1,885,192</u>	<u>-</u>
Excess of expenditures over revenues.	<u>(342,921)</u>	<u>(342,921)</u>	<u>-</u>
Other financing sources (uses):			
Transfers in	395	395	-
Advances in.	2,091,080	2,091,080	-
Advances out	(1,856,562)	(1,856,562)	-
Refund of prior year expenditure	2,091	2,091	-
Total other financing sources (uses)	<u>237,004</u>	<u>237,004</u>	<u>-</u>
Net change in fund balance	(105,917)	(105,917)	-
Fund balance at beginning of year	(170,120)	(170,120)	-
Prior year encumbrances appropriated	276,037	276,037	-
Fund balance at end of year	\$ -	\$ -	\$ -

MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 NUTRITION EDUCATION & TRAINING FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures:			
Current:			
Instruction:			
Regular	\$ 287	\$ 287	\$ -
Total expenditures	<u>287</u>	<u>287</u>	<u>-</u>
Net change in fund balance	(287)	(287)	-
Fund balance at beginning of year	1	1	-
Prior year encumbrances appropriated	286	286	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE III FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 14,016	\$ 14,016	\$ -
Total revenues	<u>14,016</u>	<u>14,016</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	854	854	-
Special	6,312	6,312	-
Support Services:			
Instructional staff	14,829	14,829	-
Total expenditures	<u>21,995</u>	<u>21,995</u>	<u>-</u>
Excess of expenditures over revenues.	<u>(7,979)</u>	<u>(7,979)</u>	<u>-</u>
Other financing sources (uses):			
Advances in.	37,219	37,219	-
Advances out	<u>(29,521)</u>	<u>(29,521)</u>	<u>-</u>
Total other financing sources (uses)	<u>7,698</u>	<u>7,698</u>	<u>-</u>
Net change in fund balance	(281)	(281)	-
Fund balance at beginning of year	(10,797)	(10,797)	-
Prior year encumbrances appropriated	11,078	11,078	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
TITLE I FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental - Federal	\$ 3,188,612	\$ 3,188,612	\$ -
Total revenues	<u>3,188,612</u>	<u>3,188,612</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	140,963	140,963	-
Special	2,431,974	2,431,974	-
Support Services:			
Pupil	27,444	27,444	-
Instructional staff	787,738	787,738	-
Administration	113,019	113,019	-
Pupil transportation	39,485	39,485	-
Operation of non-instructional services	47,202	47,202	-
Total expenditures	<u>3,587,825</u>	<u>3,587,825</u>	<u>-</u>
Excess of expenditures over revenues	<u>(399,213)</u>	<u>(399,213)</u>	<u>-</u>
Other financing sources (uses):			
Advances in	6,005,143	6,005,143	-
Advances out	<u>(5,607,158)</u>	<u>(5,607,158)</u>	<u>-</u>
Total other financing sources (uses)	<u>397,985</u>	<u>397,985</u>	<u>-</u>
Net change in fund balance	(1,228)	(1,228)	-
Fund balance at beginning of year	(466,991)	(466,991)	-
Prior year encumbrances appropriated	519,581	519,581	-
Fund balance at end of year	<u>\$ 51,362</u>	<u>\$ 51,362</u>	<u>\$ -</u>

MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 TITLE V FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 11,741	\$ 11,741	\$ -
Total revenues	<u>11,741</u>	<u>11,741</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	102,259	102,259	-
Support Services:			
Instructional staff	7,755	7,755	-
Operation of non-instructional services	1,831	1,831	-
Total expenditures	<u>111,845</u>	<u>111,845</u>	<u>-</u>
Excess of expenditures over revenues.	<u>(100,104)</u>	<u>(100,104)</u>	<u>-</u>
Other financing sources (uses):			
Advances in.	294,167	294,167	-
Advances out	<u>(194,669)</u>	<u>(194,669)</u>	<u>-</u>
Total other financing sources (uses)	<u>99,498</u>	<u>99,498</u>	<u>-</u>
Net change in fund balance	(606)	(606)	-
Fund balance at beginning of year	(49,192)	(49,192)	-
Prior year encumbrances appropriated	57,253	57,253	-
Fund balance at end of year	<u>\$ 7,455</u>	<u>\$ 7,455</u>	<u>\$ -</u>

MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DRUG-FREE SCHOOLS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 54,078	\$ 54,078	\$ -
Total revenues	<u>54,078</u>	<u>54,078</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Special.	25,080	25,080	-
Support Services:			
Instructional staff	21,313	21,313	-
Pupil transportation	354	354	-
Total expenditures	<u>46,747</u>	<u>46,747</u>	<u>-</u>
Excess of revenues over (under) expenditures.	<u>7,331</u>	<u>7,331</u>	<u>-</u>
Other financing sources (uses):			
Advances in.	74,974	74,974	-
Advances out	<u>(74,974)</u>	<u>(74,974)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	7,331	7,331	-
Fund balance at beginning of year	(2,186)	(2,186)	-
Prior year encumbrances appropriated	4,088	4,088	-
Fund balance at end of year	<u>\$ 9,233</u>	<u>\$ 9,233</u>	<u>\$ -</u>

MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 PRESCHOOL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 31,049	\$ 31,049	\$ -
Total revenues	<u>31,049</u>	<u>31,049</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Special.	2,802	2,802	-
Support Services:			
Pupil.	29,040	29,040	-
Administration.	198	198	-
Total expenditures	<u>32,040</u>	<u>32,040</u>	<u>-</u>
Excess of expenditures over revenues.	<u>(991)</u>	<u>(991)</u>	<u>-</u>
Other financing sources (uses):			
Advances in.	67,516	67,516	-
Advances out.	<u>(67,516)</u>	<u>(67,516)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(991)	(991)	-
Fund balance at beginning of year	(1,194)	(1,194)	-
Prior year encumbrances appropriated	2,185	2,185	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CLASS SIZE REDUCTION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 422,205	\$ 422,205	\$ -
Total revenues	<u>422,205</u>	<u>422,205</u>	<u>-</u>
Expenditures:			
Current:			
Support Services:			
Instructional staff	752,677	752,677	-
Total expenditures	<u>752,677</u>	<u>752,677</u>	<u>-</u>
Excess of expenditures over revenues.	<u>(330,472)</u>	<u>(330,472)</u>	<u>-</u>
Other financing sources (uses):			
Advances in.	1,183,855	1,183,855	-
Advances out	(853,438)	(853,438)	-
Refund of prior year expenditure	55	55	-
Total other financing sources (uses)	<u>330,472</u>	<u>330,472</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	(67,788)	(67,788)	-
Prior year encumbrances appropriated	67,788	67,788	-
Fund balance at end of year	\$ -	\$ -	\$ -

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MISCELLANEOUS FEDERAL GRANTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental - Federal	\$ 1,189,854	\$ 1,189,854	\$ -
Total revenues	<u>1,189,854</u>	<u>1,189,854</u>	<u>-</u>
Expenditures:			
Current:			
Instruction:			
Regular	153,777	153,777	-
Special	118,345	118,345	-
Support Services:			
Instructional staff	1,056,715	1,056,715	-
Operation of non-instructional services	2,219	2,219	-
Total expenditures	<u>1,331,056</u>	<u>1,331,056</u>	<u>-</u>
Excess of expenditures over revenues	<u>(141,202)</u>	<u>(141,202)</u>	<u>-</u>
Other financing sources (uses):			
Transfers in	785	785	-
Advances in	2,965,436	2,965,436	-
Advances out	(2,929,109)	(2,929,109)	-
Refund of prior year expenditure	1,458	1,458	-
Total other financing sources (uses)	<u>38,570</u>	<u>38,570</u>	<u>-</u>
Net change in fund balance	(102,632)	(102,632)	-
Fund balance at beginning of year	(369,626)	(369,626)	-
Prior year encumbrances appropriated	493,069	493,069	-
Fund balance at end of year	<u>\$ 20,811</u>	<u>\$ 20,811</u>	<u>\$ -</u>

MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
From local sources:			
Taxes	\$ 3,819,323	\$ 3,819,323	\$ -
Earnings on investments.	590	590	-
Intergovernmental - State	1,363,431	1,363,431	-
Total revenues	<u>5,183,344</u>	<u>5,183,344</u>	<u>-</u>
Expenditures:			
Current:			
Support Services:			
Fiscal	90,603	90,603	-
Debt service:			
Principal	5,385,000	5,385,000	-
Interest and fiscal charges	2,967,557	2,967,557	-
Total expenditures	<u>8,443,160</u>	<u>8,443,160</u>	<u>-</u>
Excess of expenditures over revenues.	<u>(3,259,816)</u>	<u>(3,259,816)</u>	<u>-</u>
Other financing sources:			
Notes issued	<u>3,635,000</u>	<u>3,635,000</u>	<u>-</u>
Total other financing sources	<u>3,635,000</u>	<u>3,635,000</u>	<u>-</u>
Net change in fund balance	375,184	375,184	-
Fund balance at beginning of year	<u>1,994,522</u>	<u>1,994,522</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,369,706</u>	<u>\$ 2,369,706</u>	<u>\$ -</u>

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

Nonmajor Capital Projects Funds

The capital projects funds account for financial resources to be used for the construction or acquisition of major capital facilities (other than those financed by proprietary funds and trust funds). A description of the District's capital projects funds follows:

Permanent Improvement

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

Building Fund

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

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

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2009

	Permanent Improvement	Building	Total Nonmajor Capital Projects
Assets:			
Equity in pooled cash and investments	\$ 414,403	\$ 1,995,139	\$ 2,409,542
Cash with escrow agent	-	30,781	30,781
Receivables:			
Accounts	-	30,787	30,787
Accrued interest	-	719	719
Total assets.	\$ 414,403	\$ 2,057,426	\$ 2,471,829
Liabilities:			
Accounts payable	\$ 2,336	\$ -	\$ 2,336
Contracts payable.	-	11,050	11,050
Retainage payable.	-	30,781	30,781
Deferred revenue.	-	719	719
Total liabilities.	2,336	42,550	44,886
Fund balances:			
Reserved for encumbrances.	16,756	57,491	74,247
Unreserved-undesignated	395,311	1,957,385	2,352,696
Total fund balances	412,067	2,014,876	2,426,943
Total liabilities and fund balances.	\$ 414,403	\$ 2,057,426	\$ 2,471,829

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Permanent Improvement	Building	Total Nonmajor Capital Projects
Revenues:			
From local sources:			
Earnings on investments	\$ -	\$ 60,362	60,362
Total revenue.	-	60,362	60,362
Expenditures:			
Current:			
Instruction:			
Fiscal.	7,695	-	7,695
Operations and maintenance	16,926	24,340	41,266
Pupil transportation	2,336	-	2,336
Facilities acquisition and construction	-	1,206,649	1,206,649
Total expenditures	26,957	1,230,989	1,257,946
Net change in fund balances.	(26,957)	(1,170,627)	(1,197,584)
Fund balances at beginning of year	439,024	3,185,503	3,624,527
Fund balances at end of year	\$ 412,067	\$ 2,014,876	\$ 2,426,943

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PERMANENT IMPROVEMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures:			
Current:			
Support Services:			
Fiscal	\$ 7,695	\$ 7,695	\$ -
Operations and maintenance.	33,644	33,644	-
Pupil transportation	2,374	2,374	-
Total expenditures	<u>43,713</u>	<u>43,713</u>	<u>-</u>
Net change in fund balance	(43,713)	(43,713)	-
Fund balance at beginning of year	<u>439,024</u>	<u>439,024</u>	<u>-</u>
Fund balance at end of year	<u>\$ 395,311</u>	<u>\$ 395,311</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
BUILDING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
From local sources:			
Earnings on investments.	\$ 136,592	\$ 136,592	\$ -
Other local revenues.	2,010	2,010	-
Total revenues	<u>138,602</u>	<u>138,602</u>	<u>-</u>
Expenditures:			
Current:			
Support Services:			
Operations and maintenance.	28,140	28,140	-
Facilities acquisition and construction.	1,338,425	1,338,425	-
Total expenditures	<u>1,366,565</u>	<u>1,366,565</u>	<u>-</u>
Excess of expenditures over revenues.	<u>(1,227,963)</u>	<u>(1,227,963)</u>	<u>-</u>
Other financing sources:			
Refund of prior year expenditure	20,071	20,071	-
Total other financing sources	<u>20,071</u>	<u>20,071</u>	<u>-</u>
Net change in fund balance	(1,207,892)	(1,207,892)	-
Fund balance at beginning of year	75,290	75,290	-
Prior year encumbrances appropriated	3,655,139	3,655,139	-
Fund balance at end of year	<u>\$ 2,522,537</u>	<u>\$ 2,522,537</u>	<u>\$ -</u>

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results of operations.

AGENCY FUND

Student Managed Activities Fund

To account for assets and liabilities generated by student managed activities.

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

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2009

	Beginning Balance July 1, 2008	Additions	Deletions	Ending Balance June 30, 2009
Student Activity				
Assets:				
Equity in pooled cash and investments	\$ 74,610	\$ 65,735	\$ 62,335	\$ 78,010
Receivables				
Accounts	118	2,399	118	2,399
Total assets	<u>\$ 74,728</u>	<u>\$ 68,134</u>	<u>\$ 62,453</u>	<u>\$ 80,409</u>
Liabilities:				
Accounts payable	\$ 1,419	\$ 302	\$ 1,419	\$ 302
Due to students	73,309	67,832	61,034	80,107
Total liabilities.	<u>\$ 74,728</u>	<u>\$ 68,134</u>	<u>\$ 62,453</u>	<u>\$ 80,409</u>

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STATISTICAL SECTION

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

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	108-117
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	118-121
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	122-125
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	126-127
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	128-138

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

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

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

	<u>2009</u>	<u>2008 (1)</u>	<u>2007</u>	<u>2006</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 12,696,177	\$ 12,290,959	\$ 7,823,154	\$ 3,333,501
Restricted	4,704,174	5,485,245	17,120,766	12,868,892
Unrestricted (deficit)	8,488,821	7,913,355	(4,558,346)	(3,327,956)
Total governmental activities net assets	<u>\$ 25,889,172</u>	<u>\$ 25,689,559</u>	<u>\$ 20,385,574</u>	<u>\$ 12,874,437</u>

Source: School District financial records.

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

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

<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 3,139,917	\$ 1,764,137	\$ 10,017,056
9,985,928	12,430,660	8,437,904
<u>(2,697,142)</u>	<u>1,078,324</u>	<u>(1,886,754)</u>
<u>\$ 10,428,703</u>	<u>\$ 15,273,121</u>	<u>\$ 16,568,206</u>

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

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

	<u>2009</u>	<u>2008 (1)</u>	<u>2007</u>	<u>2006</u>
Expenses				
Governmental activities:				
Instruction	\$ 47,565,415	\$ 43,559,450	\$ 42,406,738	\$ 42,988,158
Pupil	4,664,923	4,269,073	4,499,071	4,182,323
Instructional staff	5,950,980	4,294,621	4,767,755	4,104,223
Board of education	39,990	-	-	-
Administration	5,918,107	4,998,030	5,583,789	5,297,966
Fiscal	1,350,653	1,602,802	1,565,314	1,346,439
Business	484,511	378,914	498,372	302,611
Operations and maintenance	8,501,464	8,650,520	7,228,123	7,612,955
Pupil transportation	3,292,293	3,179,889	3,062,815	2,919,435
Central	2,330,840	1,764,603	2,098,304	1,707,030
Operation of non-instructional services	3,843,355	3,689,463	3,097,638	3,960,309
Extracurricular activities	1,022,353	787,327	912,856	795,465
Interest and fiscal charges	3,009,066	2,999,529	2,437,992	3,449,841
Total expenses	<u>87,973,950</u>	<u>80,174,221</u>	<u>78,158,767</u>	<u>78,666,755</u>

2005	2004	2003
\$ 42,252,745	\$ 39,780,688	\$ 40,067,476
4,358,304	4,220,322	4,046,144
3,540,476	3,427,309	3,767,945
-	-	-
6,118,189	5,725,050	5,945,318
1,486,704	1,316,828	1,190,464
355,906	271,843	205,079
7,256,478	6,912,662	6,719,128
3,000,568	2,655,273	2,271,967
1,909,674	1,672,277	1,638,800
3,636,886	4,028,191	918,003
680,257	804,618	735,315
3,258,401	1,403,415	18,532
<u>77,854,588</u>	<u>72,218,476</u>	<u>67,524,171</u>

- Continued

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

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

Program Revenues	2009	2008	2007	2006
Governmental activities:				
Charges for services:				
Instruction	\$ 717,696	\$ 536,644	\$ 826,053	\$ 698,140
Pupil	75,760	29,411	60,320	29,595
Instructional staff	422	3	92	-
Administration	99	-	-	-
Operations and maintenance	2,325	51,064	75,601	115,677
Pupil transportation	99,451	389,847	118,062	160,878
Central	-	2	-	-
Operation of non-instructional services	667,441	689,016	811,212	823,803
Extracurricular activities	249,948	232,082	277,117	279,617
Operating grants and contributions	17,762,109	17,204,236	18,905,396	14,625,856
Capital grants and contributions	66,437	14,078	94,861	27,023
Total governmental program revenues	<u>19,641,688</u>	<u>19,146,383</u>	<u>21,168,714</u>	<u>16,760,589</u>
Net (Expense)/Revenue				
Governmental activities	<u>\$ (68,332,262)</u>	<u>\$ (61,027,838)</u>	<u>\$ (56,990,053)</u>	<u>\$ (61,906,166)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Property taxes levied for:				
General purposes	\$ 16,749,487	\$ 19,017,594	\$ 19,301,596	\$ 21,009,706
Special revenue	14,565,287	15,925,322	15,998,068	13,680,223
Debt service	3,862,804	4,373,040	4,243,108	4,513,669
Grants and entitlements not restricted to specific programs	33,102,516	25,460,103	22,572,267	23,692,530
Investment earnings	228,509	1,391,914	2,131,508	1,667,994
Payment in lieu of taxes	-	-	54,728	75,613
Unrestricted contributions	-	24,728	22,223	4,977
Miscellaneous	23,272	139,122	177,692	244,051
Total governmental activities	<u>68,531,875</u>	<u>66,331,823</u>	<u>64,501,190</u>	<u>64,888,763</u>
Change in Net Assets				
Governmental activities	<u>\$ 199,613</u>	<u>\$ 5,303,985</u>	<u>\$ 7,511,137</u>	<u>\$ 2,982,597</u>

Source: School District financial records.

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

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

<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 512,974	\$ 567,430	\$ 322,602
24,256	79,212	125,618
-	9,994	747
-	1,367	255
30,150	36,175	38,474
122,808	94,210	68,807
-	418	31
1,113,242	1,159,617	-
206,256	206,952	201,284
10,463,524	10,042,965	7,935,288
99,364	135,480	195,055
<u>12,572,574</u>	<u>12,333,820</u>	<u>8,888,161</u>
\$ (65,282,014)	\$ (59,884,656)	\$ (58,636,010)
\$ 20,001,616	\$ 25,655,529	\$ 19,959,809
9,568,394	6,387,321	10,173,736
4,779,338	2,105,183	226,967
23,197,208	24,016,973	22,943,643
1,933,251	715,854	514,161
96,121	108,066	117,986
11,547	76,893	62,468
850,121	-	294,034
<u>60,437,596</u>	<u>59,065,819</u>	<u>54,292,804</u>
\$ (4,844,418)	\$ (818,837)	\$ (4,343,206)

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

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund:				
Reserved	\$ 1,392,826	\$ 1,280,574	\$ 21,167	\$ 920,335
Unreserved (deficit)	(1,245,433)	(3,511,819)	(6,546,685)	(4,806,920)
Total general fund	<u>\$ 147,393</u>	<u>\$ (2,231,245)</u>	<u>\$ (6,525,518)</u>	<u>\$ (3,886,585)</u>
All Other Governmental Funds:				
Reserved	\$ 2,351,469	\$ 7,505,213	\$ 16,761,290	\$ 36,190,661
Unreserved (deficit), reported in:				
Special revenue funds	3,774,571	3,183,607	4,710,288	(1,083,966)
Capital projects funds	2,352,696	1,896	2,040,524	7,444,955
Debt service funds	(1,265,409)	(1,711,469)	(1,566,396)	(2,922,416)
Total all other governmental funds	<u>\$ 7,213,327</u>	<u>\$ 8,979,247</u>	<u>\$ 21,945,706</u>	<u>\$ 39,629,234</u>
Total governmental funds	<u>\$ 7,360,720</u>	<u>\$ 6,748,002</u>	<u>\$ 15,420,188</u>	<u>\$ 35,742,649</u>

Source: School District financial records.

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

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ 1,124,195 (4,218,816)	\$ 1,889,528 (4,414,450)	\$ 2,390,098 (288,621)	\$ 2,131,718 7,557,800	\$ 4,764,491 6,293,759	\$ 3,342,907 4,201,827
<u>\$ (3,094,621)</u>	<u>\$ (2,524,922)</u>	<u>\$ 2,101,477</u>	<u>\$ 9,689,518</u>	<u>\$ 11,058,250</u>	<u>\$ 7,544,734</u>
\$ 20,901,245 (1,324,002) 53,297,603 (3,327,299)	\$ 3,260,690 3,581,989 75,199,149 (1,236,199)	\$ 1,480,242 4,495,189 245,622 108,809	\$ 1,163,450 722,289 217,203 375,640	\$ 3,359,677 779,488 672,057 119,986	\$ 1,972,443 2,287,587 (130,639) 724,145
<u>\$ 69,547,547</u>	<u>\$ 80,805,629</u>	<u>\$ 6,329,862</u>	<u>\$ 2,478,582</u>	<u>\$ 4,931,208</u>	<u>\$ 4,853,536</u>
<u>\$ 66,452,926</u>	<u>\$ 78,280,707</u>	<u>\$ 8,431,339</u>	<u>\$ 12,168,100</u>	<u>\$ 15,989,458</u>	<u>\$ 12,398,270</u>

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

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
SCHEDULE 4

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Revenues				
From local sources:				
Taxes	\$ 34,695,348	\$ 39,009,403	\$ 39,823,228	\$ 38,451,663
Revenue in lieu of taxes	-	-	-	-
Tuition and fees	493,420	972,600	1,027,156	939,407
Transportation fees	97,048	-	-	-
Charges for services	667,441	637,736	811,212	823,804
Earnings on investments	223,963	1,391,914	2,131,508	1,667,994
Extracurricular	280,515	260,034	254,306	228,349
Classroom materials and fees	142,369	-	-	-
Other local revenues	204,393	221,547	275,698	354,519
Intergovernmental	51,642,603	42,563,950	41,943,602	37,336,145
Total revenues	<u>88,447,100</u>	<u>85,057,184</u>	<u>86,266,710</u>	<u>79,801,881</u>
Expenditures				
Current:				
Instruction	45,381,711	42,666,670	41,718,933	42,426,014
Support services:				
Pupil	4,454,170	4,318,458	4,484,000	4,161,383
Instructional staff	5,809,655	4,338,546	4,747,707	4,024,607
Board of education	39,105	-	-	-
Administration	5,702,554	5,064,734	5,535,204	5,258,967
Fiscal	1,329,362	1,626,470	1,567,948	1,331,297
Business	456,107	425,545	489,650	288,765
Operations and maintenance	8,125,211	6,992,725	8,997,255	7,343,598
Pupil transportation	3,379,531	3,116,607	2,913,572	2,693,862
Central	2,221,285	1,715,473	2,033,815	1,548,663
Operation of non-instructional services	3,756,691	3,685,944	3,072,757	3,999,121
Extracurricular activities	1,014,207	789,531	913,324	792,039
Facilities acquisition and construction	1,206,649	-	-	-
Capital outlay	478,000	13,708,012	25,417,655	32,295,128
Debt service:				
Principal retirement	2,229,778	2,813,657	2,049,492	1,872,944
Interest and fiscal charges	3,167,536	3,178,262	2,651,808	3,408,083
Total expenditures	<u>88,751,552</u>	<u>94,440,634</u>	<u>106,593,120</u>	<u>111,444,471</u>
Excess of revenues over (under) expenditures	(304,452)	(9,383,450)	(20,326,410)	(31,642,590)
Other Financing Sources (Uses)				
Transfers in	1,932	366,669	963,581	-
Transfers (out)	(1,932)	(366,669)	(963,581)	-
Sale of notes	-	-	-	-
Refund of prior year receipts	-	-	-	-
Gain (loss) from sale of capital assets	913	33,602	3,949	10,660
Capital lease transaction	478,000	-	-	921,653
Issuance of long term debt	-	677,662	-	-
Sale of refunding bonds	-	-	55,465,000	-
Refunding bond issue costs	-	-	(765,639)	-
Payments to refunding bond escrow agent	-	-	(59,855,611)	-
Premium on the sale of refunding bonds	-	-	5,156,250	-
Insurance proceeds	438,257	-	-	-
Issuance of bonds	-	-	-	-
Issuance of notes	-	-	-	-
Total other financing sources (uses)	<u>917,170</u>	<u>711,264</u>	<u>3,949</u>	<u>932,313</u>
Net change in fund balances	<u>\$ 612,718</u>	<u>\$ (8,672,186)</u>	<u>\$ (20,322,461)</u>	<u>\$ (30,710,277)</u>
Capital expenditures	\$ 1,731,427	\$ 14,805,754	\$ 28,067,984	\$ 32,261,024
Debt service as a percentage of noncapital expenditures	6.20%	7.52%	5.99%	6.67%

Source: School District financial records.

Note: 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

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$	35,174,840	\$ 31,977,851	\$ 30,360,512	\$ 24,996,519	\$ 30,376,975	\$ 30,513,263
	-	-	55,096	-	-	-
	638,515	653,559	389,861	176,775	180,804	13,366
	-	-	-	-	-	-
	1,113,242	1,225,238	-	-	-	-
	1,933,143	715,854	514,161	738,280	1,233,654	1,167,796
	229,091	239,873	273,536	287,543	222,069	-
	-	-	-	-	-	-
	899,993	278,851	384,531	225,185	632,919	689,121
	<u>33,965,516</u>	<u>33,728,062</u>	<u>31,272,030</u>	<u>31,988,568</u>	<u>31,657,070</u>	<u>28,253,056</u>
	<u>73,954,340</u>	<u>68,819,288</u>	<u>63,249,727</u>	<u>58,412,870</u>	<u>64,303,491</u>	<u>60,636,602</u>
	41,082,618	39,833,435	39,331,434	35,954,906	34,843,063	35,468,908
	4,294,936	4,249,898	4,033,639	3,920,210	3,271,434	3,169,856
	3,517,975	3,423,316	3,756,598	3,418,662	3,569,265	3,313,510
	-	-	-	-	-	-
	6,055,443	5,705,428	5,902,488	5,415,517	4,978,478	5,005,107
	1,484,731	1,320,047	1,194,161	1,093,594	1,043,413	1,298,096
	329,267	257,521	220,962	181,619	175,501	-
	6,983,690	6,859,066	7,074,712	6,750,096	6,715,808	6,913,108
	2,750,990	2,485,935	2,504,501	2,174,030	2,203,544	2,666,474
	1,794,486	1,584,175	1,665,322	1,777,628	1,687,451	1,167,387
	3,634,918	3,935,230	909,419	843,677	944,139	1,115,875
	677,981	802,265	741,966	754,181	596,687	815,772
	-	-	-	-	-	-
	8,501,833	459,630	-	208,113	191,333	369,741
	4,269,617	122,636	50,739	-	-	105,000
	<u>3,270,067</u>	<u>1,424,838</u>	<u>17,976</u>	<u>-</u>	<u>21,165</u>	<u>3,902</u>
	<u>88,648,552</u>	<u>72,463,420</u>	<u>67,403,917</u>	<u>62,492,233</u>	<u>60,241,281</u>	<u>61,412,736</u>
	(14,694,212)	(3,644,132)	(4,154,190)	(4,079,363)	4,062,210	(776,134)
	100	76,060,346	523,102	8,713	880,345	24,000
	(100)	(76,060,346)	(523,102)	(8,713)	(1,380,345)	(524,000)
	-	-	-	-	-	-
	-	-	-	-	-	-
	45,485	7,120	40,983	258,005	28,978	9,675
	3,254,828	-	374,688	-	-	-
	-	70,800,000	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	3,184,930	-	-	-	-
	-	-	-	-	-	-
	<u>3,300,313</u>	<u>73,992,050</u>	<u>415,671</u>	<u>258,005</u>	<u>(471,022)</u>	<u>(490,325)</u>
\$	<u>(11,393,899)</u>	<u>\$ 70,347,918</u>	<u>\$ (3,738,519)</u>	<u>\$ (3,821,358)</u>	<u>\$ 3,591,188</u>	<u>\$ (1,266,459)</u>
\$	8,192,813	\$ 1,179,640	\$ 1,205,769	\$ 1,845,939	\$ 2,145,033	\$ 458,902
	9.37%	2.17%	0.10%	0.00%	0.04%	0.18%

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

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

Tax Year	Real Property Assessed Value (2)	Tangible Personal Property Assessed Value (2)	Public Utilities Personal Assessed Value (2)	Total Assessed Value(2)	Total Estimated Actual Value	Total Direct Rate
2008	\$ 799,643,380	\$ -	\$ 38,837,820	\$ 838,481,200	\$ 2,480,713,609	45.75
2007	717,245,370	133,592,134	36,901,260	887,738,764	2,620,542,282	45.75
2006	761,885,206	271,040,472	48,930,248	1,081,855,926	3,309,907,010	45.13
2005	696,828,230	247,896,469	44,752,120	989,476,819	3,033,378,357	38.08
2004	769,265,780	261,226,106	44,182,110	1,074,673,996	3,293,013,596	38.08
2003	685,392,310	236,048,065	38,401,320	959,841,695	2,946,093,867	33.58
2002	665,606,070	245,768,523	41,319,270	952,693,863	2,931,759,437	34.78
2001	658,757,370	229,281,088	61,598,530	949,636,988	2,908,799,065	34.98
2000	636,518,934	217,179,292	62,854,774	916,553,000	2,765,911,162	35.33
1999	687,607,230	236,392,230	90,672,470	1,014,671,930	3,023,501,594	36.53

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

- 1) At June 30, 2000 the district formerly known as the Middletown/Monroe City School District was separated into two districts, Middletown City School District and Monroe Local School District.
- (2) The assessed values shown in this schedule will not agree to amounts in the notes to the financial statements, since the schedules are sl on a calendar year basis, which is consistent with the method county auditors maintain this information

Note: The assessed value of real property (including public utility real property) is 35 percent of estimated true value.
The tangible personal property tax of general business and railroad property is eliminated in 2009.
The tangible personal property tax on telephone and telecommunications property will be eliminated by 2011
The tangible personal property values associated with each year are the values that, when multiplied by the applicable rate generated the property tax revenue to be received in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by 10 percent, 2 1/2 percent and homestead exemption exemptions before being billed.

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

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

<u>Calendar Year</u>	<u>District Direct Rates</u>	<u>Butler County</u>	<u>Warren County</u>	<u>Franklin Township (1)</u>	<u>Tutletcreek Township (2)</u>	<u>City of Middletown</u>	<u>Butler County Joint Vocational School</u>
2008	45.75	9.75	5.21	7.17	1.61	5.90	1.93
2007	45.75	10.95	6.71	N/A	N/A	5.90	1.93
2006	45.13	10.95	6.46	N/A	N/A	5.90	1.93
2005	38.08	8.74	6.46	N/A	N/A	5.90	1.93
2004	38.08	8.75	6.53	N/A	N/A	5.86	1.93
2003	33.58	8.75	4.96	N/A	N/A	5.86	1.93
2002	34.78	8.75	4.00	N/A	N/A	5.86	1.93
2001	34.98	8.45	4.00	N/A	N/A	5.86	1.93
2000	35.33	8.45	4.00	N/A	N/A	6.36	1.93
1999	36.53	8.45	4.75	N/A	N/A	6.31	1.93

Source: County Auditor

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

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

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

N/A - Information not available.

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

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

2008		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Cincinnati Gas and Electric	\$ 33,348,310	3.98%
AK Steel Corp.	15,095,550	1.80%
Ohio Bell Telephone	5,836,540	0.70%
Precision Strip Inc.	4,166,220	0.50%
Southwestern Ohio Steel	4,061,950	0.48%
Boymel Sam	3,567,860	0.43%
Bavarian Woods Apts.	2,955,990	0.35%
Chaka-Chak LLC	2,033,000	0.24%
Texas Eastern Transmission	1,886,190	0.22%
Bay West Paper Corp	1,817,680	0.22%
Total	\$ 74,769,290	8.92%

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

Source: Butler County Auditor's Office

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

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

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

Calendar Year	Taxes Levied for the Calendar Year	Collected within the Calendar Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 38,249,797	\$ 32,358,689	84.60%	\$ 2,393,834	\$ 34,752,523	90.86%
2007	40,619,396	33,468,165	82.39%	1,726,207	35,194,375	86.64%
2006	32,065,355	29,721,793	92.69%	1,516,132	31,237,925	97.42%
2005	26,179,182	24,403,174	93.22%	1,325,800	25,728,974	98.28%
2004	28,625,917	24,440,699	85.38%	1,173,928	25,614,627	89.48%
2003	24,846,651	22,329,032	89.87%	975,874	23,304,906	93.79%
2002	22,470,749	18,955,457	84.36%	893,360	19,848,817	88.33%
2001	27,097,451	26,743,803	98.69%	777,770	27,521,573	101.57%
2000	27,097,451	26,743,803	98.69%	777,770	27,521,573	101.57%
1999	25,711,787	25,555,250	99.39%	838,957	26,394,207	102.65%

Source: Butler County Auditor's Office

(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
BUTLER COUNTY, OHIO**

OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
SCHEDULE 9

Fiscal Year	Governmental Activities						
	Construction Bond	Construction Bond Premium	Refunding Bonds	Refunding Bonds Premium	Long-Term Capital Notes	Capital Leases	Bond Anticipation Notes
2009	\$ 3,910,000	\$ -	\$ 54,740,000	\$ 4,640,625	\$ 1,744,916	\$ 1,193,052	\$ 3,635,000
2008	5,555,000	-	54,719,650	4,846,875	1,889,478	1,105,268	3,690,000
2007	7,155,000	-	55,391,656	5,053,125	1,285,060	1,570,681	3,880,000
2006	65,650,000	2,919,518	-	-	1,354,916	2,030,317	4,225,000
2005	66,970,000	-	-	-	1,421,541	1,594,983	4,875,000
2004	70,800,000	-	-	-	-	201,313	5,000,000
2003	-	-	-	-	-	323,949	-
2002	-	-	-	-	-	-	500,000
2001	-	-	-	-	-	-	-
2000	-	-	-	-	-	-	850,000

Source: School District financial records

- (a) See notes to the financial statements regarding the District's outstanding debt information.
- (b) See schedule " Demographic and Economic Statistic, Last Ten Years" for personal income, per capita, population and enrollment information.

Total Primary Government	Ratio of General Bonded Debt to Estimated Actual Value (1)	Percentage of Personal Income (2)	Total Debt Per Capita	Net General Bonded Debt	Net General Bonded Debt Per Capita
69,863,593	2.82%	N/A	\$ 1,354	\$ 62,285,000	\$ 1,207
71,806,271	2.74%	0.59%	1,391	63,964,650	1,240
74,335,522	2.57%	0.63%	1,440	66,426,656	1,287
76,179,751	2.51%	0.69%	1,476	69,875,000	1,354
74,861,524	2.27%	0.69%	1,451	71,845,000	1,392
76,001,313	2.58%	0.74%	1,473	75,800,000	1,469
323,949	0.01%	0.00%	6	-	-
500,000	0.02%	0.01%	10	500,000	10
-	0.00%	0.00%	-	-	-
850,000	0.03%	0.01%	18	850,000	18

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

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2009
SCHEDULE 10

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Overlapping Debt:			
Butler County	\$61,743,087	10.50%	\$ 6,483,024
Warren County	1,151,500	1.37%	15,776
City of Middletown	35,309,000	91.88%	32,441,909
Turtlecreek Township	2,400,000	1.40%	33,600
Butler Technology and Career Center Joint Vocational School District	6,000,000	10.67%	640,200
Subtotal, Overlapping Debt	<u>106,603,587</u>		<u>39,614,509</u>
District Direct Debt	<u>69,863,593</u>	100.00%	<u>69,863,593</u>
Total Direct and Overlapping Debt	<u><u>176,467,180</u></u>		<u><u>109,478,102</u></u>

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

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

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

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
SCHEDULE 11

Fiscal Year	Voted Debt Limit	Total Debt Applicable to Limit	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2009	\$ 75,419,703	\$ 62,285,000	82.58%
2008	79,896,489	63,566,816	79.56%
2007	97,367,033	66,105,060	67.89%
2006	89,052,914	71,229,916	79.99%
2005	96,720,660	71,845,000	74.28%
2004	86,385,753	70,800,000	81.96%
2003	85,742,448	-	0.00%
2002	85,467,329	-	0.00%
2001	82,489,770	-	0.00%
2000	91,320,474	-	0.00%

Source: District financial records

(1) - Assessed values are on a calendar year basis (i.e. fiscal year 2009 is calendar year 2008)

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

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS
SCHEDULE 12

Year	Population (1)	Personal Income (Thousands of Dollars) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2008	51,605	N/A	N/A	9.2%
2007	51,605	12,114,458	33,848	5.1%
2006	51,605	11,707,628	33,130	5.6%
2005	51,605	11,080,584	31,662	5.2%
2004	51,605	10,844,563	29,864	4.3%
2003	51,605	10,285,549	30,297	4.5%
2002	51,605	9,938,473	29,415	4.5%
2001	51,605	9,729,127	28,949	3.2%
2000	46,022	9,547,252	28,612	3.2%
1999	46,022	9,087,357	27,475	3.3%

Sources:

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

N/A - Information not available.

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

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

2008

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

2006

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

Source: Ohio Department of Development

(1) - For all of Butler County

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

(3) - In alphabetical order only

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

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

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

<u>Type</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006(2)</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001(1)</u>	<u>2000</u>
Instruction										
Classroom teachers	401.00	306.50	337.50	354.50	367.00	408.00	435.00	455.00	444.00	514.00
Special education teachers and tutors	86.00	80.00	78.00	69.00	70.00	75.00	72.00	70.00	73.00	83.00
Educational aides	67.00	58.00	52.00	41.50	43.00	41.00	40.00	42.00	32.00	33.00
Special education aides and attendants	16.00	9.00	8.00	12.00	12.00	12.00	13.00	11.00	11.00	11.00
Total Instruction	<u>570.00</u>	<u>453.50</u>	<u>475.50</u>	<u>477.00</u>	<u>492.00</u>	<u>536.00</u>	<u>560.00</u>	<u>578.00</u>	<u>560.00</u>	<u>641.00</u>
Support Services										
Support personnel										
Librarians, nurses, counselors, visiting teachers	55.00	91.50	98.00	99.00	92.00	91.00	92.00	92.00	103.00	92.00
Principals	23.00	21.00	23.00	25.00	26.00	28.00	30.00	32.00	30.00	33.00
Central office administration	24.00	20.00	21.00	19.00	23.00	22.00	23.00	22.00	20.00	21.00
Secretaries and clerical	45.00	46.00	57.00	47.00	48.00	51.00	56.00	54.00	52.00	55.00
Transportation	47.00	50.00	55.00	51.00	52.00	51.00	51.00	51.00	50.00	58.00
Food Service	-	-	-	-	56.00	60.00	57.00	63.00	68.00	75.00
Custodial	37.00	36.00	44.00	45.00	47.00	51.00	54.00	51.00	52.00	53.00
Maintenance and mechanics	8.00	8.00	11.00	12.00	16.00	16.00	15.00	15.00	15.00	17.00
Total Support Services	<u>239.00</u>	<u>272.50</u>	<u>309.00</u>	<u>298.00</u>	<u>360.00</u>	<u>370.00</u>	<u>378.00</u>	<u>380.00</u>	<u>390.00</u>	<u>404.00</u>
Total	<u><u>809.00</u></u>	<u><u>726.00</u></u>	<u><u>784.50</u></u>	<u><u>775.00</u></u>	<u><u>852.00</u></u>	<u><u>906.00</u></u>	<u><u>938.00</u></u>	<u><u>958.00</u></u>	<u><u>950.00</u></u>	<u><u>1,045.00</u></u>

Source: School District records

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

OPERATING STATISTICS
LAST TEN FISCAL YEARS
SCHEDULE 15

Fiscal Year	Enrollment	Operating Expenditures (1)	Cost per pupil (2)	Percent Change	Expenses (3)	Cost per pupil (4)
2009	6,750	\$ 82,876,238	12,278	8.19%	\$ 87,973,950	\$ 13,033
2008	6,586	74,740,703	11,348	-4.49%	80,174,221	12,173
2007	6,436	76,474,165	11,882	11.39%	78,158,767	12,144
2006	6,925	73,868,316	10,667	5.75%	78,666,755	11,360
2005	7,198	72,607,035	10,087	4.54%	77,854,588	10,816
2004	7,302	70,456,316	9,649	9.35%	72,218,476	9,890
2003	7,631	67,335,202	8,824	11.01%	67,524,171	8,849
2002	7,836	62,284,120	7,948	N/A	N/A	N/A
2001	7,818	60,028,783	7,678	N/A	N/A	N/A
2000	9,343	60,934,093	6,522	N/A	N/A	N/A

Source: School District records

(1) - Operating expenditure is total expenditures minus capital outlay and debt service from schedule 4

(2) - Operating expenditure by enrollment

(3) - Expenses is total expenses from schedule 2

(4) - Expenses by enrollment

(5) - From Ohio Department of Education

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

Percent Change	Cost per pupil (\$)	Percent Change	Teaching Staff	Pupil/Teacher Ratio	Percentage of Free or Reduced Lunches
7.06%	N/A	N/A	487	14	63.89%
0.24%	10,807	1.09%	387	17	65.00%
6.90%	10,690	0.01%	416	15	66.50%
5.03%	10,689	8.20%	424	16	52.29%
9.36%	9,879	4.65%	437	16	52.70%
11.77%	9,440	3.55%	483	15	48.63%
N/A	9,116	7.07%	507	15	42.45%
N/A	8,514	4.27%	525	15	36.01%
N/A	8,165	14.56%	517	15	39.06%
N/A	7,127	9.41%	597	16	32.81%

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

SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
SCHEDULE 16

School	2009	2008	2007	2006	2005
Elementary Schools					
Amanda Elementary (1961)					
Square feet	68,234	68,234	68,234	68,234	68,234
Capacity (students)	503	503	503	546	546
Enrollment	411	468	400	276	446
Percent of Capacity (3)	82%	93%	80%	51%	82%
Site Acreage	17	17	17	17	17
Old Central AcademyElementry (1960)					
Square feet	(12)	30,271	30,271	30,271	30,271
Capacity (students)	(12)	243	243	243	243
Enrollment	(12)	245	270	291	292
Percent of Capacity (3)	(12)	101%	111%	120%	120%
Site Acreage	(12)	2	2	2	2
New Central AcademyElementry (1966)					
Square feet	32,795	(9)	(9)	(9)	(9)
Capacity (students)	262	(9)	(9)	(9)	(9)
Enrollment	293	(9)	(9)	(9)	(9)
Percent of Capacity (3)	112%	(9)	(9)	(9)	(9)
Site Acreage	7	(9)	(9)	(9)	(9)
Old Creekview Elementry (1961)					
Square feet	(11)	40,869	40,869	40,869	40,869
Capacity (students)	(11)	327	327	327	327
Enrollment	(11)	354	359	417	383
Percent of Capacity (3)	(11)	108%	110%	128%	117%
Site Acreage	(11)	12	12	12	12
New Creekview Elementry (2007)					
Square feet	62,000	62,000	62,000	(5)	(5)
Capacity (students)	503	503	503	(5)	(5)
Enrollment	455	442	456	(5)	(5)
Percent of Capacity (3)	90%	88%	91%	(5)	(5)
Site Acreage	12	12	12	(5)	(5)
Highview Elementry (2007)					
Square feet	62,000	62,000	62,000	(5)	(5)
Capacity (students)	503	503	503	(5)	(5)
Enrollment	455	449	448	(5)	(5)
Percent of Capacity (3)	90%	89%	89%	(5)	(5)
Site Acreage	5	5	5	(5)	(5)
Jefferson Elementry (1912)					
Square feet	(2)	(2)	(2)	(2)	(2)
Capacity (students)	(2)	(2)	(2)	(2)	(2)
Enrollment	(2)	(2)	(2)	(2)	(2)
Percent of Capacity (3)	(2)	(2)	(2)	(2)	(2)
Site Acreage	3	3	3	3	3
Mayfield Elementry (1939)					
Square feet	49,828	49,828	49,828	49,828	49,828
Capacity (students)	425	425	425	425	425
Enrollment	376	(6)	(6)	537	576
Percent of Capacity (3)	88%	(6)	(6)	126%	136%
Site Acreage	5	5	5	5	5

2004	2003	2002	2001	2000
68,234	68,234	68,234	68,234	68,234
546	546	546	546	546
385	416	231	238	406
71%	76%	42%	44%	74%
17	17	17	17	17
30,271	30,271	30,271	30,271	30,271
243	243	243	243	243
271	285	270	268	292
112%	117%	111%	110%	120%
2	2	2	2	2
(9)	(9)	(9)	(9)	(9)
(9)	(9)	(9)	(9)	(9)
(9)	(9)	(9)	(9)	(9)
(9)	(9)	(9)	(9)	(9)
(9)	(9)	(9)	(9)	(9)
40,869	40,869	40,869	40,869	40,869
327	327	327	327	327
442	342	358	336	358
135%	105%	109%	103%	109%
12	12	12	12	12
(5)	(5)	(5)	(5)	(5)
(5)	(5)	(5)	(5)	(5)
(5)	(5)	(5)	(5)	(5)
(5)	(5)	(5)	(5)	(5)
(5)	(5)	(5)	(5)	(5)
(5)	(5)	(5)	(5)	(5)
(5)	(5)	(5)	(5)	(5)
(5)	(5)	(5)	(5)	(5)
(5)	(5)	(5)	(5)	(5)
(2)	41,704	41,704	41,704	41,704
(2)	334	334	334	334
(2)	312	274	293	329
(2)	93%	82%	88%	99%
3	3	3	3	3
49,828	49,828	49,828	49,828	49,828
425	425	425	425	425
447	458	530	555	596
105%	108%	125%	131%	140%
5	5	5	5	5

--(Continued)

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

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

School	2009	2008	2007	2006	2005
Elementary Schools (continued)					
McKinley Elementry (1930)					
Square feet	(2)	(2)	(2)	76,673	76,673
Capacity (students)	(2)	(2)	(2)	639	639
Enrollment	(2)	(2)	(2)	227	203
Percent of Capacity (3)	(2)	(2)	(2)	36%	32%
Site Acreage	(2)	(2)	(2)	8	8
Miller Ridge Elementry (2008)					
Square feet	62,000	62,000	(8)	(8)	(8)
Capacity (students)	502	502	(8)	(8)	(8)
Enrollment	434	421	(8)	(8)	(8)
Percent of Capacity (3)	86%	84%	(8)	(8)	(8)
Site Acreage	37	37	(8)	(8)	(8)
Monroe Elementary (1955)					
Square feet	(1)	(1)	(1)	(1)	(1)
Capacity (students)	(1)	(1)	(1)	(1)	(1)
Enrollment	(1)	(1)	(1)	(1)	(1)
Percent of Capacity (3)	(1)	(1)	(1)	(1)	(1)
Site Acreage	(1)	(1)	(1)	(1)	(1)
Oneida Elementry (1953)					
Square feet	(2)	(2)	(2)	(2)	(2)
Capacity (students)	(2)	(2)	(2)	(2)	(2)
Enrollment	(2)	(2)	(2)	(2)	(2)
Percent of Capacity (3)	(2)	(2)	(2)	(2)	(2)
Site Acreage	11	11	11	11	11
Roosevelt Elementry (1930)					
Square feet	(10)	114,456	114,456	114,456	114,456
Capacity (students)	(10)	812	812	812	812
Enrollment	(10)	414	601	765	746
Percent of Capacity (3)	(10)	51%	74%	94%	92%
Site Acreage	(10)	7	7	7	7
Rosa Parks Elementry (2007)					
Square feet	62,000	62,000	62,000	(5)	(5)
Capacity (students)	503	503	503	(5)	(5)
Enrollment	413	457	453	(5)	(5)
Percent of Capacity (3)	82%	91%	90%	(5)	(5)
Site Acreage	8	8	8	(5)	(5)
Rosedale Elementry (1966)					
Square feet	(9)	32,795	32,795	32,795	32,795
Capacity (students)	(9)	262	262	262	262
Enrollment	(9)	(9)	268	332	325
Percent of Capacity (3)	(9)	(9)	102%	127%	124%
Site Acreage	(9)	7	7	7	7
Taft Elementry (1952)					
Square feet	(11)	64,456	64,456	64,456	64,456
Capacity (students)	(11)	537	537	537	537
Enrollment	(11)	(7)	(7)	271	302
Percent of Capacity (3)	(11)	(7)	(7)	50%	56%
Site Acreage	(11)	6	6	6	6

2004	2003	2002	2001	2000
76,673	76,673	76,673	76,673	76,673
639	639	639	639	639
233	330	436	437	406
36%	52%	68%	68%	64%
8	8	8	8	8
(8)	(8)	(8)	(8)	(8)
(8)	(8)	(8)	(8)	(8)
(8)	(8)	(8)	(8)	(8)
(8)	(8)	(8)	(8)	(8)
(8)	(8)	(8)	(8)	(8)
(1)	(1)	(1)	(1)	44,638
(1)	(1)	(1)	(1)	500
(1)	(1)	(1)	(1)	448
(1)	(1)	(1)	(1)	90%
(1)	(1)	(1)	(1)	8
(2)	(2)	37,255	37,255	37,255
(2)	(2)	299	299	299
(2)	(2)	265	268	266
(2)	(2)	89%	90%	89%
11	11	11	11	11
114,456	114,456	114,456	114,456	114,456
812	812	812	812	812
731	728	669	709	763
90%	90%	82%	87%	94%
7	7	7	7	7
(5)	(5)	(5)	(5)	(5)
(5)	(5)	(5)	(5)	(5)
(5)	(5)	(5)	(5)	(5)
(5)	(5)	(5)	(5)	(5)
(5)	(5)	(5)	(5)	(5)
32,795	32,795	32,795	32,795	32,795
262	262	262	262	262
307	314	338	335	322
117%	120%	129%	128%	123%
7	7	7	7	7
64,456	64,456	64,456	64,456	64,456
537	537	537	537	537
379	313	356	362	379
71%	58%	66%	67%	71%
6	6	6	6	6

--(Continued)

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

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

School	2009	2008	2007	2006	2005
Elementary Schools (continued)					
Wildwood Elementary (1959) (4)					
Square feet	44,450	44,450	44,450	44,450	44,450
Capacity (students)	356	356	356	356	356
Enrollment	457	(6)	(6)	390	392
Percent of Capacity (3)	128%	(6)	(6)	110%	110%
Site Acreage	4	4	4	4	4
Wilson Elementary (1951)					
Square feet	(2)	(2)	(2)	48,313	48,313
Capacity (students)	(2)	(2)	(2)	387	387
Enrollment	(2)	(2)	(2)	330	337
Percent of Capacity (3)	(2)	(2)	(2)	85%	87%
Site Acreage	(2)	(2)	(2)	5	5
Middle Schools					
Steven Vail Middle (1923)					
Square feet	222,409	222,409	222,409	222,409	222,409
Capacity (students)	1,577	1,577	1,577	1,577	1,577
Enrollment	802	821	907	703	736
Percent of Capacity (3)	51%	52%	58%	45%	47%
Site Acreage	3	3	3	3	3
George M. Verity Middle (1968)					
Square feet	81,589	81,589	81,589	81,589	81,589
Capacity (students)	653	653	653	653	653
Enrollment	625	625	599	489	483
Percent of Capacity (3)	96%	96%	92%	75%	74%
Site Acreage	39	39	39	39	39

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
44,450	44,450	44,450	44,450	44,450
356	356	356	356	356
433	300	311	323	341
122%	84%	87%	91%	96%
4	4	4	4	4
48,313	48,313	48,313	48,313	48,313
387	387	387	387	387
357	270	284	308	323
92%	70%	73%	80%	83%
5	5	5	5	5
222,409	222,409	222,409	222,409	222,409
1,577	1,577	1,577	1,577	1,577
797	799	827	765	773
51%	51%	52%	49%	49%
3	3	3	3	3
81,589	81,589	81,589	81,589	81,589
653	653	653	653	653
605	617	616	622	699
93%	94%	94%	95%	107%
39	39	39	39	39

--(Continued)

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

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

School	2009	2008	2007	2006	2005
High Schools					
Garfield Alternative (1925)					
Square feet	(2)	(2)	(2)	56,038	56,038
Capacity (students)	(2)	(2)	(2)	312	312
Enrollment	(2)	(2)	(2)	66	122
Percent of Capacity (3)	(2)	(2)	(2)	21%	39%
Site Acreage	3	3	3	3	3
Lemon Monroe High (1949)					
Square feet	(1)	(1)	(1)	(1)	(1)
Capacity (students)	(1)	(1)	(1)	(1)	(1)
Enrollment	(1)	(1)	(1)	(1)	(1)
Percent of Capacity (3)	(1)	(1)	(1)	(1)	(1)
Site Acreage	(1)	(1)	(1)	(1)	(1)
Middletown High (1969)					
Square feet	363,627	363,627	363,627	363,627	363,627
Capacity (students)	2,178	2,178	2,178	2,178	2,178
Enrollment	1840	1,834	1,797	1,831	1,809
Percent of Capacity (3)	84%	84%	83%	84%	83%
Site Acreage	8	8	8	8	8

Source: District records

- (1) - At June 30, 2000 the district formerly known as Middletown/Monroe City School district was separated into two school districts, Middletown City School District and Monroe Local School District
- (2) - Middletown City School District demolished Oneida Elementary
- (3) - Enrollment divided by Capacity
- (4) - Annexed 1993
- (5) - Rosa Parks Elementary opened in fiscal year 2007
- (6) - In 2008, due to construction, Wildwood students were housed at the Roosevelt building and Mayfield was housed at the old Creekview building. Original Roosevelt students have been dispersed amongst the District because the building will no longer be used after Wildwood students return after the Wildwood construction is completed.
- (7) - Taft Elementary is being used for storage
- (8) - Miller Ridge Elementary opened in fiscal year 2008
- (9) - Rosedale Elementary was under renovation during fiscal year 2008, and will be renamed New Central Academy
- (10) - Roosevelt Elementary was unoccupied in 2009 awaiting demolition.
- (11) - Demolished 2008
- (12) - 2009 and forward houses Butler County Head Start

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
56,038	56,038	56,038	56,038	56,038
312	312	312	312	312
158	177	148	174	169
51%	57%	47%	56%	54%
3	3	3	3	3
(1)	(1)	(1)	(1)	175,476
(1)	(1)	(1)	(1)	1,200
(1)	(1)	(1)	(1)	896
(1)	(1)	(1)	(1)	75%
(1)	(1)	(1)	(1)	35
363,627	363,627	363,627	363,627	363,627
2,178	2,178	2,178	2,178	2,178
1,754	1,832	1,839	1,740	1,569
81%	84%	84%	80%	72%
8	8	8	8	8

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Mary Taylor, CPA
Auditor of State

MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 18, 2010