



Dave Yost • Auditor of State

MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY

TABLE OF CONTENTS

| TITLE | PAGE |
|---|----------------------|
| Independent Accountants' Report | Under separate cover |
| Comprehensive Annual Financial Report | Under separate cover |
| Federal Awards Receipts and Expenditures Schedule..... | 1 |
| Notes to the Federal Awards Receipts and Expenditures Schedule | 2 |
| Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Required By <i>Government Auditing Standards</i> | 3 |
| Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and On Internal Control Over Compliance in Accordance with OMB Circular A-133. | 5 |
| Schedule of Findings and Questioned Costs..... | 9 |
| Schedule of Prior Audit Findings and Questioned Costs..... | 11 |
| Independent Accountants' Report on Applying Agreed Upon Procedures | 13 |

This page intentionally left blank.

**MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2013**

| FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title | Grant Year | Federal CFDA Number | Receipts | Non-Cash Receipts | Expenditures | Non-Cash Expenditures |
|---|-----------------------|------------------------------------|-----------------------------|------------------------------|----------------------------|----------------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | | | | |
| <i>Passed Through Ohio Department of Education</i> | | | | | | |
| Child Nutrition Cluster: | | | | | | |
| Non-Cash Assistance (Food Distribution) National School Lunch Program | 2013 | 10.555 | \$ - | \$ 216,298 | \$ - | \$ 216,298 |
| Cash Assistance National School Breakfast Program | 2013 | 10.553 | 1,012,256 | - | 1,012,256 | - |
| National School Lunch Program | 2013 | 10.555 | <u>1,926,290</u> | <u>-</u> | <u>1,926,290</u> | <u>-</u> |
| Total Child Nutrition Cluster | | | 2,938,546 | 216,298 | 2,938,546 | 216,298 |
| Total U.S. Department of Agriculture | | | <u>2,938,546</u> | <u>216,298</u> | <u>2,938,546</u> | <u>216,298</u> |
| U.S. ENVIRONMENTAL PROTECTION AGENCY | | | | | | |
| <i>Passed Through Ohio Environmental Protection Agency</i> | | | | | | |
| State Clean Diesel Grant | 2012 | 66.040 | - | - | 34,122 | - |
| Total U.S. Environmental Protection Agency | | | <u>-</u> | <u>-</u> | <u>34,122</u> | <u>-</u> |
| U.S. DEPARTMENT OF EDUCATION | | | | | | |
| <i>Passed Through Ohio Department of Education</i> | | | | | | |
| Special Education Cluster: | | | | | | |
| Special Education - Grants to States | 2013 | 84.027 | 1,430,467 | - | 1,414,641 | - |
| | 2012 | 84.027 | <u>256,437</u> | <u>-</u> | <u>220,421</u> | <u>-</u> |
| Total Special Education Grants to States | | | 1,686,904 | - | 1,635,062 | - |
| Special Education - Preschool Grants | 2013 | 84.173 | <u>26,735</u> | <u>-</u> | <u>26,735</u> | <u>-</u> |
| Total Special Education Cluster | | | 1,713,639 | - | 1,661,797 | - |
| Title I Grants to Local Educational Agencies | 2013 | 84.010 | 3,064,859 | - | 2,887,831 | - |
| | 2012 | 84.010 | <u>858,195</u> | <u>-</u> | <u>542,901</u> | <u>-</u> |
| Total Title I Grants to Local Educational Agencies | | | 3,923,054 | - | 3,430,732 | - |
| Title II-A Improving Teacher Quality | 2013 | 84.367 | 543,866 | - | 530,735 | - |
| | 2012 | 84.367 | <u>154,082</u> | <u>-</u> | <u>96,433</u> | <u>-</u> |
| Total Title II-A Improving Teacher Quality | | | 697,948 | - | 627,168 | - |
| Title II-D Education Technology State Grants | 2012 | 84.318 | 22,168 | - | 21,769 | - |
| Title III English Language Acquisition Grants | 2013 | 84.365 | 52,241 | - | 48,196 | - |
| | 2012 | 84.365 | <u>5,246</u> | <u>-</u> | <u>10,337</u> | <u>-</u> |
| Total Title III English Language Acquisition Grants | | | 57,487 | - | 58,533 | - |
| ARRA - Race to the Top | 2013 | 84.395 | 534,583 | - | 518,523 | - |
| | 2012 | 84.395 | <u>29,974</u> | <u>-</u> | <u>58,876</u> | <u>-</u> |
| Total ARRA - Race to the Top | | | 564,557 | - | 577,399 | - |
| Education Jobs | 2012 | 84.410 | 118,425 | - | 205,883 | - |
| Innovative Education Programs | 2013 | 84.298 | - | - | 1,732 | - |
| <i>Passed Through Ohio Board of Regents</i> | | | | | | |
| Adult and Basic Education | 2013 | 84.002 | 285,872 | - | 268,900 | - |
| | 2012 | | <u>64,635</u> | <u>-</u> | <u>30,081</u> | <u>-</u> |
| Total Adult and Basic Education | | | 350,507 | - | 298,981 | - |
| <i>Passed Through Princeton City School District</i> | | | | | | |
| Teaching American History | 2012 | 84.215 | - | - | 31 | - |
| Total U.S. Department of Education | | | <u>7,447,785</u> | <u>-</u> | <u>6,884,025</u> | <u>-</u> |
| Total Federal Assistance | | | <u>\$ 10,386,331</u> | <u>\$ 216,298</u> | <u>\$ 9,856,693</u> | <u>\$ 216,298</u> |

The accompanying notes are an integral part of this schedule.

**MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Middletown City School District's (the District's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

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

Middletown City School District
Butler County
One Donham Plaza, 4th Floor
Middletown, Ohio 45042

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Middletown City School District, Butler County, Ohio (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 20, 2013.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

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

Middletown City School District
Butler County

Independent Accountants' Report on Internal Control Over Financial Reporting and
On Compliance and Other Matters Required By *Government Auditing Standards*
Page 2

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

December 20, 2013



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Middletown City School District
Butler County
One Donham Plaza, 4th Floor
Middletown, Ohio 45042

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Middletown City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Middletown City School District's major federal programs for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings and questioned costs identifies the District's major federal programs.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Middletown City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Middletown City School District (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated December 20, 2013. We conducted our audit to opine on the District's basic financial statements. The accompanying federal awards receipts and expenditures schedule presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Middletown City School District
Butler County
Independent Accountants' Report on Compliance with Requirements Applicable
to Each Major Federal Program and On Internal Control Over
Compliance in Accordance with OMB Circular A-133
Page 3

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

December 20, 2013

This page intentionally left blank.

**MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2013**

| |
|--|
| 1. SUMMARY OF AUDITOR'S RESULTS |
|--|

| | | |
|---------------------|--|---|
| <i>(d)(1)(i)</i> | Type of Financial Statement Opinion | Unmodified |
| <i>(d)(1)(ii)</i> | Were there any material control weaknesses reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(ii)</i> | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iii)</i> | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iv)</i> | Were there any material internal control weaknesses reported for major federal programs? | No |
| <i>(d)(1)(iv)</i> | Were there any significant deficiencies in internal control reported for major federal programs? | No |
| <i>(d)(1)(v)</i> | Type of Major Programs' Compliance Opinion | Unmodified |
| <i>(d)(1)(vi)</i> | Are there any reportable findings under § .510(a)? | No |
| <i>(d)(1)(vii)</i> | Major Programs (list): | Special Education Cluster: CFDA #84.027: Special Education-Grants to States CFDA #84.173: Special Education-Preschool Grants CFDA #84.010: Title I CFDA #84.002: Adult Education CFDA #84.395: Race to the Top |
| <i>(d)(1)(viii)</i> | Dollar Threshold: Type A/B Programs | Type A: > \$ 302,190 Type B: all others |
| <i>(d)(1)(ix)</i> | Low Risk Auditee? | No |

**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

**MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2013**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|-----------------|--|------------------|--|
| Finding 2012-01 | Ohio Rev. Code, Sections 2921.41(A)(1) and (2) and (B) – theft of \$291 in Kroger gift cards purchased with Special Education monies | Yes | |
| Finding 2012-02 | Ohio Rev. Code, Section 5705.10(H) – negative fund balances | Yes | |
| Finding 2012-03 | Ohio Rev. Code, Section 5705.41(B) – expenditures exceed appropriations | Yes | |
| Finding 2012-04 | Ohio Rev. Code, Section 5705.36(A)(4) – appropriations exceed available resources | Yes | |
| Finding 2012-05 | Ohio Rev. Code, Sections 102.03(D) and (E) – employees using personal reward cards in making District purchases | No | Partially corrected – Reissued as Management Letter comment in fiscal year 2013 audit |
| Finding 2012-06 | Posting of budgeted receipts and expenditures | No | Partially corrected – Reissued as Management Letter comment in fiscal year 2013 audit |
| Finding 2012-07 | Time and effort certifications for Improving Teacher Quality Grant | Yes | |
| Finding 2012-08 | Time and effort certifications for Title I | Yes | |
| Finding 2012-09 | Unallowable costs in Special Education Grant and Title I | Yes | |

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Middletown City School District
Butler County
One Donham Plaza, 4th Floor
Middletown, Ohio 45042

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

1. We noted the Board amended its anti-harassment policy at its meeting on July 23, 2012 to include prohibiting harassment, intimidation, or bullying of any student by an "electronic act."

We noted the Board did not amend its anti-harassment policy to include prohibiting harassment, intimidation, or bullying of any student "on a school bus."

Ohio Rev. Code Section 3313.666 required the Board to amend its policy by November 4, 2012.

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 these specified parties.

Middletown City School District
Butler County
Independent Accountants' Report on
Applying Agreed Upon Procedures
Page 2

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D" and a long, sweeping tail on the "y".

Dave Yost
Auditor of State

Columbus, Ohio

December 20, 2013

COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

Middletown
City School District

FOR THE FISCAL YEAR ENDING JUNE 30, 2013

Kelley Thorpe - Treasurer

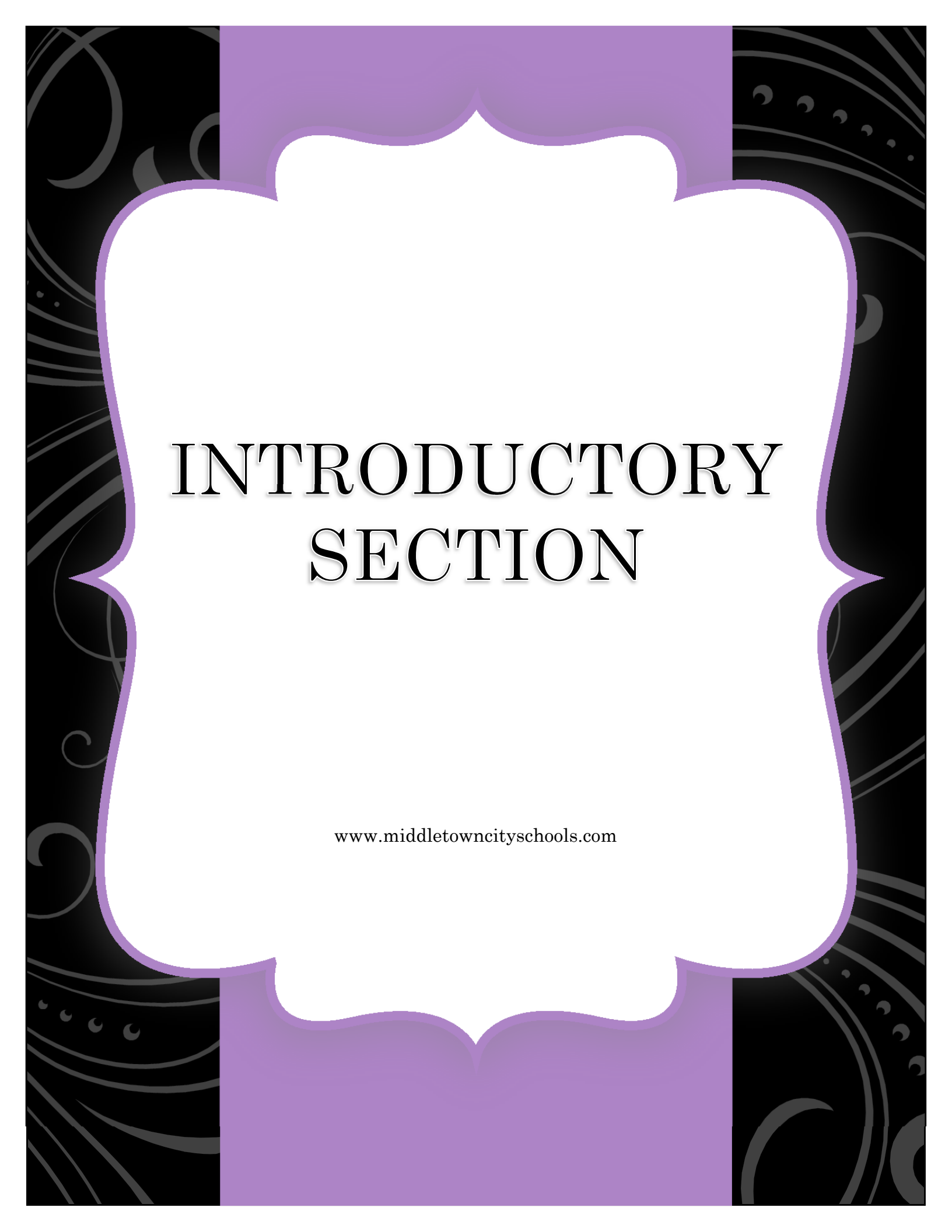
www.middletowncityschools.com
Middletown, Ohio

Middletown City School District
Middletown, Ohio

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2013

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



INTRODUCTORY SECTION

www.middletoncityschools.com

This page intentionally left blank.

Middletown City School District
Butler County, Ohio
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2013

TABLE OF CONTENTS

| I. Introductory Section | <u>Page</u> |
|--|--------------------|
| Table of Contents | i |
| Letter of Transmittal | v |
| Principal Officials | xi |
| Organizational Chart | xii |
| GFOA Certificate of Achievement for Excellent in Financial Reporting | xiii |
| ASBO Certificate of Excellent in Financial Reporting | xiv |
| | |
| II. Financial Section | |
| Independent Accountants' Report..... | 1 |
| Management's Discussion and Analysis | 5 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Position | 19 |
| Statement of Activities..... | 20 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 21 |
| Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities..... | 22 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 23 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities..... | 24 |
| Statement of Fiduciary Net Position – Fiduciary Funds..... | 25 |
| Statement of Changes in Fiduciary Net Position – Fiduciary Fund..... | 26 |
| Notes to the Basic Financial Statements | 27 |
| Required Supplementary Information | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) – General Fund..... | 56 |
| Notes to the Required Supplementary Information | 57 |
| Combining Statements and Individual Fund Schedules: | |
| Fund Descriptions for combined GAAP General Fund..... | 60 |

Middletown City School District
Butler County, Ohio
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013

TABLE OF CONTENTS

| | |
|--|-----|
| Combined General Funds - Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) – | |
| Spotlight and Neediest Kids Fund | 61 |
| Uniform School Supplies Fund..... | 62 |
| Special Rotary Fund..... | 63 |
| Adult Education Fund..... | 64 |
| Public School Support Fund | 65 |
| | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) – Bond Retirement Fund | .66 |
| | |
| Combining Statements – Nonmajor Funds: | |
| | |
| Fund Descriptions | 67 |
| | |
| Combining Balance Sheet – Nonmajor Governmental Funds | 70 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds..... | 71 |
| | |
| Combining Balance Sheet – Nonmajor Special Revenue Funds | 72 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds..... | 76 |
| | |
| Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual: | |
| Food Service | 80 |
| Other Grant | 81 |
| District Managed Activities | 82 |
| Auxiliary Services..... | 83 |
| Public Preschool Grant | 84 |
| Early Entry Grant..... | 85 |
| Data Communication Grant | 86 |
| Alternative Education Grant | 87 |
| Miscellaneous State Grants..... | 88 |
| Adult Basic Education Grant | 89 |
| Education Jobs Grant | 90 |
| Race to the Top Grant..... | 91 |
| Title VI-B Grant..... | 92 |
| Title IID Grant | 93 |
| School Improvement Grant..... | 94 |
| Title III Grant..... | 95 |
| Title I Grant..... | 96 |

Middletown City School District
Butler County, Ohio
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013

TABLE OF CONTENTS

| | |
|--|-----|
| Title V Grant | 97 |
| EHA Preschool Grant | 98 |
| Improving Teacher Quality..... | 99 |
| Miscellaneous Federal Grants..... | 100 |
| Combining Balance Sheet – Nonmajor Capital Projects Funds | 101 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds | 102 |
| Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual: | |
| Permanent Improvement..... | 103 |
| Building | 104 |
| Combining Statement of Changes in Assets and Liabilities – Agency Funds | 105 |
| III. Statistical Section | |
| Descriptions | 107 |
| <u>FINANCIAL TRENDS</u> | |
| Net Position by Component – Last Ten Years..... | 109 |
| Changes in Net Position – Last Ten Years | 110 |
| Fund Balances, Governmental Funds – Last Ten Years..... | 112 |
| Changes in Fund Balances, Governmental Funds – Last Ten Years | 113 |
| <u>REVENUE CAPACITY</u> | |
| Assessed and Estimated Actual Value of Taxable Property | |
| - Last Ten Collection (Calendar) Years | 115 |
| Property Tax Rates (Per \$1,000 of Assessed Valuation) | |
| - Direct and Overlapping Governments | |
| Last Ten Collection (Calendar) Years..... | 116 |
| Property Tax Levies and Collections – Real and Public Utility | |
| Property - Last Ten Collection (Calendar) Years | 117 |
| Top Ten Principal Taxpayers – Real Property – | |
| Current Year and Eight Years Ago..... | 118 |
| <u>DEBT CAPACITY</u> | |
| Ratio of Total General Bonded Debt to Estimated Actual Value, | |
| Personal Income and per Capita - Last Ten Fiscal Years | 119 |
| Ratio of Net General Bonded Debt to Estimated Actual Value, | |
| Personal Income and per Capita - Last Ten Fiscal Years | 120 |
| Computation of Direct and Overlapping Debt..... | 121 |
| Computation of Legal Debt Margin – Last Ten Years | 122 |

Middletown City School District
Butler County, Ohio
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013

TABLE OF CONTENTS

DEMOGRAPHIC AND ECONOMIC INFORMATION

| | |
|---|-----|
| Demographic and Economic Statistics - Last Ten Calendar Years | 124 |
| Principal Employers – Current Year and Nine Years Ago | 125 |

OPERATING INFORMATION

| | |
|--|-----|
| Full Time Equivalent School Employees by Function/Program – Last Ten Years | 126 |
| Operating Statistics – Last Ten Fiscal Years | 127 |
| School Building Information – Last Ten Fiscal Years | 128 |



Office of the Treasurer

ONE DONHAM PLAZA
4th FLOOR
MIDDLETOWN, OHIO 45042

www.middletowncityschools.com

December 20, 2013

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, 2013, is hereby submitted. This report, prepared by the Treasurer's office, includes an opinion from our auditor, State of Ohio Auditor's Office, and conforms to generally accepted accounting principles [GAAP] as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. This report will provide the residents of the Middletown City School District with comprehensive financial data in a format that will enable them to gain an understanding of the District's financial affairs. Copies will be available upon request to taxpayers, financial rating services, banking institutions and other interested parties.

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

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

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

ECONOMIC CONDITION AND OUTLOOK

The District is located in southwestern Ohio, midway between the cities of Cincinnati and Dayton, in the northeast corner of Butler County. The eastern boundary of the District is along Interstate 75, which runs from Canada to Florida, making it a desirable location for many businesses that require easy access to the nation's interstate system. Approximately 64 percent of the District's tax base is agricultural and residential properties; the remainder is composed of a wide range of manufacturing, commercial and other business properties. The overall economic outlook for the area remains guarded with unemployment rates at 7.3 percent for Butler County.

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

DESCRIPTION OF THE DISTRICT

The District serves an area of 23 square miles, encompassing the City of Middletown and a portion of Lemon Township in the northeastern corner of Butler County, midway between Cincinnati and Dayton. It also encompasses a small portion of Franklin Township in Warren County. According to information from the U.S. Census Bureau, the population of the City of Middletown is approximately 48,694 residents. The tax base of the District is comprised of a unique blend of residential, commercial, and industrial property, with 36% of the tax revenue of the District paid by business and industry.

During the 2012-13 school year, the District had 6,534 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, 2013, were as follows:

| Board Member | Began Service | Term Expires | Profession |
|---------------------|----------------------|---------------------|-------------------------|
| Mrs. Marcia Andrew | January, 2010 | December, 2013 | Attorney |
| Rev. Gregory Tyus | January, 2010 | December, 2013 | Pastor |
| Ms. Christi Delloma | April, 2013 | December, 2013 | Head Start Site Manager |
| Mrs. Katie McNeil | January, 1996 | December, 2015 | Business |
| Mrs. DeAnna Shores | January, 2012 | December 2013 | College Professor |

The Superintendent is the Chief Executive Officer of the District, responsible directly to the Board for all educational and support operations. Dr. Sam Ison was appointed Superintendent in July, 2013. Prior to his appointment, Dr. Ison served as Director of Instructional Leadership in Middletown City Schools and was a high school principal in Lebanon City Schools prior to that. Dr. Ison holds a Doctorate Degree in Educational Administration from Miami University and has 29 years of experience in education.

The Treasurer is the Chief Financial Officer of the District and is directly responsible to the Board for all financial operations, investments, and serves as Secretary to the Board. Mrs. Kelley Thorpe became Treasurer August 1, 2011. Mrs. Thorpe holds a Master's of Business Administration in Public Administration from the University of Phoenix.

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

EMPLOYEE RELATIONS

The District employed 681 full and part-time staff members during the 2012-13 school year. This included classified employees who are responsible for the operation of the District's support services and the teaching and administrative staff of the District. Two organizations represent the teaching and classified employees. The District's administrative employees are not currently represented.

The Middletown Teachers Association (MTA), an affiliate of the Ohio Education Association (OEA), represents all certificated employees of the District. The MTA and District have negotiated a collective bargaining agreement on language, salary and fringe benefits that began July 1, 2011 and expires June 30, 2014. This contract includes significant concessions in wages and benefits on the part of the union members, which the Board applied unilaterally to all District employees.

The Middletown Classified Employees Association (MCEA), also an affiliate of the Ohio Education Association (OEA), represents a majority of the support staff of the District. Classified employees are responsible for providing the necessary support services of the District, including: transportation services, clerical support, building maintenance and custodial needs. The current MCEA collective bargaining is effective July 1, 2011 through June 30, 2014 that includes significant concessions in wages and benefits on the part of the union members, which the Board applied unilaterally to all District employees.

SERVICES PROVIDED

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

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

MAJOR CURRENT AND FUTURE INITIATIVES

The 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 new program Everybody UP 1, to improve reading and mathematic skills. Also, new procedures have been put in place for evaluations of individuals and teaching strategies, in order to evaluate staff and program effectiveness.

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

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

The second phase of the project consists of the construction of a new middle school and renovation of the current high school pending an approved bond issue by the voters. The November 2013 ballot issue was defeated.

In May of 2010, the District combined and placed two existing emergency operating levies on the ballot as a substitute levy in the amount of \$18.3 million dollars. These emergency levies were due to expire December 31, 2010. The substitute levy successfully passed.

While the District continually strives to control rising costs and improve financial efficiencies, the District will need to return to the ballot for future continuance of the District. The timing of an additional operating levy has not been determined.

RELEVANT FINANCIAL POLICIES

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

FINANCIAL INFORMATION

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

INTERNAL ACCOUNTING AND BUDGETARY CONTROL

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

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

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

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

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

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

INDEPENDENT AUDIT

The State of Ohio requires an annual audit by either the Ohio Auditor of State or by an independent public accounting firm. The Ohio Auditor of State performed the audit for the fiscal year ended June 30, 2013. The auditor's unmodified opinion rendered on the District's basic financial statements, and their report on the combining and individual fund statements and schedules, is included in the financial section of this report. Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all units of local education agencies in Ohio. The District adopted and has been in conformance with that system effective with its annual financial report since the 1979 calendar year.

AWARDS

GFOA Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

ASBO Certificate of Excellence in Financial Reporting

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

The District received the Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2012. The District believes that the Comprehensive Annual Financial Report for fiscal year June 30, 2013, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

Acknowledgements

The preparation of the 2013 Comprehensive Annual Financial Report of the Middletown City School District was made possible by the combined efforts of the District's Finance Department and Fraunfelter Accounting Services. The publication of this Comprehensive Annual Financial Report for the District is a major step in the reinforcing of the accountability of the District to the taxpayers of the community. Finally, sincere appreciation is extended to the Board of Education for its interest and support of this project.

Respectfully submitted,

A handwritten signature in cursive script that reads "Kelley Thorpe".

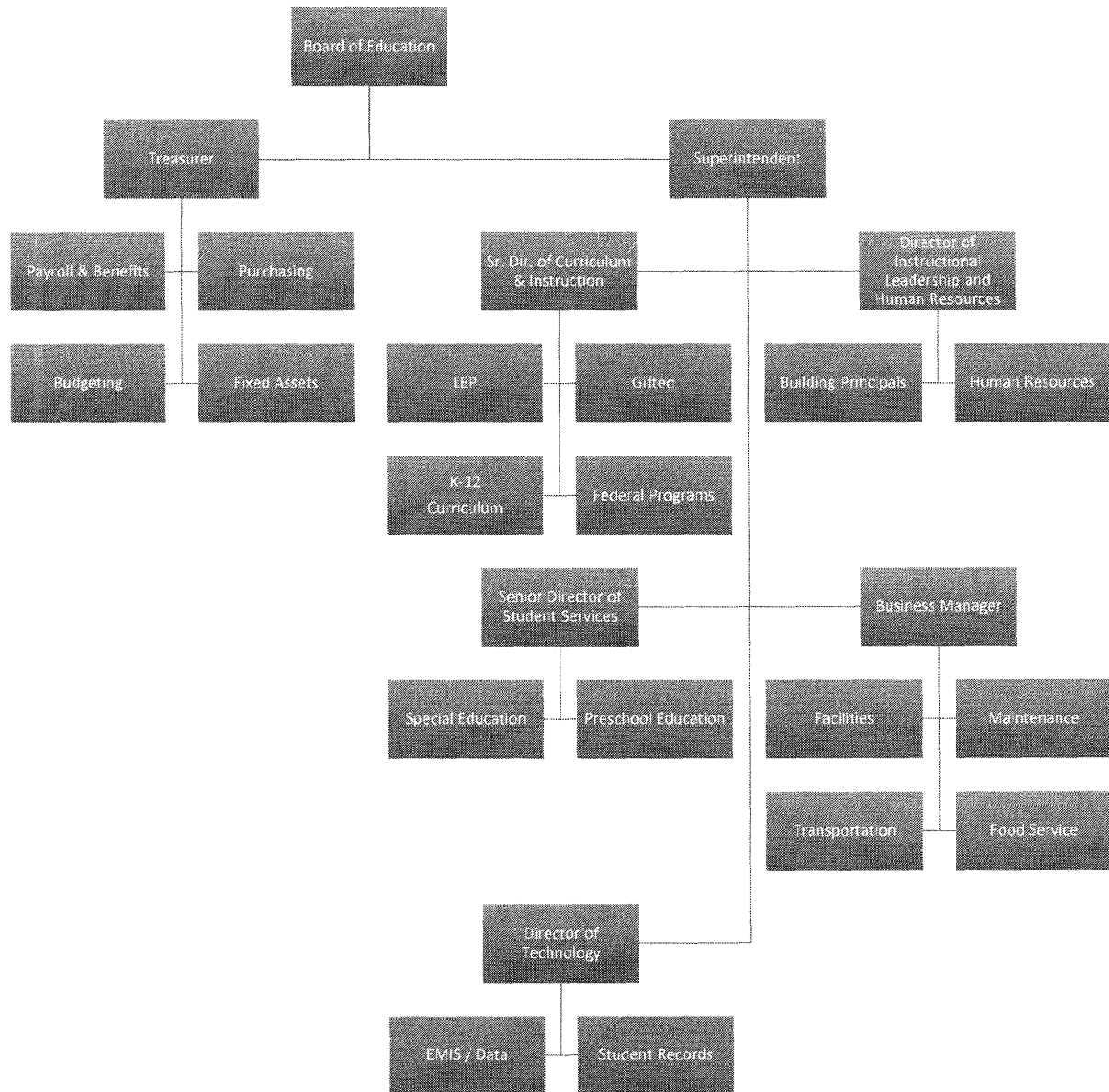
Kelley Thorpe
Treasurer

**MIDDLETOWN CITY SCHOOL DISTRICT
 BUTLER COUNTY, OHIO
 LIST OF PRINCIPAL OFFICIALS
 JUNE 30, 2013**

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

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

Middletown City School District Organizational Chart



Association of School Business Officials International

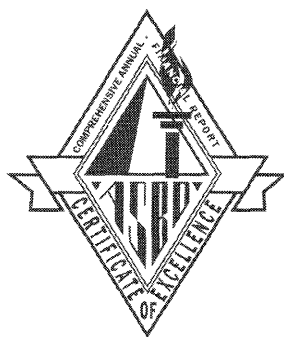


*The Certificate of Excellence in Financial Reporting Award
is presented to*

Middletown City School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2012*

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



A handwritten signature in cursive script, reading "Ron McCulley".

Ron McCulley, CPPB, RSBO
President

A handwritten signature in cursive script, reading "John D. Musso".

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Middletown City School District
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

FINANCIAL SECTION

www.middletowncityschools.com

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Middletown City School District
Butler County
One Donham Plaza, 4th Floor
Middletown, Ohio 45042

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Middletown City School District, Butler County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Middletown City School District, Butler County, Ohio, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and *required budgetary comparison schedules* listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

December 20, 2013

This page intentionally left blank

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(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, 2013. 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 2013 are as follows:

- In total, net position of governmental activities decreased \$3,431,232 which represents a 39.86% decrease from restated June 30, 2012 balance.
- General revenues accounted for \$67,515,638 in revenue or 84.52% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$12,362,603 or 15.48% for total revenues of \$79,878,241.
- The District had \$83,308,473 in expenses related to governmental activities; \$12,362,603 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) were not adequate to provide for these programs relying on beginning net position to cover the deficit.
- The District has two major funds which include the general fund and the bond retirement fund. The general fund had \$66,175,929 in revenues and other financing sources and \$65,544,549 in expenditures and other financing uses. The general fund's fund balance increased \$631,380 from a balance of deficit of \$4,152,845 to a deficit of \$3,521,465.
- The bond retirement fund had \$3,459,333 in revenues and \$3,434,785 in expenditures. The bond retirement fund's fund balance increased \$24,458 from \$1,307,781 to a fund balance of \$1,332,329.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2013?" The statement of net position 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 position* and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, whether the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

Governmental Funds

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

Reporting the District's Fiduciary Responsibilities

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

The schedule of revenues, expenditures, and changes in fund balance - budget and actual (non-GAAP budgetary basis) for the general fund and notes are provided on pages 56-60 of this report.

The District as a Whole

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

The table below provides a summary of the District's net position at June 30, 2013 and 2012.

| | Governmental Activities 2013 | Restated Governmental Activities 2012 | Percentage Change |
|--|------------------------------------|--|----------------------|
| <u>Assets</u> | | | |
| Current and other assets | \$ 38,983,175 | \$ 46,451,450 | (16.08) % |
| Capital assets, net | <u>66,727,183</u> | <u>69,716,168</u> | (4.29) % |
| Total assets | <u>105,710,358</u> | <u>116,167,618</u> | (9.00) % |
| <u>Deferred Outflows of Resources</u> | | | |
| Deferred Charge on Refunding | <u>55,382</u> | <u>-</u> | 100.00 % |
| <u>Liabilities</u> | | | |
| Current liabilities | 8,183,081 | 41,176,389 | (80.13) % |
| Long-term liabilities | <u>64,114,379</u> | <u>66,382,460</u> | (3.42) % |
| Total liabilities | <u>72,297,460</u> | <u>107,558,849</u> | (32.78) % |
| <u>Deferred Inflows of Resources</u> | | | |
| Property Taxes | <u>28,290,743</u> | <u>-</u> | 100.00 % |
| <u>Net Position</u> | | | |
| Net investment in capital assets | 6,234,371 | 8,239,520 | (24.34) % |
| Restricted | 2,337,991 | 3,507,622 | (33.35) % |
| Unrestricted (deficit) | <u>(3,394,825)</u> | <u>(3,138,373)</u> | 8.17 % |
| Total net position | <u>\$ 5,177,537</u> | <u>\$ 8,608,769</u> | (39.86) % |

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013 and June 30, 2012, the District's assets exceeded liabilities by \$5,177,537 and \$9,205,967, respectively. Net position decreased \$3,431,232 from June 30, 2012.

Assets of the District decreased \$11,054,458 or 9.47%. The most significant decrease was in current and other assets, primarily taxes receivable. This \$6,050,945 decrease was mainly within the general fund as the County's projected taxes as certified dropped based on the actual collections in calendar year 2012 and the Auditor had certified additional funds in fiscal year 2011. At year-end, capital assets represented 63.12% of total assets. The decrease in capital assets of \$2,988,985 or 4.29% is the result of depreciation expense of \$3,062,646 and disposals of \$185,323 (net of accumulated depreciation) exceeding additions of \$258,984.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

Despite reducing the long term liabilities, the District saw total liabilities and deferred inflows of resources decrease \$6,970,646 again the result of the reduction in property tax revenue reported as deferred inflow of resources. This amount was previously reported under current and other liabilities but with the District implementing the new GASB pronouncement it has been recorded as deferred inflows of resources. (See note 18 for additional information.)

A portion of the District's net position, \$2,337,991, represents resources that are subject to external restriction on how they may be used. Of the restricted net position, \$197,046 is restricted for capital projects, \$1,375,567 is restricted for debt service and \$536,601 is restricted for federally funded programs. The remaining balance of unrestricted net position is a deficit of \$3,394,825.

The table below shows the change in net position for fiscal years 2013 and 2012.

| Change in Net Position | | | |
|--|---|---|----------------------|
| | Governmental Activities <u>2013</u> | Governmental Activities <u>2012</u> | Percentage Change |
| <u>Revenues</u> | | | |
| Program revenues: | | | |
| Charges for services and sales | \$ 1,480,690 | \$ 1,678,062 | (11.76) % |
| Operating grants and contributions | 10,881,913 | 12,112,072 | (10.16) % |
| General revenues: | | | |
| Taxes | 29,876,616 | 31,876,459 | (6.27) % |
| Grants and entitlements not restricted | 37,215,406 | 35,874,604 | 3.74 % |
| Payment in lieu of taxes | 303,813 | 552,566 | (45.02) % |
| Investment earnings | 1,923 | 9,601 | (79.97) % |
| Other | <u>117,880</u> | <u>465,234</u> | (74.66) % |
| Total revenues | <u>79,878,241</u> | <u>82,568,598</u> | (3.26) % |

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

Change in Net Position

| | Governmental Activities 2013 | Governmental Activities 2012 | Percentage Change |
|--|------------------------------------|------------------------------------|----------------------|
| <u>Expenses</u> | | | |
| Program expenses: | | | |
| Instruction: | | | |
| Regular | \$ 27,304,790 | \$ 27,750,077 | (1.60) % |
| Special | 9,588,139 | 7,981,336 | 20.13 % |
| Adult/continuing | 408,882 | 404,140 | 1.17 % |
| Other | 11,082,207 | 10,793,561 | 2.67 % |
| Support services: | | | |
| Pupil | 4,265,190 | 4,655,026 | (8.37) % |
| Instructional staff | 3,868,239 | 4,939,816 | (21.69) % |
| Board of education | 43,835 | 56,405 | (22.29) % |
| Administration | 4,445,825 | 4,530,426 | (1.87) % |
| Fiscal | 688,210 | 723,250 | (4.84) % |
| Business | 254,239 | 441,139 | (42.37) % |
| Operations and maintenance | 7,914,945 | 7,792,863 | 1.57 % |
| Pupil transportation | 3,812,314 | 3,758,699 | 1.43 % |
| Central | 1,486,066 | 3,397,181 | (56.26) % |
| Operations of non-instructional services | | | |
| Food service operations | 3,809,155 | 3,527,672 | 7.98 % |
| Other non-instructional services | 734,153 | 841,769 | (12.78) % |
| Extracurricular activities | 890,157 | 1,025,636 | (13.21) % |
| Interest and fiscal charges | <u>2,713,127</u> | <u>2,703,229</u> | 0.37 % |
| Total expenses | <u>83,309,473</u> | <u>85,322,225</u> | (2.36) % |
| Change in net position | (3,431,232) | (2,753,627) | 24.61 % |
| Net position, beginning of year (restated) | <u>8,608,769</u> | <u>11,362,396</u> | (24.23) % |
| Net position, end of year | <u>\$ 5,177,537</u> | <u>\$ 8,608,769</u> | (39.86) % |

MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

Governmental Activities

Net position of the District's governmental activities decreased \$3,431,232 in fiscal year 2013 and decreased \$2,753,627 in fiscal year 2012. Program revenues supported 14.84% of the total governmental expenses during fiscal year 2012.

Total revenues of the District decreased by \$2,690,357 during fiscal year 2013 mainly from the reduction in property tax revenue. Although there are large variances in program revenue grants and unrestricted grants, those two lines basically breakeven.

Expenses also decreased by \$2,012,752. This decrease was primarily in the instructional staff and central support services. The District also did not offer a retirement incentive in 2013.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

| | Governmental Activities | | | |
|---|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | Total Cost of Services 2013 | Net Cost of Services 2013 | Total Cost of Services 2012 | Net Cost of Services 2012 |
| | <u>2013</u> | <u>2013</u> | <u>2012</u> | <u>2012</u> |
| Program expenses | | | | |
| Instruction: | | | | |
| Regular | \$ 27,304,790 | \$ 26,132,206 | \$ 27,750,077 | \$ 25,292,822 |
| Special | 9,588,139 | 7,848,879 | 7,981,336 | 5,578,981 |
| Adult/continuing | 408,882 | 27,686 | 404,140 | 74,194 |
| Other | 11,082,207 | 11,082,207 | 10,793,561 | 10,793,561 |
| Support services: | | | | |
| Pupil | 4,265,190 | 3,894,052 | 4,655,026 | 4,201,429 |
| Instructional staff | 3,868,239 | 768,689 | 4,939,816 | 2,112,402 |
| Board of education | 43,835 | 43,835 | 56,405 | 56,405 |
| Administration | 4,445,825 | 3,754,108 | 4,530,426 | 4,155,953 |
| Fiscal | 688,210 | 688,210 | 723,250 | 723,250 |
| Business | 254,239 | 254,239 | 441,139 | 441,139 |
| Operations and maintenance | 7,914,945 | 7,892,270 | 7,792,863 | 7,782,405 |
| Pupil transportation | 3,812,314 | 3,727,250 | 3,758,699 | 3,574,017 |
| Central | 1,486,066 | 1,465,265 | 3,397,181 | 3,374,260 |
| Operations of non-instructional services: | | | | |
| Food service operations | 3,809,155 | (112,860) | 3,527,672 | 16,267 |
| Other non-instructional services | 734,153 | 94,668 | 841,769 | (56,021) |
| Extracurricular activities | 890,157 | 673,039 | 1,025,636 | 707,798 |
| Interest and fiscal charges | <u>2,713,127</u> | <u>2,713,127</u> | <u>2,703,229</u> | <u>2,703,229</u> |
| Total | <u>\$ 83,309,473</u> | <u>\$ 70,946,870</u> | <u>\$ 85,322,225</u> | <u>\$ 71,532,091</u> |

The dependence upon tax and other general revenues for governmental activities is apparent, 93.19% of instruction activities were supported through taxes and other general revenues during fiscal year 2013 and 88.94% in fiscal year 2012. For all governmental activities, general revenue support was 85.16% in fiscal year 2013 and 83.84% in fiscal year 2012. The District's taxpayers and unrestricted grants and entitlements are by far the primary support for District students.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

The District's Funds

The District's governmental funds (as presented on the balance sheet on page 19) reported a combined fund balance of (\$1,252,222), which is lower than last year's total of (\$886,667). The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2013 and 2012.

| | Fund Balance / (Deficit) <u>June 30, 2013</u> | Fund Balance / (Deficit) <u>June 30, 2012</u> | Increase/ <u>(Decrease)</u> | Percentage <u>Change</u> |
|--------------------|---|---|--------------------------------|-----------------------------|
| General | \$ (3,521,465) | \$ (4,152,845) | \$ 631,380 | 15.20 % |
| Debt Service | 1,332,329 | 1,307,781 | 24,548 | 1.88 % |
| Other Governmental | <u>936,914</u> | <u>1,958,397</u> | <u>(1,021,483)</u> | (52.16) % |
| Total | <u>\$ (1,252,222)</u> | <u>\$ (886,667)</u> | <u>\$ (365,555)</u> | 41.23 % |

General Fund

The general fund increased \$631,380 during fiscal year 2013. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

| | <u>2013</u> <u>Amount</u> | <u>2012</u> <u>Amount</u> | <u>Increase/</u> <u>(Decrease)</u> | <u>Percentage</u> <u>Change</u> |
|--|------------------------------|------------------------------|---------------------------------------|------------------------------------|
| <u>Revenues</u> | | | | |
| Taxes | \$ 28,061,386 | \$ 27,875,138 | \$ 186,248 | 0.67 % |
| Tuition and fees | 566,267 | 724,610 | (158,343) | (21.85) % |
| Revenue in Lieu of Taxes | 444,506 | 148,212 | 296,294 | 199.91 % |
| Intergovernmental | 36,730,159 | 36,150,237 | 579,922 | 1.60 % |
| Other revenues | <u>373,131</u> | <u>657,576</u> | <u>(284,445)</u> | (43.26) % |
| Total | <u>\$ 66,175,449</u> | <u>\$ 65,555,773</u> | <u>\$ 619,676</u> | 0.95 % |
| <u>Expenditures</u> | | | | |
| Instruction | \$ 45,076,564 | \$ 42,247,978 | \$ 2,828,586 | 6.70 % |
| Support services | 19,241,104 | 23,266,090 | (4,024,986) | (17.30) % |
| Operation of non-instructional services | 229 | 239 | (10) | (4.18) % |
| Extracurricular activities | 41,812 | 124,530 | (82,718) | (66.42) % |
| Capital outlay | - | 36,326 | (36,326) | (100.00) % |
| Debt service | <u>579,906</u> | <u>613,713</u> | <u>(33,807)</u> | (5.51) % |
| Total | <u>\$ 64,939,615</u> | <u>\$ 66,288,876</u> | <u>\$ (1,349,261)</u> | (2.04) % |

Revenues of the general fund increased \$619,676 or 0.95%. The most significant increases were in the areas of taxes and intergovernmental. This increase for taxes is the result of higher amount available for advance. Intergovernmental revenues increased \$579,922 or 1.60%. The increase for intergovernmental revenue is from unrestricted grant funds as the foundation revenue between the two years is relatively unchanged.

Expenditures of the general fund decreased \$1,349,261 or 2.04%. This decrease is primarily the result of reduced personnel costs as the District did not offer early retirement incentive during 2013 and other costs within the instructional staff and central support services were reduced.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

Bond Retirement Fund

The bond retirement fund saw the fund balance increase as the revenue, all from property taxes and intergovernmental revenues, exceeded mainly debt service expenditures during the year. Fiscal year 2013 saw total debt service expenditures increase nearly \$180,000 pushing the fund to breakeven status.

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 2013, the District amended its general fund budget several times. For the general fund, final budgeted revenues and other financing sources of \$68,743,255 were \$3,784,423 higher than the original budgeted revenues and other financing sources estimate of \$64,958,832. The main differences were in property taxes and revenue in lieu of taxes where the District took a conservative approach with the budget given the state of the local economy. The actual revenues were in line with the final budget as the District prepared the final certificate (budget) near the end of June 2013.

General fund original appropriations were \$63,513,569. Final appropriations (budgeted expenditures plus other financing uses) of \$69,423,461 were \$5,909,892 higher than original budgeted expenditures. Approximately half the differences are the transfers and advances the District made at the end of the year that were not anticipated in the original budget. Most of the expenditures saw slight increases with regular instruction realizing the largest (\$743,023). The District's original budget was completed before it was known what employees compensation costs would be for the fiscal year. Actual expenditures and other financing uses were virtually the same as the final budget as the District passed the final budget at the end of June when all the expenditures were known.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the District had \$66,727,183 invested in land, buildings and improvements and equipment. This entire amount is reported in governmental activities.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

The following table shows June 30, 2013 balances compared to June 30, 2012.

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

| | Governmental Activities | |
|----------------------------|-------------------------|---------------|
| | 2013 | 2012 |
| Land | \$ 1,037,059 | \$ 1,353,199 |
| Buildings and improvements | 63,459,544 | 65,276,774 |
| Equipment | 2,230,580 | 3,086,195 |
| Total | \$ 66,727,183 | \$ 69,716,168 |

The capital assets decreased \$2,988,985. This is due to depreciation expense of \$3,062,646 and disposals (net of accumulated depreciation) of \$185,323 exceeding additions of \$258,984. See Note 8 to the basic financial statements for detail on the District's capital assets.

Debt Administration

At June 30, 2013 the District had \$61,553,448 in general obligation bonds, notes and capital lease obligations outstanding. Of this total, \$1,154,146 is due within one year and \$60,399,302 is due in greater than one year.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

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

Outstanding Debt, at Year End

| | Governmental Activities 2013 | Governmental Activities 2012 | |
|--------------------------------|------------------------------------|------------------------------------|--|
| | 2013 | 2012 | |
| Construction bonds | \$ 2,325,000 | \$ 2,930,000 | |
| 2007 refunding bonds | | | |
| Current Interest and term | 53,280,000 | 53,295,000 | |
| Premium | 3,815,625 | 4,021,875 | |
| HB 264 conservation notes | 788,738 | 881,552 | |
| 2008 HB 264 conservation notes | 338,831 | 406,597 | |
| Capital lease obligations | 1,005,254 | 1,258,090 | |
| Total | \$ 61,553,448 | \$ 62,793,114 | |

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

For the Future

The District has experienced a steady decline in student enrollment over the past several years as a result of students leaving Middletown schools to attend charter/community schools, other public schools (open enrollment), and participate in the state voucher program for parochial schools. Over 1,300 students attended schools other than Middletown in fiscal year 2013 while residing within the district boundaries. This has resulted in escalating costs and financial pressures that are depleting the general fund carryover balance. In response, a number of buildings have closed and certificated and classified staffing has been reduced over the last few years. Enrollment appears to have stabilized in the current academic year.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

Despite the district's efforts, however, a deficit was identified in the Five-Year Forecast for 2013. In May of 2011, approximately \$5 million in cuts were identified for the 2011-2012 school year to address this deficit. In addition, both the MTA and MCEA unions agreed to concessions in contract negotiations saving the District approximately \$7 million over the three years of the contracts. In May, 2012, an additional \$3 million in cuts was recommended for the 2012-2013 year. These cuts were recommended to help improve the District's ending cash balance to alleviate cash flow concerns during the fiscal year and remained in effect for the 2013-14 year with no planned increase in spending.

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

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Kelley Thorpe, Treasurer, Middletown City School District, 1 Donham Plaza, Middletown, Ohio, 45042.

Middletown City School District
Butler County, Ohio
Statement of Net Position
June 30, 2013

| | Governmental Activities |
|---|----------------------------|
| <u>Assets:</u> | |
| Equity in Pooled Cash and Cash Equivalents | \$4,245,317 |
| Materials and Supplies Inventory | 48,607 |
| Accounts Receivable | 37,392 |
| Intergovernmental Receivable | 1,224,301 |
| Property Taxes Receivable | 33,131,764 |
| Revenue in Lieu of Taxes Receivable | 271,184 |
| Restricted Equity in Pooled Cash and Cash Equivalents | 24,610 |
| Capital Assets: | |
| Non-depreciable Capital Assets | 1,037,059 |
| Depreciable Capital Assets, Net | 65,690,124 |
| <i>Total Assets</i> | <i>105,710,358</i> |
| <u>Deferred Outflows of Resources:</u> | |
| <i>Deferred Charge on Refunding</i> | 55,382 |
| <i>Total Deferred Outflows of Resources</i> | <i>55,382</i> |
| <u>Liabilities:</u> | |
| Accounts Payable | 571,118 |
| Contracts Payable | 686,495 |
| Accrued Wages and Benefits Payable | 5,233,544 |
| Intergovernmental Payable | 1,432,845 |
| Accrued Interest Payable | 259,079 |
| Long-Term Liabilities: | |
| Due Within One Year | 2,417,214 |
| Due in More Than One Year | 61,697,165 |
| <i>Total Liabilities</i> | <i>72,297,460</i> |
| <u>Deferred Inflows of Resources:</u> | |
| Property Taxes | 28,290,743 |
| <i>Total Deferred Inflows of Resources</i> | <i>28,290,743</i> |
| <u>Net Position:</u> | |
| Net Investment in Capital Assets | 6,234,371 |
| Restricted for Debt Service | 1,375,567 |
| Restricted for Capital Projects | 197,046 |
| Restricted for Food Service | 119,309 |
| Restricted for Grants | 536,601 |
| Restricted for Athletics | 31,879 |
| Restricted for Auxiliary Services | 52,979 |
| Restricted for Other Purposes | 24,610 |
| Unrestricted | (3,394,825) |
| <i>Total Net Position</i> | <i>\$5,177,537</i> |

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, 2013

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|--|---------------------|-----------------------------------|--|---|
| | Expenses | Charges for Services and Sales | Operating Grants, Contributions and Interest | Governmental Activities |
| <u>Governmental Activities:</u> | | | | |
| Instruction: | | | | |
| Regular | \$27,304,790 | \$725,413 | \$447,171 | (\$26,132,206) |
| Special | 9,588,139 | 235 | 1,739,025 | (7,848,879) |
| Adult/Continuing | 408,882 | 3,180 | 378,016 | (27,686) |
| Community Schools | 5,957,573 | 0 | 0 | (5,957,573) |
| Other | 5,124,634 | 0 | 0 | (5,124,634) |
| Support Services: | | | | |
| Pupils | 4,265,190 | 38,246 | 332,892 | (3,894,052) |
| Instructional Staff | 3,868,239 | 0 | 3,099,550 | (768,689) |
| Board of Education | 43,835 | 0 | 0 | (43,835) |
| Administration | 4,445,825 | 0 | 691,717 | (3,754,108) |
| Fiscal | 688,210 | 0 | 0 | (688,210) |
| Business | 254,239 | 0 | 0 | (254,239) |
| Operation and Maintenance of Plant | 7,914,945 | 22,675 | 0 | (7,892,270) |
| Pupil Transportation | 3,812,314 | 0 | 85,064 | (3,727,250) |
| Central | 1,486,066 | 0 | 20,801 | (1,465,265) |
| Operation of Non-Instructional Services | | | | |
| Food Service Operations | 3,809,155 | 486,520 | 3,435,495 | 112,860 |
| Auxiliary Services | 734,153 | 0 | 639,485 | (94,668) |
| Extracurricular Activities | 890,157 | 204,421 | 12,697 | (673,039) |
| Interest on Long-Term Debt | 2,713,127 | 0 | 0 | (2,713,127) |
| Total Governmental Activities | \$83,309,473 | \$1,480,690 | \$10,881,913 | (70,946,870) |
| <u>General Revenues:</u> | | | | |
| Property Taxes Levied for: | | | | |
| General Purposes | | | | 26,836,512 |
| Debt Service | | | | 2,907,788 |
| Capital Projects | | | | 132,316 |
| Revenue In Lieu of Taxes | | | | 303,813 |
| Grants and Entitlements not Restricted to Specific Programs | | | | 37,215,406 |
| Interest | | | | 1,923 |
| Miscellaneous | | | | 117,880 |
| Total General Revenues | | | | 67,515,638 |
| Change in Net Position | | | | (3,431,232) |
| Net Position at Beginning of Year - Restated | | | | 8,608,769 |
| Net Position at End of Year | | | | \$5,177,537 |

See Accompanying Notes to the Basic Financial Statements

Middletown City School District
Butler County, Ohio
Balance Sheet
Governmental Funds
June 30, 2013

| | General | Bond Retirement | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---------------------|--------------------|-----------------------------------|--------------------------------|
| <u>Assets:</u> | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$1,615,749 | \$1,164,997 | \$1,464,573 | \$4,245,319 |
| Receivables: | | | | |
| Property Taxes | 29,832,906 | 3,151,413 | 147,445 | 33,131,764 |
| Revenue in Lieu of Taxes | 271,184 | 0 | 0 | 271,184 |
| Intergovernmental | 580,961 | 0 | 643,340 | 1,224,301 |
| Accounts | 35,885 | 0 | 1,507 | 37,392 |
| Materials and Supplies Inventory | 0 | 0 | 48,607 | 48,607 |
| Restricted Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | 24,610 | 0 | 0 | 24,610 |
| Total Assets | \$32,361,295 | \$4,316,410 | \$2,305,472 | \$38,983,177 |
| <u>Liabilities, Deferred Inflows and Fund Balances</u> | | | | |
| <u>Liabilities:</u> | | | | |
| Accounts Payable | 303,466 | \$0 | \$267,652 | \$571,118 |
| Contracts Payable | 328,451 | 0 | 358,044 | 686,495 |
| Accrued Wages and Benefits Payable | 4,809,777 | 0 | 423,767 | 5,233,544 |
| Intergovernmental Payable | 1,252,732 | 0 | 180,113 | 1,432,845 |
| Matured Compensated Absences Payable | 219,813 | 0 | 0 | 219,813 |
| Total Liabilities | 6,914,239 | 0 | 1,229,576 | 8,143,815 |
| <u>Deferred Inflows of Resources:</u> | | | | |
| Property Taxes | 28,283,627 | 2,984,081 | 138,982 | 31,406,690 |
| Revenue in Lieu of Taxes | 271,184 | 0 | 0 | 271,184 |
| Intergovernmental Revenue | 413,710 | 0 | 0 | 413,710 |
| Total Deferred Inflows of Resources | 28,968,521 | 2,984,081 | 138,982 | 32,091,584 |
| <u>Fund Balances:</u> | | | | |
| Nonspendable | 0 | 0 | 48,607 | 48,607 |
| Restricted | 24,610 | 1,332,329 | 880,089 | 2,237,028 |
| Committed | 0 | 0 | 8,463 | 8,463 |
| Assigned | 386,691 | 0 | 0 | 386,691 |
| Unassigned (Deficit) | (3,932,766) | 0 | (245) | (3,933,011) |
| Total Fund Balances | (3,521,465) | 1,332,329 | 936,914 | (1,252,222) |
| Total Liabilities and Fund Balances | \$32,361,295 | \$4,316,410 | \$2,305,472 | \$38,983,177 |

See Accompanying Notes to the Basic Financial Statements

Middletown City School District
Butler County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2013

Total Governmental Fund Balances (\$1,252,222)

Amounts reported for governmental activities in the
Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

| | | |
|--------------------------|--------------|------------|
| Capital assets | 106,182,451 | |
| Accumulated depreciation | (39,455,268) | |
| Total capital assets | | 66,727,183 |

Some of the District's revenues will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

| | | |
|---------------------------|-----------|-----------|
| Delinquent property taxes | 3,115,947 | |
| Revenue in lieu of taxes | 271,184 | |
| Intergovernmental | 413,710 | |
| | | 3,800,841 |

Unamortized premiums on long term bonds payable are not recognized in governmental fund but allocated as an expense over the life of the debt on a full accrual basis. (3,815,625)

Unamortized deferred amount on refundings are not recognized in governmental fund but allocated as an expense over the life of the debt on a full accrual basis. 55,382

In the Statement of Net Position, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due. (259,079)

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

| | | |
|-----------------------------------|--------------|--------------|
| Bonds payable | (55,605,000) | |
| Energy Conservation Bond Payables | (1,127,569) | |
| Capital leases | (1,005,254) | |
| Retirement Incentive Payable | (1,167,889) | |
| Compensated absences | (1,173,231) | |
| Total liabilities | | (60,078,943) |

Net Position of Governmental Activities **\$5,177,537**

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, 2013

| | General | Bond Retirement | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|--------------------|-----------------------------------|--------------------------------|
| <u>Revenues:</u> | | | | |
| Property Taxes | \$28,061,386 | \$3,046,428 | \$153,940 | \$31,261,754 |
| Revenue in Lieu of Taxes | 444,506 | 0 | 0 | 444,506 |
| Intergovernmental | 36,730,159 | 412,905 | 10,924,275 | 48,067,339 |
| Interest | 723 | 0 | 1,200 | 1,923 |
| Tuition and Fees | 566,267 | 0 | 0 | 566,267 |
| Extracurricular Activities | 58,899 | 0 | 174,617 | 233,516 |
| Rent | 22,675 | 0 | 0 | 22,675 |
| Charges for Services | 164,606 | 0 | 486,520 | 651,126 |
| Gifts and Donations | 10,717 | 0 | 36,239 | 46,956 |
| Miscellaneous | 115,511 | 0 | 8,340 | 123,851 |
| Total Revenues | 66,175,449 | 3,459,333 | 11,785,131 | 81,419,913 |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 26,104,111 | 0 | 985,200 | 27,089,311 |
| Special | 7,794,911 | 0 | 1,736,306 | 9,531,217 |
| Adult/Continuing | 97,020 | 0 | 333,449 | 430,469 |
| Community School Services | 5,957,573 | 0 | 0 | 5,957,573 |
| Other | 5,122,949 | 0 | 1,685 | 5,124,634 |
| Support Services: | | | | |
| Pupils | 4,016,081 | 0 | 362,995 | 4,379,076 |
| Instructional Staff | 810,195 | 0 | 3,022,675 | 3,832,870 |
| Board of Education | 43,835 | 0 | 0 | 43,835 |
| Administration | 3,786,449 | 0 | 670,369 | 4,456,818 |
| Fiscal | 685,751 | 2,800 | 467 | 689,018 |
| Business | 253,527 | 0 | 0 | 253,527 |
| Operation and Maintenance of Plant | 4,965,135 | 0 | 719,426 | 5,684,561 |
| Pupil Transportation | 3,603,692 | 0 | 85,918 | 3,689,610 |
| Central | 1,076,439 | 56,706 | 124,616 | 1,257,761 |
| Operation of Non-Instructional Services | 229 | 0 | 4,518,501 | 4,518,730 |
| Extracurricular Activities | 41,812 | 0 | 841,218 | 883,030 |
| Capital Outlay | - | 0 | 8,723 | 8,723 |
| Debt Service: | | | | |
| Principal Retirement | 413,416 | 620,000 | 0 | 1,033,416 |
| Interest and Fiscal Charges | 166,490 | 2,755,279 | 0 | 2,921,769 |
| Total Expenditures | 64,939,615 | 3,434,785 | 13,411,548 | 81,785,948 |
| Excess of Revenues Over (Under) Expenditures | 1,235,834 | 24,548 | (1,626,417) | (366,035) |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Proceeds from Sale of Capital Assets | 480 | 0 | 0 | 480 |
| Transfers In | 0 | 0 | 604,934 | 604,934 |
| Transfers Out | (604,934) | 0 | 0 | (604,934) |
| Total Other Financing Sources (Uses) | (604,454) | 0 | 604,934 | 480 |
| Net Change in Fund Balances | 631,380 | 24,548 | (1,021,483) | (365,555) |
| Fund Balances (Deficit) at Beginning of Year | (4,152,845) | 1,307,781 | 1,958,397 | (886,667) |
| Fund Balances (Deficit) at End of Year | (\$3,521,465) | \$1,332,329 | \$936,914 | (\$1,252,222) |

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, 2013*

Net Change in Fund Balances - Total Governmental Funds (\$365,555)

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

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

| | | |
|--|-------------|-------------|
| Capital assets additions | 258,984 | |
| Depreciation expense | (3,062,646) | |
| Excess of depreciation expense over capital outlay | | (2,803,662) |

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

| | | |
|------------------------------------|--|-----------|
| Loss on disposal of capital assets | | (185,323) |
|------------------------------------|--|-----------|

Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.

| | | |
|---------------------------|-------------|-------------|
| Delinquent property taxes | (1,385,140) | |
| Revenue in lieu of taxes | (140,693) | |
| Intergovernmental | (15,839) | |
| | | (1,541,672) |

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in lower interest being reported in the statement of activities:

| | | |
|--|---------|---------|
| Amortization of debt premium | 206,250 | |
| Decrease in accrued interest payable | 5,386 | |
| Amortization of deferred refunding charges | (2,994) | |
| | | 208,642 |

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current fiscal year, these amounts consist of:

| | | |
|-----------------------------------|---------|-----------|
| General Obligation Bond payments | 620,000 | |
| Energy Conservation Note payments | 160,580 | |
| Capital lease payments | 252,836 | |
| | | 1,033,416 |

Some expenses reported in the Statement of Activities, such as compensated absences and retirement incentives, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

222,922

Change in Net Position of Governmental Activities

(\$3,431,232)

See Accompanying Notes to the Basic Financial Statements

Middletown City School District
Butler County, Ohio
 Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2013

| | Private Purpose Trust | Agency |
|--|--------------------------|----------|
| <u>Assets:</u> | | |
| Equity in Pooled Cash and Cash Equivalents | \$18,623 | \$89,501 |
| <u>Liabilities:</u> | | |
| Undistributed Monies | 0 | 89,501 |
| <i>Total Liabilities</i> | 0 | \$89,501 |
| <u>Net Position</u> | | |
| Held in Trust for Scholarships | \$18,623 | |

See Accompanying Notes to the Basic Financial Statements

Middletown City School District
Butler County, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2013

| | Private Purpose Trust |
|--|--------------------------|
| <u>Additions:</u> | |
| Contributions and Donations | \$ 29,108 |
| Total Additions | 29,108 |
| <u>Deductions:</u> | |
| Payments in Accordance with Trust Agreements | 29,002 |
| Total Deductions | 29,002 |
| <i>Change in Net Position</i> | 106 |
| <i>Net Position at Beginning of Year</i> | 5,870 |
| <i>Net Position at End of Year</i> | \$5,976 |

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, 2013**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter or further mandated by State and/or federal agencies. The Board controls the District's instructional and support facilities staffed by 106 classified personnel and 517 certified teaching and administrative personnel to provide services to students and other community members.

In terms of enrollment, the District is the 40th largest in the State of Ohio (among 918 districts and community schools) and the 4th largest in Butler County. It currently operates 8 elementary schools, 2 middle schools (grades 6 - 8), one comprehensive high school (grades 9-12) and one alternative high school. The District encompasses a total of 25 square miles that includes the City of Middletown and portions of Lemon Township.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

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

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

The Southwestern Ohio Computer Association (SWOCA)

The Southwestern Ohio Computer Association (SWOCA) is a jointly governed organization among a four county consortium of school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports SWOCA based upon a per pupil charge dependent upon the software package utilized. The Governing Board of SWOCA consists of six members elected by majority vote of all charter member schools plus one representative from the fiscal agent. The District paid SWOCA \$168,006 for services provided during the year. Financial information can be obtained from Mr. Michael Crumley, who serves as Director, at 3607 Hamilton-Middletown Rd., Hamilton, OH 45011.

The Butler County Technology and Career Center

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

B. Measurement Focus

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

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

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets 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 and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

FIDUCIARY FUNDS

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

D. Basis of Accounting

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

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

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

Deferred Outflows/Inflows of Resources

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

Deferred inflows of resources arises when assets are recognized before revenue recognition criteria have been satisfied. Delinquent property taxes, income taxes, and grants and entitlements received before the eligibility requirements are met are also recorded as deferred inflows of resources. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred inflows of resources. On the statement of net position, property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, have been recorded as a deferred inflow.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

E. Cash and Investments

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

During fiscal year 2013, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2013.

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 2013 amounted to \$723, which includes \$265 assigned from other funds. The food service and auxiliary services special revenue funds and building capital projects fund also received interest of \$506, \$165 and \$529, respectively.

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

F. Inventory

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

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

G. Capital Assets

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

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

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

| <u>Description</u> | Governmental Activities <u>Estimated Lives</u> |
|----------------------------|--|
| Buildings and improvements | 20 - 45 years |
| Equipment | 5 - 20 years |

H. Interfund Balances

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

I. Compensated Absences

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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, 2013 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments. The entire compensated absence liability is reported on the government-wide financial statements.

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

J. Accrued Liabilities and Long-Term Obligations

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

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

K. Bond Premiums

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

On the governmental fund financial statements, bond premiums are recognized in the current period. A reconciliation between the bond's face value and the amount reported on the statement of net position 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, 2013

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

L. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

-Nonspendable fund balance relates to the value of consumable inventories.

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

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

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

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

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

M. Net Position

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Of the District's \$2,337,991 in restricted net position, none were restricted by enabling legislation.

N. Estimates

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

O. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include the amount required by State statute for school bus purchases. See Note 15 for additional information regarding restricted assets.

P. Interfund Activity

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

Fund balances at June 30, 2013 include the following individual fund deficits:

| | |
|----------------------|----------------|
| <u>Major fund</u> | <u>Deficit</u> |
| General Fund | \$3,521,465 |
| <u>Nonmajor fund</u> | |
| Title III Grant | 245 |

*MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY, OHIO*

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE – (Continued)

The General Fund deficit fund balance was due to adjustments for accrued liabilities. The District is monitoring the General Fund deficit and will take appropriate action if deemed necessary. The deficit in the Title III Grant Fund was due to timing of grant reimbursements at year end. The General Fund deficit has improved by \$631,380 during fiscal year 2013. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash on Hand

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

B. Deposits with Financial Institutions

At June 30, 2013, the carrying amount of all District deposits was \$3,107,872. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2013, \$2,951,979 of the District's bank balance of \$3,527,902 was exposed to custodial risk as discussed below, while \$575,923 was covered by the FDIC.

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

C. Investments

As of June 30, 2013, the District had the following investments and maturities:

| <u>Investment type</u> | <u>Fair Value</u> | <u>Investment Maturities 6 months or less</u> | <u>Concentration of Credit Risk</u> |
|------------------------|---------------------|---|---|
| STAR Ohio | <u>\$ 1,269,179</u> | <u>\$ 1,269,179</u> | 100% |

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer.

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended June 30, 2013, consisted of the following, as reported on the fund statements:

| <u>Transfers Out</u> | <u>Transfers In</u> | <u>Amount</u> |
|----------------------|-----------------------------|---------------|
| General Fund | Nonmajor governmental funds | \$604,934 |

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

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.

NOTE 6 - PROPERTY TAXES

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 6 - PROPERTY TAXES - (Continued)

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, 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 2013 represent the collection of calendar year 2012 taxes. Public utility real and personal property taxes received in calendar year 2012 became a lien on December 31, 2011, were levied after April 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Butler and Warren Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available as an advance at June 30, 2013 was \$1,725,074 in the general, debt service and permanent improvement funds. The amount available for advance at June 30, 2012 was \$1,487,380 in the general, debt service and permanent improvement funds. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent property taxes which are measurable as of June 30, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2013 taxes were collected are:

| | 2012 Second Half Collections | | 2013 First Half Collections | |
|---|---------------------------------|-------------------|--------------------------------|-------------------|
| | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> |
| Agricultural/residential and other real estate | \$ 673,961,050 | 92.89 | \$ 665,572,990 | 92.92 |
| Public Utility personal | <u>51,549,940</u> | <u>7.11</u> | <u>50,710,520</u> | <u>7.08</u> |
| Total | <u>\$ 725,510,990</u> | <u>100.00</u> | <u>\$ 716,283,510</u> | <u>100.00</u> |

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

| | | |
|--------------|---------|---------|
| General | \$23.19 | \$23.19 |
| Emergency | 18.81 | 18.81 |
| Debt service | 4.99 | 4.99 |

NOTE 7 - RECEIVABLES

Receivables at June 30, 2013 consisted of property taxes, revenue in lieu of taxes, accounts (billings for user charged services and student fees), interfund loans and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported in the statement of net position follows:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 7 – RECEIVABLES - (Continued)

| | |
|---------------------------------|-----------------------------------|
| Governmental activities: | |
| Property taxes | \$33,131,764 |
| Payment in lieu of taxes | 271,184 |
| Accounts | 37,392 |
| Intergovernmental: | |
| SERS Refund | 254,096 |
| BWC Refund | 188,810 |
| Casino Revenue | 159,614 |
| Alternative schools | 13,748 |
| Adult basic education | 123,947 |
| Race to the Top | 83,686 |
| Title VI-B | 144,803 |
| Title III | 4,777 |
| Title I | 187,419 |
| Improving Teacher Quality | <u>63,401</u> |
| Total | <u><u>\$34,664,641</u></u> |

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

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

| | Balance <u>6/30/12</u> | <u>Additions</u> | <u>Deductions</u> | Balance <u>6/30/13</u> |
|---|---------------------------|-----------------------|---------------------|---------------------------|
| Governmental activities: | | | | |
| <i>Capital assets, not being depreciated:</i> | | | | |
| Land | \$ 1,353,199 | \$ - | \$ (316,140) | \$ 1,037,059 |
| Total capital assets, not being depreciated | <u>1,353,199</u> | <u>-</u> | <u>(316,140)</u> | <u>1,037,059</u> |
| <i>Capital assets, being depreciated:</i> | | | | |
| Buildings and improvements | 87,960,047 | 101,939 | - | 88,061,986 |
| Equipment | 16,932,729 | 157,045 | (6,368) | 17,083,406 |
| Total capital assets, being depreciated | <u>104,892,776</u> | <u>258,984</u> | <u>(6,368)</u> | <u>105,145,392</u> |
| <i>Less: accumulated depreciation:</i> | | | | |
| Buildings and improvements | (22,683,273) | (2,049,986) | 130,817 | (24,602,442) |
| Equipment | (13,846,534) | (1,012,660) | 6,368 | (14,852,826) |
| Total accumulated depreciation | <u>(36,529,807)</u> | <u>(3,062,646)</u> | <u>137,185</u> | <u>(39,455,268)</u> |
| Governmental activities capital assets, net | <u>\$ 69,716,168</u> | <u>\$ (2,803,662)</u> | <u>\$ (185,323)</u> | <u>\$ 66,727,183</u> |

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 8 - CAPITAL ASSETS – (Continued)

Depreciation expense was charged to governmental functions as follows:

| | |
|---|---------------------|
| <u>Instruction:</u> | |
| Regular | \$ 329,263 |
| Special | 51,281 |
| Adult/continuing | 3,477 |
| <u>Support services:</u> | |
| Pupil | 1,283 |
| Instructional staff | 5,115 |
| Administration | 1,503 |
| Fiscal | 2,197 |
| Business | 1,385 |
| Operations and maintenance | 2,264,693 |
| Pupil transportation | 122,704 |
| Central | 250,395 |
| <u>Operation of non-instructional services:</u> | |
| Food service operations | 18,035 |
| Extracurricular activities | <u>11,315</u> |
| Total depreciation expense | <u>\$ 3,062,646</u> |

NOTE 9 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2013, the following changes occurred in governmental activities long term obligations:

| | Balance Outstanding <u>6/30/12</u> | <u>Additions</u> | <u>Reductions</u> | Balance Outstanding <u>6/30/13</u> | Amounts Due in <u>One Year</u> |
|--------------------------------------|--|-------------------|-----------------------|--|--------------------------------------|
| Construction bonds | \$ 2,930,000 | \$ - | \$ (605,000) | \$ 2,325,000 | \$ 645,000 |
| 2007 refunding bonds: | | | | | |
| 2007 current interest and term bonds | 53,295,000 | - | (15,000) | 53,280,000 | 25,000 |
| Premium on 2007 refunding bonds | 4,021,875 | - | (206,250) | 3,815,625 | - |
| HB 264 energy conservation note | 881,552 | - | (92,814) | 788,738 | 97,316 |
| 2008 HB 264 energy conservation note | <u>406,597</u> | <u>-</u> | <u>(67,766)</u> | <u>338,831</u> | <u>67,766</u> |
| Total bonds and notes | 61,535,024 | - | (986,830) | 60,548,194 | 835,082 |
| Capital leases | <u>1,258,090</u> | <u>-</u> | <u>(252,836)</u> | <u>1,005,254</u> | <u>319,064</u> |
| Total long term debt | 62,793,114 | - | (1,239,666) | 61,553,448 | 1,154,146 |
| Retirement incentive | 2,177,724 | | (1,009,835) | 1,167,889 | 1,043,255 |
| Compensated absences | <u>1,469,999</u> | <u>134,209</u> | <u>(211,166)</u> | <u>1,393,042</u> | <u>219,813</u> |
| Total governmental activities | <u>\$ 66,440,837</u> | <u>\$ 134,209</u> | <u>\$ (2,460,667)</u> | <u>\$ 64,114,379</u> | <u>\$ 2,417,214</u> |

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 9 - LONG-TERM OBLIGATIONS – (Continued)

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.

In March 2004, the District issued \$70,800,000 in bonds that was used on various construction projects throughout the District, mainly the construction of new buildings. The interest rates for the bonds are fixed rates (the rate for each year is disclosed in the bond documents) that change from year-to-year. After the refunding, as described below, the outstanding bonds have a final maturity date of December 1, 2015.

On February 27, 2007, the District issued \$60,621,250 in general obligation bonds with an average interest rate of 5.02% of which \$55,465,000 was used to partially advance refund \$56,975,000 of outstanding construction bonds issued in March 2004. The net proceeds of \$59,855,611 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide all future debt service payment on the construction bonds. As a result, \$56,975,000 of the construction bonds are considered to be defeased and the related liability for those bonds has been removed from the statement of net position. At June 30, 2013, \$56,975,000 of bonds outstanding are considered to be defeased. The bonds issued had a premium of \$5,156,250 and have a final maturity date of December 1, 2031.

The reacquisition price exceeded the net carrying amount of the old debt by \$74,841. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 9 - LONG-TERM OBLIGATIONS – (Continued)

Retirement incentive - During fiscal year 2012, the District offered employees a retirement incentive known as The Employee Severance Plan (the “ESP”). This was a one time offer to full time teachers, administrators and classified staff that will have ten or more years of service with the District and were eligible for full or reduced State retirement benefits as of June 30, 2012. The ESP was not available to those who have retired and were subsequently re-hired by the District or for contracted services employees. Teachers and administrators who elected the ESP will receive \$45,000, plus an amount equivalent to the employee’s applicable contractual sick leave pay. Classified staff who elected the ESP will receive 100% of his or her fiscal year 2012 base salary, not to exceed \$20,000, plus an amount equivalent to the employee’s applicable contractual sick leave pay. A total of 6 employees elected the ESP for a total liability in fiscal year 2012 of \$2,177,724. Of the remaining \$1,167,889 at June 30, 2013, \$1,043,255 is due within one year and \$124,634 is due in more than one year. The total liability is recorded on the governmental activities statement of net position as a component of “long-term liabilities”.

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

| Fiscal Year Ending June 30, | <u>General Obligation Bonds and Notes</u> | | |
|--------------------------------|---|----------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2014 | \$ 835,082 | \$ 2,794,346 | \$ 3,629,428 |
| 2015 | 894,802 | 2,756,515 | 3,651,317 |
| 2016 | 1,169,751 | 2,716,850 | 3,886,601 |
| 2017 | 1,239,939 | 2,648,744 | 3,888,683 |
| 2018 | 1,325,379 | 2,591,118 | 3,916,497 |
| 2019 - 2023 | 11,922,616 | 11,511,120 | 23,433,736 |
| 2024 - 2028 | 18,195,000 | 7,960,635 | 26,155,635 |
| 2029 - 2032 | 21,150,000 | 2,340,713 | 23,490,713 |
| Total | <u>\$ 56,732,569</u> | <u>\$ 35,320,041</u> | <u>\$ 92,052,610</u> |

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 9 - LONG-TERM OBLIGATIONS – (Continued)

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2013, are a voted debt margin of \$8,060,022 and an unvoted debt margin of \$716,284.

NOTE 10 - CAPITAL LEASES

The District, in prior years, has entered into capital leases for computers.

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

Equipment, from all prior leases, in the amount of \$2,249,676 has not been capitalized since the assets do not individually meet the District's capitalization threshold. The remaining capital lease obligation of \$1,005,254 has not been included in the calculation of "net investment in capital assets". 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>Governmental Activities</u> |
|------------------------------------|------------------------------------|
| 2014 | \$360,000 |
| 2015 | 359,910 |
| 2016 | <u>359,910</u> |
| Total minimum lease payments | 1,079,820 |
| Less: amount representing interest | <u>(74,566)</u> |
| Total | <u>\$1,005,254</u> |

*MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY, OHIO*

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 11 - RISK MANAGEMENT

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

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

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 12 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor 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 website, www.ohsers.org, under "Media/Financial Reports".

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 2013, 13.1 percent and 0.16 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. 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 and death benefits to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 were \$489,893, \$756,899, and \$993,773 respectively; 88.20 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. The remaining pension liability is presented as a component of "intergovernmental payable" on the basic financial statements.

B. State Teachers Retirement System of Ohio

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org, under "Publications".

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 12 - PENSION PLANS - (Continued)

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

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

Funding Policy - For fiscal year 2013, 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.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012, and 2011 were \$4,121,051, \$4,580,597, and \$4,680,048, respectively; 84.34 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. The remaining pension liability is presented as a component of "intergovernmental payable" on the basic financial statements. Contributions to the DC and Combined Plans for fiscal year 2013 were \$137,900 made by the District and \$98,501 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by SERS/STRS Ohio have an option to choose Social Security or SERS/STRS Ohio. As of June 30, 2013, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 13 - 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, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2013 was \$104.90 per month for most participants but could be as high as \$335.70 per month depending on income. SERS' reimbursement to retirees was \$45.50. 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 Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS website, www.ohsers.org, under "*Media/Financial Reports*".

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 2013, 0.16 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the actuarially determined amount was \$20,525. The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012, and 2011 were \$133,496, \$162,455, and \$256,125, respectively; 88.20 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. The remaining health care liability is presented as a component of "intergovernmental payable" on the basic financial statements.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$27,673, \$40,548, and \$63,952, respectively; 88.20 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. The remaining Medicare Part B liability is presented as a component of "intergovernmental payable" on the basic financial statements.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, 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, 2013, 2012, and 2011 were \$317,004, \$325,043, and \$360,004, respectively; 84.34 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. The remaining health care liability is presented as a component of "intergovernmental payable" on the basic financial statements.

*MIDDLETOWN CITY SCHOOL DISTRICT
BUTLER COUNTY, OHIO*

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 14 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2013.

B. Litigation

The District is not party to legal proceedings.

NOTE 15 - SET-ASIDES

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 15 - SET-ASIDES - (Continued)

| | <u>Improvements</u> |
|---|---------------------|
| Set-aside balance June 30, 2012 | \$ - |
| Current year set-aside requirement | 1,075,189 |
| Current year qualifying expenditures | (868,317) |
| Current year offset for bond proceeds carryover | <u>(281,975)</u> |
| Total | <u>\$ (75,103)</u> |
| Balance carried forward to fiscal year 2014 | <u>\$ -</u> |
| Set-aside balance June 30, 2013 | <u>\$ -</u> |

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

A schedule of the governmental fund restricted assets at June 30, 2013 follows:

| | |
|--|-----------|
| Amount restricted for school bus purchases | \$ 24,610 |
|--|-----------|

NOTE 16 - OTHER COMMITMENTS

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

| <u>Fund</u> | <u>Year-End Encumbrances</u> |
|-----------------------------|----------------------------------|
| General fund | \$738,081 |
| Nonmajor governmental funds | <u>2,242,691</u> |
| Total | <u>\$2,980,772</u> |

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 17 - FUND BALANCE ALLOCATION

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

| Fund Balances: | General | Bond Retirement | Non-Major Funds |
|----------------------------|----------------------|--------------------|--------------------|
| Nonspendable: | | | |
| Inventory | \$0 | \$0 | \$48,607 |
| Restricted for: | | | |
| State Mandates | 24,610 | 0 | 0 |
| Debt Service | 0 | 1,332,329 | 0 |
| Capital Improvements | 0 | 0 | 187,928 |
| Food Service | 0 | 0 | 70,702 |
| District Activities | 0 | 0 | 31,879 |
| Auxiliary Services | 0 | 0 | 52,979 |
| Grants | 0 | 0 | 536,601 |
| Committed for: | | | |
| Capital Improvements | 0 | 0 | 8,463 |
| Assigned to: | | | |
| Neediest Kids of All | 503 | 0 | 0 |
| Public School Support | 66,925 | 0 | 0 |
| Encumbrances | 319,263 | 0 | 0 |
| Unassigned | (3,932,766) | 0 | (245) |
| Total Fund Balances | (\$3,521,465) | \$1,332,329 | \$936,914 |

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

NOTE 18 – PRIOR PERIOD ADJUSTMENT

The District implemented GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*; and GASB 65, *Items Previously Reported as Assets and Liabilities*, during the fiscal year. The implementation of GASB 63 had no financial statement impact. The implementation of GASB 65 removed the issuance cost reported on the statement of net position as those items, other than prepaid insurance, are considered current period costs.

| | |
|--|----------------------------------|
| Net Position at 6/30/12 as previously reported | Governmental- Type Activities |
| Implementation of GASB Pronouncements | \$9,205,967 |
| Restated Net Position at 6/30/12 | (597,198) |
| | <u>\$8,608,769</u> |

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
General Fund
For the Fiscal Year Ended June 30, 2013

| | General Fund | | | Variance with Final Budget Positive (Negative) |
|---|--------------------|-------------------|-------------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Property and Other Local Taxes | \$27,203,677 | \$27,846,730 | \$27,846,730 | \$0 |
| Intergovernmental | 36,570,005 | 36,709,804 | 36,709,804 | 0 |
| Interest | 7,000 | 600 | 600 | 0 |
| Tuition and Fees | 658,100 | 475,940 | 475,940 | 0 |
| Rent | 10,000 | 21,015 | 21,015 | 0 |
| Extracurricular Activities | 4,350 | 25,377 | 25,377 | 0 |
| Gifts and Donations | 500 | 525 | 525 | 0 |
| Customers Sales and Services | 106,300 | 164,167 | 164,167 | 0 |
| Revenue in Lieu of Taxes | 150,000 | 444,506 | 444,506 | 0 |
| Miscellaneous | 238,900 | 57,229 | 57,229 | 0 |
| Total Revenues | 64,948,832 | 65,745,893 | 65,745,893 | 0 |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 25,667,041 | 26,410,064 | 26,410,064 | 0 |
| Special | 7,361,107 | 7,418,991 | 7,418,991 | 0 |
| Adult | 61,217 | 61,650 | 61,650 | 0 |
| Community School | 6,000,000 | 5,957,573 | 5,957,573 | 0 |
| Other | 4,465,306 | 5,261,468 | 5,261,468 | 0 |
| Support Services: | | | | |
| Pupils | 4,033,855 | 4,159,741 | 4,159,741 | 0 |
| Instructional Staff | 286,677 | 1,229,728 | 1,229,728 | 0 |
| Board of Education | 52,765 | 48,161 | 48,161 | 0 |
| Administration | 4,386,070 | 3,938,650 | 3,938,650 | 0 |
| Fiscal | 739,460 | 723,122 | 723,122 | 0 |
| Business | 330,504 | 278,971 | 278,971 | 0 |
| Operation and Maintenance of Plant | 5,617,884 | 4,991,385 | 5,287,748 | (296,363) |
| Pupil Transportation | 3,255,235 | 3,543,268 | 3,543,268 | 0 |
| Central | 1,181,123 | 2,194,208 | 2,194,208 | 0 |
| Extracurricular Activities | 75,325 | 72,453 | 72,453 | 0 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 160,580 | 160,580 | 0 |
| Interest and Fiscal Charges | 0 | 59,326 | 59,326 | 0 |
| Total Expenditures | 63,513,569 | 66,509,339 | 66,805,702 | (296,363) |
| Excess of Revenues over (Under) Expenditures | 1,435,263 | (763,446) | (1,059,809) | (296,363) |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Transfers In | 0 | 594,150 | 594,150 | 0 |
| Advances In | 0 | 2,113,895 | 2,113,895 | 0 |
| Refund of Prior Year Receipts | 0 | (88) | (88) | 0 |
| Proceeds from Sale of Capital Assets | 10,000 | 480 | 480 | 0 |
| Refund of Prior Year Expenditures | 0 | 288,837 | 448,047 | 159,210 |
| Advances Out | 0 | (1,715,038) | (1,715,038) | 0 |
| Transfers Out | 0 | (1,199,084) | (1,199,084) | 0 |
| Total Other Financing Sources (Uses) | 10,000 | 83,152 | 242,362 | 159,210 |
| Net Change in Fund Balance | 1,445,263 | (680,294) | (817,447) | (137,153) |
| Fund Balances at Beginning of Year | 1,160,859 | 1,160,859 | 1,160,859 | 0 |
| Prior Year Encumbrances Appropriated | 441,728 | 441,728 | 441,728 | 0 |
| Fund Balances at End of Year | \$3,047,850 | \$922,293 | \$785,140 | (\$137,153) |

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, 2013**

NOTE 1 – BUDGETARY PROCESS

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

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

Tax Budget:

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

Estimated Resources:

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

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 – BUDGETARY PROCESS – (Continued)

Appropriations:

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

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

Encumbrances:

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

Lapsing of Appropriations:

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

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

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 – BUDGETARY PROCESS – (Continued)

The Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budget Basis) – General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

| | |
|-------------------------|-----------------|
| | General Fund |
| GAAP Basis | \$631,380 |
| Adjustments: | |
| Revenue Accruals | (320,214) |
| Expenditure Accruals | (804,435) |
| Fund budgeted elsewhere | 15,046 |
| Advances | 398,857 |
| Encumbrances | (738,081) |
| Budget Basis | (\$817,447) |

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

MAJOR FUNDS

**General
Fund**

The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio. A budgetary schedule for the general fund is presented as part of the required supplementary information. The level of detail presented in that schedule is greater than the legal level of budgetary control; therefore, a separate additional schedule is not presented.

Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis):

Spotlight and Neediest Kids

To account for all revenues and expenditures related to the Spotlight and Neediest Kids program.

Uniform School Supply

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

Special Rotary

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

Adult Education

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

Public School Support

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

OTHER MAJOR FUND

Debt Service

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

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013

| | Spotlight and Neediest Kids Fund | | | Variance with Final Budget Positive (Negative) |
|---|----------------------------------|----------------|----------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Gifts and Donations | \$600 | \$1,000 | \$500 | (\$500) |
| Miscellaneous | 1,350 | 750 | 750 | 0 |
| Total Revenues | 1,950 | 1,750 | 1,250 | (500) |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Support Services: | | | | |
| Pupils | 1,200 | 866 | 866 | 0 |
| Total Expenditures | 1,200 | 866 | 866 | 0 |
| Net Change in Fund Balance | 750 | 884 | 384 | (500) |
| Fund Balances at Beginning of Year | 2,794 | 2,794 | 2,794 | 0 |
| Fund Balances at End of Year | \$3,544 | \$3,678 | \$3,178 | (\$500) |

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013

| | Uniform School Supply Fund | | | Variance with Final Budget Positive (Negative) |
|---|----------------------------|-----------|-----------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Tuition and Fees | \$19,200 | \$400,030 | \$91,406 | (\$308,624) |
| Total Revenues | 19,200 | 400,030 | 91,406 | (308,624) |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 100,027 | 96,307 | 91,406 | 4,901 |
| Total Expenditures | 100,027 | 96,307 | 91,406 | 4,901 |
| Excess of Revenues Over (Under) Expenditures | (80,827) | 303,723 | 0 | (303,723) |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Transfers In | 55,800 | 0 | 0 | 0 |
| Advances In | 0 | 713,360 | 713,360 | 0 |
| Advances Out | (300,000) | (713,360) | (713,360) | 0 |
| Total Other Financing Sources (Uses) | (244,200) | 0 | 0 | 0 |
| Net Change in Fund Balance | (325,027) | 303,723 | 0 | (303,723) |
| Fund Balances (Deficit) at Beginning of Year | (27) | (27) | (27) | 0 |
| Prior Year Encumbrances Appropriated | 27 | 27 | 27 | 0 |
| Fund Balances (Deficit) at End of Year | (\$325,027) | \$303,723 | \$0 | (\$303,723) |

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013

| | Special Rotary Fund | | | Variance with Final Budget Positive (Negative) |
|------------------------------------|---------------------|---------|---------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Extracurricular Activities | \$0 | \$823 | \$235 | (\$588) |
| Gifts and Donations | 0 | 112 | 112 | 0 |
| Total Revenues | 0 | 935 | 347 | (588) |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 2,700 | 4,129 | 1,028 | 3,101 |
| Total Expenditures | 2,700 | 4,129 | 1,028 | 3,101 |
| Net Change in Fund Balance | (2,700) | (3,194) | (681) | 2,513 |
| Fund Balances at Beginning of Year | 3,195 | 3,195 | 3,195 | 0 |
| Fund Balances at End of Year | \$495 | \$1 | \$2,514 | \$2,513 |

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013

| | Adult Education Fund | | | Variance with Final Budget Positive (Negative) |
|---|----------------------|-----------------|-----------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$0 | \$29,025 | \$29,025 | \$0 |
| Tuition and Fees | 0 | 612 | 612 | 0 |
| Gifts and Donations | 0 | 1,640 | 1,640 | 0 |
| Miscellaneous | 0 | 4,752 | 4,752 | 0 |
| Total Revenues | 0 | 36,029 | 36,029 | 0 |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Adult | 20,108 | 47,249 | 33,488 | 13,761 |
| Operation of Non- Instructional Services | 0 | 229 | 229 | 0 |
| Total Expenditures | 20,108 | 47,478 | 33,717 | 13,761 |
| Net Change in Fund Balance | (20,108) | (11,449) | 2,312 | 13,761 |
| Fund Balances at Beginning of Year | 11,370 | 11,370 | 11,370 | 0 |
| Prior Year Encumbrances Appropriated | 108 | 108 | 108 | 0 |
| Fund Balances (Deficit) at End of Year | (\$8,630) | \$29 | \$13,790 | \$13,761 |

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013

| | Public School Support Fund | | | Variance with Final Budget Positive (Negative) |
|---|----------------------------|-----------------|-----------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Tuition and Fees | \$127,250 | \$65,702 | \$5,109 | (\$60,593) |
| Extracurricular Activities | 40,300 | 33,137 | 33,137 | 0 |
| Gifts and Donations | 5,900 | 7,940 | 7,940 | 0 |
| Miscellaneous | 26,550 | 36,472 | 36,472 | 0 |
| Total Revenues | 200,000 | 143,251 | 82,658 | (60,593) |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Support Services: | | | | |
| Pupils | 159,682 | 211,682 | 92,534 | 119,148 |
| Total Expenditures | 159,682 | 211,682 | 92,534 | 119,148 |
| Excess of Revenues Over (Under) Expenditures | 40,318 | (68,431) | (9,876) | 58,555 |
| <u>Other Financing Uses:</u> | | | | |
| Refund of Prior Year Receipts | 0 | (1,000) | (1,000) | 0 |
| Total Other Financing Uses | 0 | (1,000) | (1,000) | 0 |
| Net Change in Fund Balance | 40,318 | (69,431) | (10,876) | 58,555 |
| Fund Balances at Beginning of Year | 61,541 | 61,541 | 61,541 | 0 |
| Prior Year Encumbrances Appropriated | 9,682 | 9,682 | 9,682 | 0 |
| Fund Balances at End of Year | \$111,541 | \$1,792 | \$60,347 | \$58,555 |

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Major Bond Retirement Fund
For the Fiscal Year Ended June 30, 2013

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|------------------------------------|---------------------------|-------------------------|---------------------------|---|
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Property and Other Local Taxes | \$4,043,175 | \$3,035,186 | \$3,024,513 | (\$10,673) |
| Intergovernmental | 581,184 | 412,905 | 412,905 | 0 |
| Total Revenues | <u>4,624,359</u> | <u>3,448,091</u> | <u>3,437,418</u> | <u>(10,673)</u> |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Support Services: | | | | |
| Fiscal | 2,800 | 2,800 | 2,800 | 0 |
| Central | 56,500 | 56,500 | 56,706 | (206) |
| Debt Service: | | | | |
| Principal Retirement | 1,400,000 | 1,400,000 | 620,000 | 780,000 |
| Interest and Fiscal Charges | <u>2,797,500</u> | <u>2,797,500</u> | <u>2,755,279</u> | <u>42,221</u> |
| Total Expenditures | <u>4,256,800</u> | <u>4,256,800</u> | <u>3,434,785</u> | <u>822,015</u> |
| Net Change in Fund Balance | 367,559 | (808,709) | 2,633 | 811,342 |
| Fund Balances at Beginning of Year | <u>1,162,364</u> | <u>1,162,364</u> | <u>1,162,364</u> | <u>0</u> |
| Fund Balances at End of Year | <u><u>\$1,529,923</u></u> | <u><u>\$353,655</u></u> | <u><u>\$1,164,997</u></u> | <u><u>\$811,342</u></u> |

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

Fund Descriptions

Special Revenue Funds

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

Nonmajor Special Revenue Funds

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

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

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

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

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

Early Entry Grant – This fund helps to implement the entry-year programs.

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

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

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

Middletown City School District
Butler County, Ohio

Fund Descriptions
Nonmajor Special Revenue Funds (continued)

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

Education Jobs Grant – This fund provides compensation and benefits and other expenses, such as support services, necessary to retain existing employees, to recall or rehire former employees, and to hire new employees, in order to provide early childhood, elementary or secondary educational and related services. The School District did not budget this fund.

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

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

Title II-D Grant – This fund accounts for federal grants specific to the special education program D of the Title II grant.

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

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

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

Title V Grant – This fund assists the School in the reform of elementary and secondary education.

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

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

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

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

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

Capital Projects Funds

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

Nonmajor Capital Projects Fund

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

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

Middletown City School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2013

| | Nonmajor Special Revenue Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|---|---|--|--|
| <u>Assets:</u> | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 1,177,788 | \$ 286,785 | \$ 1,464,573 |
| Receivables: | | | |
| Property and Other Taxes | - | 147,445 | 147,445 |
| Accounts | 1,507 | - | 1,507 |
| Intergovernmental | 643,340 | - | 643,340 |
| Materials and Supplies Inventory | 48,607 | - | 48,607 |
| Total Assets | 1,871,242 | 434,230 | 2,305,472 |
| <u>Liabilities, Deferred Inflows and Fund Balances</u> | | | |
| <u>Liabilities:</u> | | | |
| Payables: | | | |
| Accounts | 168,795 | 98,857 | 267,652 |
| Retainage | 358,044 | - | 358,044 |
| Intergovernmental | 180,113 | - | 180,113 |
| Salaries and Employee Benefits | 423,767 | - | 423,767 |
| Total Liabilities | 1,130,719 | 98,857 | 1,229,576 |
| <u>Deferred Inflows of Resources:</u> | | | |
| Property Taxes | - | 138,982 | 138,982 |
| Total Deferred Inflows of Resources | - | 138,982 | 138,982 |
| <u>Fund Balances:</u> | | | |
| Nonspendable | 48,607 | - | 48,607 |
| Restricted | 692,161 | 187,928 | 880,089 |
| Committed | - | 8,463 | 8,463 |
| Unassigned (Deficit) | (245) | - | (245) |
| Total Fund Balances | 740,523 | 196,391 | 936,914 |
| Total Liabilities, Deferred Inflows and Fund Balances | \$ 1,871,242 | \$ 434,230 | \$ 2,305,472 |

Middletown City School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

| | Nonmajor Special Revenue Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|---|---|--|--|
| Revenues: | | | |
| Property and Other Taxes | \$ - | \$ 153,940 | \$ 153,940 |
| Intergovernmental | 10,903,412 | 20,863 | 10,924,275 |
| Charges for Services | 486,520 | - | 486,520 |
| Interest | 671 | 529 | 1,200 |
| Gifts and Donations | 36,239 | - | 36,239 |
| Extracurricular Activities | 174,617 | - | 174,617 |
| Miscellaneous | 8,340 | - | 8,340 |
| | <hr/> | <hr/> | <hr/> |
| Total Revenues | 11,609,799 | 175,332 | 11,785,131 |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 489,215 | 495,985 | 985,200 |
| Special | 1,735,461 | 845 | 1,736,306 |
| Adult/Continuing | 333,449 | - | 333,449 |
| Other | 1,685 | - | 1,685 |
| Support Services: | | | |
| Pupils | 362,995 | - | 362,995 |
| Instructional Staff | 3,022,675 | - | 3,022,675 |
| Administration | 648,419 | 21,950 | 670,369 |
| Fiscal | - | 467 | 467 |
| Operation and Maintenance of Plant | 380,624 | 338,802 | 719,426 |
| Pupil Transportation | 85,918 | - | 85,918 |
| Central | 24,214 | 100,402 | 124,616 |
| Operation of Non-Instructional Services | 4,518,501 | - | 4,518,501 |
| Extracurricular Activities | 841,218 | - | 841,218 |
| Capital Outlay | - | 8,723 | 8,723 |
| | <hr/> | <hr/> | <hr/> |
| Total Expenditures | 12,444,374 | 967,174 | 13,411,548 |
| Excess of Revenues | | | |
| Under Expenditures | (834,575) | (791,842) | (1,626,417) |
| Other Financing Sources | | | |
| Transfers - In | 604,934 | - | 604,934 |
| | <hr/> | <hr/> | <hr/> |
| Total Other Financing Sources | 604,934 | - | 604,934 |
| Net Change in Fund Balances | (229,641) | (791,842) | (1,021,483) |
| Fund Balances - beginning | 970,164 | 988,233 | 1,958,397 |
| Fund Balances - ending | <u>\$ 740,523</u> | <u>\$ 196,391</u> | <u>\$ 936,914</u> |

**Middletown City School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2013**

| | Food Service | Other Grant | District Managed Activities | Auxiliary Services | Alternative Schools |
|--|-------------------|------------------|-----------------------------------|-----------------------|------------------------|
| Assets: | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 480,198 | \$ 55,027 | \$ 50,903 | \$ 143,482 | \$ 13,993 |
| Receivables: | | | | | |
| Accounts | 41 | - | - | - | - |
| Intergovernmental | - | 38 | 2,286 | 1,784 | 13,748 |
| Materials and Supplies Inventory | 48,607 | - | - | - | - |
| Total Assets | 528,846 | 55,065 | 53,189 | 145,266 | 27,741 |
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Payables: | | | | | |
| Accounts | 76 | 2,571 | 1,250 | 36,446 | 900 |
| Contracts | 358,044 | - | - | - | - |
| Intergovernmental | 51,417 | 1,083 | 19,319 | 10,843 | 968 |
| Salaries and Employee Benefits | - | - | 741 | 44,998 | 20,142 |
| Total Liabilities | 409,537 | 3,654 | 21,310 | 92,287 | 22,010 |
| Fund Balances: | | | | | |
| Nonspendable | 48,607 | - | - | - | - |
| Restricted | 70,702 | 51,411 | 31,879 | 52,979 | 5,731 |
| Unassigned | - | - | - | - | - |
| Total Fund Balances (Deficit) | 119,309 | 51,411 | 31,879 | 52,979 | 5,731 |
| Total Liabilities and Fund Balances | \$ 528,846 | \$ 55,065 | \$ 53,189 | \$ 145,266 | \$ 27,741 |

**Middletown City School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2013**

| Miscellaneous State Grants | Adult Basic Education | Race to the Top Grant | Title VI-B Grant | School Improvement Grant | Title III Grant |
|----------------------------------|-----------------------------|--------------------------|---------------------|--------------------------------|--------------------|
| \$ 35,793 | \$ 27,495 | \$ 16,715 | \$ 125,307 | \$ 8,359 | \$ 4,044 |
| - | - | - | - | - | - |
| - | 123,947 | 83,958 | 151,250 | - | 4,939 |
| - | - | - | - | - | - |
| <u>35,793</u> | <u>151,442</u> | <u>100,673</u> | <u>276,557</u> | <u>8,359</u> | <u>8,983</u> |
| - | 107,327 | - | 2,190 | - | - |
| - | - | - | - | - | - |
| 164 | 4,851 | 2,547 | 49,022 | 363 | 2,499 |
| - | 16,381 | 38,828 | 143,632 | - | 6,729 |
| <u>164</u> | <u>128,559</u> | <u>41,375</u> | <u>194,844</u> | <u>363</u> | <u>9,228</u> |
| - | - | - | - | - | - |
| 35,629 | 22,883 | 59,298 | 81,713 | 7,996 | - |
| - | - | - | - | - | (245) |
| <u>35,629</u> | <u>22,883</u> | <u>59,298</u> | <u>81,713</u> | <u>7,996</u> | <u>(245)</u> |
| <u>\$ 35,793</u> | <u>\$ 151,442</u> | <u>\$ 100,673</u> | <u>\$ 276,557</u> | <u>\$ 8,359</u> | <u>\$ 8,983</u> |

(continued)

Middletown City School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Special Revenue Funds
June 30, 2013
(Continued)

| | Title I Grant | EHA Preschool Grant | Improving Teacher Quality | Miscellaneous Federal Grants | Total Nonmajor Special Revenue Funds |
|--|-------------------|---------------------------|---------------------------------|------------------------------------|---|
| Assets: | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 179,024 | \$ 1 | \$ 13,131 | \$ 24,316 | \$ 1,177,788 |
| Receivables: | | | | | |
| Accounts | - | - | 1,466 | - | 1,507 |
| Intergovernmental | 197,041 | - | 64,349 | - | 643,340 |
| Materials and Supplies Inventory | - | - | - | - | 48,607 |
| Total Assets | 376,065 | 1 | 78,946 | 24,316 | 1,871,242 |
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Payables: | | | | | |
| Accounts | 9,716 | - | 8,319 | - | 168,795 |
| Contracts | - | - | - | - | 358,044 |
| Intergovernmental | 29,929 | - | 7,108 | - | 180,113 |
| Salaries and Employee Benefits | 138,394 | - | 13,922 | - | 423,767 |
| Total Liabilities | 178,039 | - | 29,349 | - | 1,130,719 |
| Fund Balances: | | | | | |
| Nonspendable | - | - | - | - | 48,607 |
| Restricted | 198,026 | 1 | 49,597 | 24,316 | 692,161 |
| Unassigned | - | - | - | - | (245) |
| Total Fund Balances (Deficit) | 198,026 | 1 | 49,597 | 24,316 | 740,523 |
| Total Liabilities and Fund Balances | \$ 376,065 | \$ 1 | \$ 78,946 | \$ 24,316 | \$ 1,871,242 |

This page intentionally left blank

Middletown City School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2013

| | Food Service | Other Grant | District Managed Activities | Auxiliary Services | Public Preschool Grant |
|--|-------------------|------------------|-----------------------------------|-----------------------|------------------------------|
| Revenues: | | | | | |
| Intergovernmental | \$ 3,220,490 | \$ 38,028 | \$ - | \$ 639,485 | \$ 120,000 |
| Charges for Services | 486,520 | - | - | - | - |
| Interest | 506 | - | - | 165 | - |
| Gifts and Donations | - | 23,542 | 12,697 | - | - |
| Extracurricular Activities | - | 261 | 174,356 | - | - |
| Miscellaneous | - | 3,800 | 4,538 | - | - |
| Total Revenues | 3,707,516 | 65,631 | 191,591 | 639,650 | 120,000 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | - | 90,159 | - | - | 120,000 |
| Special | - | - | - | - | - |
| Adult/Continuing | - | - | - | - | - |
| Other | - | - | - | - | - |
| Support Services: | | | | | |
| Pupils | - | - | - | - | - |
| Instructional Staff | - | 7,217 | - | - | - |
| Administration | - | - | - | - | - |
| Operation and Maintenance of Plant | 380,624 | - | - | - | - |
| Pupil Transportation | 267 | - | - | - | - |
| Central | 1,572 | 4,642 | - | - | - |
| Operation of Non-Instructional Services | 3,573,246 | 870 | - | 734,153 | - |
| Extracurricular Activities | - | 500 | 840,718 | - | - |
| Total Expenditures | 3,955,709 | 103,388 | 840,718 | 734,153 | 120,000 |
| Excess (deficiency) of Revenues Over (Under) Expenditures | (248,193) | (37,757) | (649,127) | (94,503) | - |
| Other Financing Sources | | | | | |
| Transfers - In | - | - | 604,934 | - | - |
| Total Other Financing Sources | - | - | 604,934 | - | - |
| Net Change in Fund Balances | (248,193) | (37,757) | (44,193) | (94,503) | - |
| Fund Balances (deficit) - beginning | 367,502 | 89,168 | 76,072 | 147,482 | - |
| Fund Balances (deficit) - ending | <u>\$ 119,309</u> | <u>\$ 51,411</u> | <u>\$ 31,879</u> | <u>\$ 52,979</u> | <u>\$ -</u> |

**Middletown City School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2013**

| Entry Year Grant | Data Communications Grant | Alternative Schools | Miscellaneous State Grants | Adult Basic Education | Education Jobs Grant | Race to the Top Grant |
|---------------------|---------------------------------|------------------------|----------------------------------|-----------------------------|----------------------------|--------------------------|
| \$ - | \$ 18,000 | \$ 144,134 | \$ 25,000 | \$ 428,583 | \$ - | \$ 639,851 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | 2 | - |
| - | 18,000 | 144,134 | 25,000 | 428,583 | 2 | 639,851 |
| - | - | 150,135 | - | - | - | 38,465 |
| - | - | - | - | 333,449 | - | - |
| - | - | - | - | - | - | - |
| 320 | - | - | - | 49,260 | - | 56,736 |
| - | - | - | 25,189 | 10,989 | - | 299,078 |
| - | - | - | - | - | - | 174,958 |
| - | - | - | - | - | - | - |
| - | 18,000 | - | - | - | - | - |
| - | - | - | - | 304 | - | - |
| - | - | - | - | - | - | - |
| 320 | 18,000 | 150,135 | 25,189 | 394,002 | - | 569,237 |
| (320) | - | (6,001) | (189) | 34,581 | 2 | 70,614 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| (320) | - | (6,001) | (189) | 34,581 | 2 | 70,614 |
| 320 | - | 11,732 | 35,818 | (11,698) | (2) | (11,316) |
| \$ - | \$ - | \$ 5,731 | \$ 35,629 | \$ 22,883 | \$ - | \$ 59,298 |

(continued)

Middletown City School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2013
(continued)

| | Title VI-B Grant | Title II-D Grant | School Improvement Grant | Title III Grant |
|--|---------------------|---------------------|--------------------------------|--------------------|
| Revenues: | | | | |
| Intergovernmental | \$ 1,663,290 | \$ 758 | \$ 108,697 | \$ 58,172 |
| Charges for Services | - | - | - | - |
| Interest | - | - | - | - |
| Gifts and Donations | - | - | - | - |
| Extracurricular Activities | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | 1,663,290 | 758 | 108,697 | 58,172 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | - | - | - | - |
| Special | 988,750 | - | - | - |
| Adult/Continuing | - | - | - | - |
| Other | 1,685 | - | - | - |
| Support Services: | | | | |
| Pupils | 172,909 | - | - | 57,944 |
| Instructional Staff | 58,332 | - | 101,711 | - |
| Administration | 326,537 | - | - | - |
| Operation and Maintenance of Plant | - | - | - | - |
| Pupil Transportation | 2,261 | - | - | - |
| Central | - | - | - | - |
| Operation of Non-Instructional Services | 62,146 | - | - | - |
| Extracurricular Activities | - | - | - | - |
| Total Expenditures | 1,612,620 | - | 101,711 | 57,944 |
| Excess (deficiency) of Revenues Over (Under) Expenditures | 50,670 | 758 | 6,986 | 228 |
| Other Financing Sources (Uses) | | | | |
| Transfers - In | - | - | - | - |
| Total Other Financing Sources | - | - | - | - |
| Net Change in Fund Balances | 50,670 | 758 | 6,986 | 228 |
| Fund Balances (deficit) - beginning | 31,043 | (758) | 1,010 | (473) |
| Fund Balances (deficit) - ending | \$ 81,713 | \$ - | \$ 7,996 | \$ (245) |

**Middletown City School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2013**

| Title I Grant | Title V Grant | EHA Preschool Grant | Improving Teacher Quality | Miscellaneous Federal Grants | Total Nonmajor Special Revenue Funds |
|-------------------|------------------|---------------------------|---------------------------------|------------------------------------|---|
| \$ 3,162,788 | \$ - | \$ 26,735 | \$ 609,401 | | \$ 10,903,412 |
| - | - | - | - | - | 486,520 |
| - | - | - | - | - | 671 |
| - | - | - | - | - | 36,239 |
| - | - | - | - | - | 174,617 |
| - | - | - | - | - | 8,340 |
| <u>3,162,788</u> | <u>-</u> | <u>26,735</u> | <u>609,401</u> | <u>-</u> | <u>11,609,799</u> |
| 90,424 | - | - | - | 32 | 489,215 |
| 746,711 | - | - | - | - | 1,735,461 |
| - | - | - | - | - | 333,449 |
| - | - | - | - | - | 1,685 |
| - | - | 25,826 | - | - | 362,995 |
| 1,874,637 | 1,732 | - | 643,790 | - | 3,022,675 |
| 146,924 | - | - | - | - | 648,419 |
| - | - | - | - | - | 380,624 |
| 83,390 | - | - | - | - | 85,918 |
| - | - | - | - | - | 24,214 |
| 147,782 | - | - | - | - | 4,518,501 |
| - | - | - | - | - | 841,218 |
| <u>3,089,868</u> | <u>1,732</u> | <u>25,826</u> | <u>643,790</u> | <u>32</u> | <u>12,444,374</u> |
| 72,920 | (1,732) | 909 | (34,389) | (32) | (834,575) |
| - | - | - | - | - | 604,934 |
| - | - | - | - | - | 604,934 |
| 72,920 | (1,732) | 909 | (34,389) | (32) | (229,641) |
| 125,106 | 1,732 | (908) | 83,986 | 24,348 | 970,164 |
| <u>\$ 198,026</u> | <u>\$ -</u> | <u>\$ 1</u> | <u>\$ 49,597</u> | <u>\$ 24,316</u> | <u>\$ 740,523</u> |

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013

| | Food Service Fund | | | Variance with Final Budget Positive (Negative) |
|--|-------------------|------------------|------------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$3,094,400 | \$2,712,815 | \$3,018,820 | \$306,005 |
| Interest | 0 | 506 | 506 | 0 |
| Charges for Services | 505,600 | 486,479 | 486,479 | 0 |
| Total Revenues | 3,600,000 | 3,199,800 | 3,505,805 | 306,005 |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Support Services: | | | | |
| Operation and Maintenance of Plant | 356,956 | 386,471 | 386,471 | 0 |
| Pupil Transportation | 0 | 267 | 267 | 0 |
| Central | 5,895 | 1,572 | 1,572 | 0 |
| Operation of Non-Instructional Services | 2,869,587 | 3,242,012 | 3,073,529 | 168,483 |
| Capital Outlay | 552 | 552 | 552 | 0 |
| Total Expenditures | 3,232,990 | 3,630,874 | 3,462,391 | 168,483 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 3,599,448 | 3,199,248 | 3,505,253 | 474,488 |
| <u>Other Financing Sources:</u> | | | | |
| Refund of Prior Year Expenditures | 0 | 200 | 200 | 0 |
| Total Other Financing Sources | 0 | 200 | 200 | 0 |
| Net Change in Fund Balance | 367,010 | (430,874) | 43,614 | 474,488 |
| Fund Balances at Beginning of Year | 397,884 | 397,884 | 397,884 | 0 |
| Prior Year Encumbrances Appropriated | 32,990 | 32,990 | 32,990 | 0 |
| Fund Balances at End of Year | \$797,884 | \$0 | \$474,488 | \$474,488 |

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013

| | Other Grants | | | Variance with Final Budget Positive (Negative) |
|---|------------------|-----------------|-----------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$78,100 | \$38,028 | \$38,028 | \$0 |
| Extracurricular Activities | 1,000 | 261 | 261 | 0 |
| Gifts and Donations | 6,900 | 23,542 | 23,542 | 0 |
| Miscellaneous | 4,000 | 4,118 | 3,800 | (318) |
| Total Revenues | 90,000 | 65,949 | 65,631 | (318) |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 133,497 | 133,395 | 91,465 | 41,930 |
| Support Services: | | | | |
| Instructional Staff | 10,341 | 10,333 | 7,085 | 3,248 |
| Pupil Transportation | 373 | 373 | 256 | 117 |
| Central | 6,775 | 6,770 | 4,642 | 2,128 |
| Operation of Non- | | | | |
| Instructional Services | 1,270 | 1,269 | 870 | 399 |
| Extracurricular Activities | 730 | 729 | 500 | 229 |
| Total Expenditures | 152,986 | 152,869 | 104,818 | 48,051 |
| Excess of Revenues Over (Under) Expenditures | (62,986) | (86,920) | (39,187) | 47,733 |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Transfers In | 0 | 3,715 | 3,715 | 0 |
| Transfers Out | 0 | (3,715) | (3,715) | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 |
| Net Change in Fund Balance | (62,986) | (86,920) | (39,187) | 47,733 |
| Fund Balances at Beginning of Year | 42,647 | 42,647 | 42,647 | 0 |
| Prior Year Encumbrances Appropriated | 47,987 | 47,987 | 47,987 | 0 |
| Fund Balances at End of Year | \$27,648 | \$3,714 | \$51,447 | \$47,733 |

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013

| | District Managed Activities | | | Variance with Final Budget Positive (Negative) |
|---|-----------------------------|------------------|-----------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Extracurricular Activities | \$254,150 | \$275,615 | \$174,356 | (\$101,259) |
| Gifts and Donations | 8,000 | 12,697 | 12,697 | 0 |
| Miscellaneous | 0 | 4,538 | 4,538 | 0 |
| Total Revenues | 262,150 | 292,850 | 191,591 | (101,259) |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Extracurricular Activities | 900,000 | 887,697 | 875,761 | 11,936 |
| Total Expenditures | 900,000 | 887,697 | 875,761 | 11,936 |
| Excess of Revenues (Under) Expenditures | (637,850) | (594,847) | (684,170) | (89,323) |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Refund of Prior Year Expenditures | 0 | 1,500 | 1,500 | 0 |
| Advances In | 0 | 926,072 | 926,072 | 0 |
| Advances Out | 0 | (926,072) | (926,072) | 0 |
| Transfers In | 82,850 | 1,199,084 | 1,199,084 | 0 |
| Transfers Out | (111,940) | (594,150) | (594,150) | 0 |
| Total Other Financing Sources (Uses) | (29,090) | 606,434 | 606,434 | 0 |
| Net Change in Fund Balance | (666,940) | 11,587 | (77,736) | (89,323) |
| Fund Balances at Beginning of Year | 84,221 | 84,221 | 84,221 | 0 |
| Prior Year Encumbrances Appropriated | 11,941 | 11,941 | 11,941 | 0 |
| Fund Balances (Deficit) at End of Year | (\$570,778) | \$107,749 | \$18,426 | (\$89,323) |

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013

| | Auxiliary Services | | | Variance with Final Budget Positive (Negative) |
|---|--------------------|------------------|------------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$500,000 | \$782,495 | \$639,485 | (\$143,010) |
| Interest | 0 | 165 | 165 | 0 |
| Total Revenues | 500,000 | 782,660 | 639,650 | (143,010) |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Operation of Non- Instructional Services | 794,759 | 985,395 | 840,637 | 144,758 |
| Total Expenditures | 794,759 | 985,395 | 840,637 | 144,758 |
| Excess of Revenues Over (Under) Expenditures | (294,759) | (202,735) | (200,987) | 1,748 |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Transfers In | 0 | 60,624 | 60,624 | 0 |
| Transfers Out | 0 | (60,624) | (60,624) | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 |
| Net Change in Fund Balance | (294,759) | (202,735) | (200,987) | 1,748 |
| Fund Balances at Beginning of Year | 59,347 | 59,347 | 59,347 | 0 |
| Prior Year Encumbrances Appropriated | 144,759 | 144,759 | 144,759 | 0 |
| Fund Balances (Deficit) at End of Year | (\$90,653) | \$1,371 | \$3,119 | \$1,748 |

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013

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

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013

| | Early Entry Grant | | | Variance with Final Budget Positive (Negative) |
|------------------------------------|-------------------|------------|------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Total Revenues | \$0 | \$0 | \$0 | \$0 |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Support Services: | | | | |
| Instructional Staff | 0 | 320 | 320 | 0 |
| Total Expenditures | 0 | 320 | 320 | 0 |
| Net Change in Fund Balance | 0 | (320) | (320) | 0 |
| Fund Balances at Beginning of Year | 320 | 320 | 320 | 0 |
| Fund Balances at End of Year | <u>\$320</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013

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

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013

| | Alternative Education Grant | | | Variance with Final Budget Positive (Negative) |
|--|-----------------------------|-----------------------|-------------------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$135,482 | \$190,983 | \$156,952 | (\$34,031) |
| Total Revenues | <u>135,482</u> | <u>190,983</u> | <u>156,952</u> | <u>(34,031)</u> |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 152,339 | 193,226 | 170,919 | 22,307 |
| Support Services: | | | | |
| Instructional Staff | <u>5,450</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Expenditures | <u>157,789</u> | <u>193,226</u> | <u>170,919</u> | <u>22,307</u> |
| Net Change in Fund Balance | (22,307) | (2,243) | (13,967) | (11,724) |
| Fund Balances at Beginning of Year | (18,188) | (18,188) | (18,188) | 0 |
| Prior Year Encumbrances Appropriated | <u>22,307</u> | <u>22,307</u> | <u>22,307</u> | <u>0</u> |
| Fund Balances (Deficit) at End of Year | <u><u>(\$18,188)</u></u> | <u><u>\$1,876</u></u> | <u><u>(\$9,848)</u></u> | <u><u>(\$11,724)</u></u> |

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013

| | Miscellaneous State Grants | | | Variance with Final Budget Positive (Negative) |
|--------------------------------------|----------------------------|----------|----------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$25,000 | \$25,000 | \$25,000 | \$0 |
| Total Revenues | 25,000 | 25,000 | 25,000 | 0 |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Support Services: | | | | |
| Instructional Staff | 60,193 | 60,986 | 25,193 | 35,793 |
| Total Expenditures | 60,193 | 60,986 | 25,193 | 35,793 |
| Net Change in Fund Balance | (35,193) | (35,986) | (193) | 35,793 |
| Fund Balances at Beginning of Year | 35,793 | 35,793 | 35,793 | 0 |
| Prior Year Encumbrances Appropriated | 193 | 193 | 193 | 0 |
| Fund Balances at End of Year | \$793 | \$0 | \$35,793 | \$35,793 |

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013

| | Adult Basic Education | | | Variance with Final Budget Positive (Negative) |
|---|-----------------------|--------------|--------------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$403,013 | \$495,455 | \$350,507 | (\$144,948) |
| Total Revenues | 403,013 | 495,455 | 350,507 | (144,948) |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Adult/Continuing | 334,189 | 407,547 | 384,753 | 22,794 |
| Support Services: | | | | |
| Instructional Staff | 50,000 | 51,708 | 51,708 | 0 |
| Administration | 11,000 | 10,989 | 10,989 | 0 |
| Instructional Services | 1,000 | 780 | 780 | 0 |
| Total Expenditures | 396,189 | 471,024 | 448,230 | 22,794 |
| Excess of Revenues Over (Under) Expenditures | 6,824 | 24,431 | (97,723) | (122,154) |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Advances Out | 0 | (24,025) | (24,025) | 0 |
| Transfers In | 0 | 10,529 | 10,529 | 0 |
| Transfers Out | 0 | (10,529) | (10,529) | 0 |
| Total Other Financing Sources (Uses) | 0 | (24,025) | (24,025) | 0 |
| Net Change in Fund Balance | 6,824 | 406 | (121,748) | (122,154) |
| Fund Balances (Deficit) at Beginning of Year | (22,801) | (22,801) | (22,801) | 0 |
| Prior Year Encumbrances Appropriated | 22,801 | 22,801 | 22,801 | 0 |
| Fund Balances (Deficit) at End of Year | <u>\$6,824</u> | <u>\$406</u> | <u>(\$121,748)</u> | <u>(\$122,154)</u> |

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013

| | Education JOBS Grant | | | Variance with Final Budget Positive (Negative) |
|--|----------------------|----------------|------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$0 | \$326,554 | \$118,425 | (\$208,129) |
| Total Revenues | 0 | 326,554 | 118,425 | (208,129) |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 411,766 | 411,766 | 205,883 | 205,883 |
| Total Expenditures | 411,766 | 411,766 | 205,883 | 205,883 |
| Net Change in Fund Balance | (411,766) | (85,212) | (87,458) | (2,246) |
| Fund Balances (Deficit) at Beginning of Year | (118,425) | (118,425) | (118,425) | 0 |
| Prior Year Encumbrances Appropriated | 205,883 | 205,883 | 205,883 | 0 |
| Fund Balances (Deficit) at End of Year | <u>(\$324,308)</u> | <u>\$2,246</u> | <u>\$0</u> | <u>(\$2,246)</u> |

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013

| | Race to the Top Grant | | | Variance with Final Budget Positive (Negative) |
|--|-----------------------|-------------|-------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$609,540 | \$1,097,491 | \$564,557 | (\$532,934) |
| Total Revenues | 609,540 | 1,097,491 | 564,557 | (532,934) |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 642,059 | 102,798 | 72,798 | 30,000 |
| Support Services: | | | | |
| Pupils | 0 | 76,754 | 56,754 | 20,000 |
| Instructional Staff | 24,566 | 699,316 | 624,061 | 75,255 |
| Administration | 0 | 247,164 | 177,164 | 70,000 |
| Total Expenditures | 666,625 | 1,126,032 | 930,777 | 195,255 |
| Net Change in Fund Balance | (57,085) | (28,541) | (366,220) | (337,679) |
| Fund Balances (Deficit) at Beginning of Year | (37,066) | (37,066) | (37,066) | 0 |
| Prior Year Encumbrances Appropriated | 66,625 | 66,625 | 66,625 | 0 |
| Fund Balances (Deficit) at End of Year | (\$27,526) | \$1,018 | (\$336,661) | (\$337,679) |

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013

| | Title VI-B Grant | | | Variance with Final Budget Positive (Negative) |
|---|------------------|------------------|--------------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$2,091,723 | \$2,275,010 | \$1,686,904 | (\$588,106) |
| Total Revenues | <u>2,091,723</u> | <u>2,275,010</u> | <u>1,686,904</u> | <u>(588,106)</u> |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Special | 1,289,705 | 1,430,566 | 1,173,682 | 256,884 |
| Support Services: | | | | |
| Pupils | 66,738 | 300,835 | 246,815 | 54,020 |
| Instructional Staff | 122,785 | 95,734 | 78,543 | 17,191 |
| Administration | 358,226 | 400,483 | 328,569 | 71,914 |
| Pupil Transportation | 0 | 2,756 | 2,261 | 495 |
| Operation of Non- Instructional Services | <u>83,512</u> | <u>111,755</u> | <u>91,687</u> | <u>20,068</u> |
| Total Expenditures | <u>1,920,966</u> | <u>2,342,129</u> | <u>1,921,557</u> | <u>420,572</u> |
| Excess of Revenues Over (Under) Expenditures | 170,757 | (67,119) | (234,653) | (167,534) |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Refund of Prior Year Expenditures | 0 | 2,201 | 2,201 | 0 |
| Transfers In | 0 | 88,020 | 88,020 | 0 |
| Transfers Out | <u>(64,599)</u> | <u>(88,020)</u> | <u>(88,020)</u> | <u>0</u> |
| Total Other Financing Sources (Uses) | <u>(64,599)</u> | <u>2,201</u> | <u>2,201</u> | <u>0</u> |
| Net Change in Fund Balance | 106,158 | (64,918) | (232,452) | (167,534) |
| Fund Balances (Deficit) at Beginning of Year | (151,704) | (151,704) | (151,704) | 0 |
| Prior Year Encumbrances Appropriated | <u>222,968</u> | <u>222,968</u> | <u>222,968</u> | <u>0</u> |
| Fund Balances (Deficit) at End of Year | <u>\$177,422</u> | <u>\$6,346</u> | <u>(\$161,188)</u> | <u>(\$167,534)</u> |

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013

| | Title IID Grant | | | Variance with Final Budget Positive (Negative) |
|---|------------------|----------|----------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$0 | \$43,368 | \$22,168 | (\$21,200) |
| Total Revenues | 0 | 43,368 | 22,168 | (21,200) |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 42,837 | 42,837 | 21,758 | 21,079 |
| Operation of Non- Instructional Services | 20 | 20 | 11 | 9 |
| Total Expenditures | 42,857 | 42,857 | 21,769 | 21,088 |
| Excess of Revenues Over (Under) Expenditures | (42,857) | 511 | 399 | (112) |
| <u>Other Financing Uses:</u> | | | | |
| Advances Out | (399) | (399) | (399) | 0 |
| Total Other Financing Uses | (399) | (399) | (399) | 0 |
| Net Change in Fund Balance | (43,256) | 112 | 0 | (112) |
| Fund Balances (Deficit) at Beginning of Year | (21,628) | (21,628) | (21,628) | 0 |
| Prior Year Encumbrances Appropriated | 21,628 | 21,628 | 21,628 | 0 |
| Fund Balances (Deficit) at End of Year | (\$43,256) | \$112 | \$0 | (\$112) |

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013

| | School Improvement Grant | | | Variance with Final Budget Positive (Negative) |
|---|--------------------------|----------------|------------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$289,968 | \$129,331 | \$100,366 | (\$28,965) |
| Total Revenues | 289,968 | 129,331 | 100,366 | (28,965) |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Support Services: | | | | |
| Instructional Staff | 32,962 | 135,722 | 116,959 | 18,763 |
| Total Expenditures | 32,962 | 135,722 | 116,959 | 18,763 |
| Excess of Revenues Over (Under) Expenditures | 257,006 | (6,391) | (16,593) | (10,202) |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Transfers In | 0 | 8,331 | 8,331 | 0 |
| Transfers Out | 0 | (8,331) | (8,331) | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 |
| Net Change in Fund Balance | 257,006 | (6,391) | (16,593) | (10,202) |
| Fund Balances (Deficit) at Beginning of Year | (6,658) | (6,658) | (6,658) | 0 |
| Prior Year Encumbrances Appropriated | 16,480 | 16,480 | 16,480 | 0 |
| Fund Balances (Deficit) at End of Year | <u>\$266,828</u> | <u>\$3,431</u> | <u>(\$6,771)</u> | <u>(\$10,202)</u> |

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013

| | Title III Grant | | | Variance with Final Budget Positive (Negative) |
|--|------------------|----------|-----------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$68,971 | \$77,114 | \$57,487 | (\$19,627) |
| Total Revenues | 68,971 | 77,114 | 57,487 | (19,627) |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Support Services: | | | | |
| Pupils | 59,870 | 77,678 | 64,801 | 12,877 |
| Instructional Staff | 2,500 | 4,527 | 2,527 | 2,000 |
| Total Expenditures | 62,370 | 82,205 | 67,328 | 14,877 |
| Net Change in Fund Balance | 6,601 | (5,091) | (9,841) | (4,750) |
| Fund Balances (Deficit) at Beginning of Year | (3,504) | (3,504) | (3,504) | 0 |
| Prior Year Encumbrances Appropriated | 8,595 | 8,595 | 8,595 | 0 |
| Fund Balances (Deficit) at End of Year | \$11,692 | \$0 | (\$4,750) | (\$4,750) |

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013

| | Title I Grant | | | Variance with Final Budget Positive (Negative) |
|---|------------------|-------------|-------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$4,353,198 | \$4,973,393 | \$3,822,689 | (\$1,150,704) |
| Total Revenues | 4,353,198 | 4,973,393 | 3,822,689 | (1,150,704) |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 133,542 | 155,776 | 134,422 | 21,354 |
| Special | 1,024,028 | 1,194,523 | 1,030,778 | 163,745 |
| Support Services: | | | | |
| Instructional Staff | 2,474,384 | 2,886,356 | 2,490,695 | 395,661 |
| Administration | 145,646 | 169,895 | 146,606 | 23,289 |
| Pupil Transportation | 82,844 | 96,637 | 83,390 | 13,247 |
| Operation of Non- Instructional Services | 197,763 | 230,690 | 199,067 | 31,623 |
| Total Expenditures | 4,058,207 | 4,733,877 | 4,084,958 | 648,919 |
| Excess of Revenues Over (Under) Expenditures | 294,991 | 239,516 | (262,269) | (501,785) |
| <u>Other Financing Uses:</u> | | | | |
| Advances Out | 0 | (316,785) | (316,785) | 0 |
| Total Other Financing Uses | 0 | (316,785) | (316,785) | 0 |
| Net Change in Fund Balance | 294,991 | (77,269) | (579,054) | (501,785) |
| Fund Balances (Deficit) at Beginning of Year | (571,080) | (571,080) | (571,080) | 0 |
| Prior Year Encumbrances Appropriated | 573,105 | 573,105 | 573,105 | 0 |
| Fund Balances (Deficit) at End of Year | \$297,016 | (\$75,244) | (\$577,029) | (\$501,785) |

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013

| | Title V Grant | | | Variance with Final Budget Positive (Negative) |
|------------------------------------|------------------|------------|------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Total Revenues | \$0 | \$0 | \$0 | \$0 |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Support Services: | | | | |
| Instructional Staff | 0 | 1,732 | 1,732 | 0 |
| Total Expenditures | 0 | 1,732 | 1,732 | 0 |
| Net Change in Fund Balance | 0 | (1,732) | (1,732) | 0 |
| Fund Balances at Beginning of Year | 1,732 | 1,732 | 1,732 | 0 |
| Fund Balances at End of Year | <u>\$1,732</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013

| | EHA Preschool Grant | | | Variance with Final Budget Positive (Negative) |
|------------------------------------|---------------------|----------|----------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$27,131 | \$26,735 | \$26,735 | \$0 |
| Total Revenues | 27,131 | 26,735 | 26,735 | 0 |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Support Services: | | | | |
| Pupils | 26,735 | 26,735 | 26,735 | 0 |
| Total Expenditures | 26,735 | 26,735 | 26,735 | 0 |
| Net Change in Fund Balance | 396 | 0 | 0 | 0 |
| Fund Balances at Beginning of Year | 0 | 0 | 0 | 0 |
| Fund Balances at End of Year | \$396 | \$0 | \$0 | \$0 |

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013

| | Improving Teacher Quality | | | Variance with Final Budget Positive (Negative) |
|--|---------------------------|------------|-------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$808,925 | \$988,245 | \$697,949 | (\$290,296) |
| Total Revenues | 808,925 | 988,245 | 697,949 | (290,296) |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Support Services: | | | | |
| Instructional Staff | 658,395 | 943,793 | 799,575 | 144,218 |
| Total Expenditures | 658,395 | 943,793 | 799,575 | 144,218 |
| Excess of Revenues Over Expenditures | 150,530 | 44,452 | (101,626) | (146,078) |
| <u>Other Financing Uses:</u> | | | | |
| Advances Out | 0 | (57,650) | (57,650) | 0 |
| Total Other Financing Uses | 0 | (57,650) | (57,650) | 0 |
| Net Change in Fund Balance | 150,530 | (13,198) | (159,276) | (146,078) |
| Fund Balances (Deficit) at Beginning of Year | (116,382) | (116,382) | (116,382) | 0 |
| Prior Year Encumbrances Appropriated | 116,382 | 116,382 | 116,382 | 0 |
| Fund Balances (Deficit) at End of Year | \$150,530 | (\$13,198) | (\$159,276) | (\$146,078) |

**Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013**

| | Miscellaneous Federal Grants | | | Variance with Final Budget Positive (Negative) |
|--|------------------------------|----------|----------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$45,000 | \$34,122 | \$0 | (\$34,122) |
| Total Revenues | 45,000 | 34,122 | 0 | (34,122) |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 148 | 32 | 32 | 0 |
| Support Services: | | | | |
| Pupil Transportation | 134,123 | 68,392 | 34,122 | 34,270 |
| Total Expenditures | 134,271 | 68,424 | 34,154 | 34,270 |
| Net Change in Fund Balance | (89,271) | (34,302) | (34,154) | 148 |
| Fund Balances at Beginning of Year | 24,201 | 24,201 | 24,201 | 0 |
| Prior Year Encumbrances Appropriated | 34,270 | 34,270 | 34,270 | 0 |
| Fund Balances (Deficit) at End of Year | (\$30,800) | \$24,169 | \$24,317 | \$148 |

Middletown City School District
Butler County, Ohio
Combining Balance Sheet - Nonmajor Capital Projects Funds
June 30, 2013

| | Permanent Improvement | Building | Total Nonmajor Capital Projects Funds |
|--|--------------------------|-------------------|--|
| Assets: | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 4,803 | \$ 281,982 | \$ 286,785 |
| Receivables: | | | |
| Property and Other Taxes | 147,445 | - | 147,445 |
| Total Assets | <u>152,248</u> | <u>281,982</u> | <u>434,230</u> |
| Liabilities, Deferred Inflows and Fund Balances | | | |
| Liabilities: | | | |
| Payables: | | | |
| Accounts | 4,803 | 94,054 | 98,857 |
| Total Liabilities | <u>4,803</u> | <u>94,054</u> | <u>98,857</u> |
| Deferred Inflows of Resources: | | | |
| Property Taxes | 138,982 | - | 138,982 |
| Total Deferred Inflows of Resources | <u>138,982</u> | <u>-</u> | <u>138,982</u> |
| Fund Balances: | | | |
| Restricted | - | 187,928 | 187,928 |
| Committed | 8,463 | - | 8,463 |
| Total Fund Balances | <u>8,463</u> | <u>187,928</u> | <u>196,391</u> |
| Total Liabilities, Deferred Inflows and Fund Balances | <u>\$ 152,248</u> | <u>\$ 281,982</u> | <u>\$ 434,230</u> |

Middletown City School District
Butler County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2013

| | Permanent Improvement | Building Fund | Total Nonmajor Capital Projects Funds |
|------------------------------------|--------------------------|-------------------|--|
| Revenues: | | | |
| Property and other taxes | \$ 153,940 | \$ - | \$ 153,940 |
| Intergovernmental | 20,863 | - | 20,863 |
| Interest | - | 529 | 529 |
| Total Revenues | 174,803 | 529 | 175,332 |
| Expenditures: | | | |
| Instruction: | | | |
| Regular | 93,558 | 402,427 | 495,985 |
| Special | 845 | - | 845 |
| Support Services: | | | |
| Administration | 4,950 | 17,000 | 21,950 |
| Fiscal | 467 | - | 467 |
| Operation and Maintenance of Plant | 67,783 | 271,019 | 338,802 |
| Central | 6,848 | 93,554 | 100,402 |
| Capital Outlay | - | 8,723 | 8,723 |
| Total Expenditures | 174,451 | 792,723 | 967,174 |
| Net Change in Fund Balances | 352 | (792,194) | (791,842) |
| Fund Balances - beginning | 8,111 | 980,122 | 988,233 |
| Fund Balances - ending | <u>\$ 8,463</u> | <u>\$ 187,928</u> | <u>\$ 196,391</u> |

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2013

| | Permanent Improvement | | | Variance with Final Budget Positive (Negative) |
|---|-----------------------|-----------------|----------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Property and Other Local Taxes | \$150,050 | \$218,531 | \$152,817 | (\$65,714) |
| Intergovernmental | 9,950 | 20,863 | 20,863 | 0 |
| Total Revenues | 160,000 | 239,394 | 173,680 | (65,714) |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 98,000 | 103,558 | 93,558 | (10,000) |
| Special | 0 | 845 | 845 | 0 |
| Support Services: | | | | |
| Administration | 0 | 14,950 | 4,950 | (10,000) |
| Fiscal | 250,000 | 467 | 467 | 0 |
| Operation and Maintenance of Plant | 0 | 87,783 | 67,783 | (20,000) |
| Central | 266,978 | 11,769 | 6,848 | (4,921) |
| Total Expenditures | 614,978 | 219,372 | 174,451 | (44,921) |
| Excess of Revenues Over Expenditures | (454,978) | 20,022 | (771) | (20,793) |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Advances In | 0 | 75,606 | 75,606 | 0 |
| Advances Out | 0 | (75,606) | (75,606) | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 |
| Net Change in Fund Balance | (454,978) | 20,022 | (771) | (20,793) |
| Fund Balances (Deficit) at Beginning of Year | (14,207) | (14,207) | (14,207) | 0 |
| Prior Year Encumbrances Appropriated | 14,978 | 14,978 | 14,978 | 0 |
| Fund Balances (Deficit) at End of Year | (\$454,207) | \$20,793 | \$0 | (\$20,793) |

Middletown City School District
Butler County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2013

| | Building Fund | | | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------|------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Interest | \$0 | \$3,500 | \$494 | (\$3,006) |
| Total Revenues | 0 | 3,500 | 494 | (3,006) |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 125,000 | 406,662 | 403,861 | 2,801 |
| Support Services: | | | | |
| Administration | 0 | 17,000 | 17,000 | 0 |
| Operation and Maintenance of Plant | 2,800 | 457,977 | 457,977 | 0 |
| Central | 475,000 | 93,554 | 93,554 | 0 |
| Capital Outlay | 0 | 8,223 | 8,223 | 0 |
| Total Expenditures | 602,800 | 983,416 | 980,615 | 7,003 |
| Excess of Revenues (Under) Expenditures | (602,800) | (979,916) | (980,121) | (205) |
| <u>Other Financing Sources</u> | | | | |
| Proceeds from Sale of Notes | 1,500,000 | 0 | 0 | 0 |
| Total Other Financing Sources | 1,500,000 | 0 | 0 | 0 |
| Net Change in Fund Balance | 897,200 | (979,916) | (980,121) | (205) |
| Fund Balances at Beginning of Year | 977,323 | 977,323 | 977,323 | 0 |
| Prior Year Encumbrances Appropriated | 2,800 | 2,800 | 2,800 | 0 |
| Fund Balances at End of Year | <u>\$1,877,323</u> | <u>\$207</u> | <u>\$2</u> | <u>(\$205)</u> |

**Middletown City School District
Butler County, Ohio
Combining Statement of Changes
in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2013**

| | Balance June 30, 2012 | Additions | Deletions | Balance June 30, 2013 |
|---|--------------------------|---------------|-----------------|--------------------------|
| Student Managed Activities | | | | |
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 93,900 | \$ 86,012 | \$ 90,411 | \$ 89,501 |
| Total Assets | <u>93,900</u> | <u>86,012</u> | <u>90,411</u> | <u>89,501</u> |
| Liabilities: | | | | |
| Accounts Payable | 896 | - | 896 | - |
| Due to Students | 93,004 | 896 | 4,399 | 89,501 |
| Total Liabilities | <u>\$ 93,900</u> | <u>\$ 896</u> | <u>\$ 5,295</u> | <u>\$ 89,501</u> |

This page intentionally left blank

STATISTICAL SECTION

www.middletowncityschools.com

This page intentionally left blank.

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

**STATISTICAL SECTION DESCRIPTIONS
JUNE 30, 2013**

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

| <u>Contents</u> | <u>Pages</u> |
|---|---------------------|
| Financial Trends | |
| These schedules contain trend information to help the reader understand how the School District's financial performance and situation have changed over time. | 109-114 |
| Revenue Capacity | |
| These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax and income tax. | 115-118 |
| Debt Capacity | |
| These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future. | 119-125 |
| Demographic and Economic Information | |
| These schedules offer demographic and economic indicators to help the reader understand the environment within in which the School District's financial activities takes place. | 126-127 |
| Operating Information | |
| These schedules contain operational data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs. | 128-131 |

This page intentionally left blank

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

| | 2013 | 2012 (1) | 2011 | 2010 | 2009 (1) |
|---|---------------------|---------------------|----------------------|----------------------|----------------------|
| Governmental Activities | | | | | |
| Net Investment in Capital Assets | \$ 6,234,371 | \$ 8,239,520 | \$ 8,243,758 | \$ 6,999,059 | \$ 5,483,895 |
| Restricted | 2,337,991 | 3,507,622 | 5,998,474 | 3,734,017 | 4,704,174 |
| Unrestricted (Deficit) | (3,394,825) | (3,138,373) | (2,282,638) | 6,290,172 | 8,488,821 |
| <i>Total Governmental Activities Net Position</i> | <u>\$ 5,177,537</u> | <u>\$ 8,608,769</u> | <u>\$ 11,959,594</u> | <u>\$ 17,023,248</u> | <u>\$ 18,676,890</u> |

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental Activities | | | | | |
| Net Investment in Capital Assets | \$ 12,290,959 | \$ 7,823,154 | \$ 3,333,501 | \$ 3,139,917 | \$ 1,764,137 |
| Restricted | 5,485,245 | 17,120,766 | 12,868,892 | 9,985,928 | 12,430,660 |
| Unrestricted (Deficit) | 7,913,355 | (4,558,346) | (3,327,956) | (2,697,142) | 1,078,324 |
| <i>Total Governmental Activities Net Position</i> | <u>\$ 25,689,559</u> | <u>\$ 20,385,574</u> | <u>\$ 12,874,437</u> | <u>\$ 10,428,703</u> | <u>\$ 15,273,121</u> |

Source: School District financial records

(1) Amounts have been restated as previously reported.

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

| | 2013 | 2012 (1) | 2011 | 2010 (2) |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenses | | | | |
| Governmental Activities: | | | | |
| Instruction | 48,384,018 | 46,929,114 | 50,188,859 | 49,044,574 |
| Support Services: | | | | |
| Pupils | 4,265,190 | 4,655,026 | 5,585,042 | 4,919,527 |
| Instructional Staff | 3,868,239 | 4,939,816 | 5,229,348 | 5,980,662 |
| Board of Education | 43,835 | 56,405 | 52,578 | 103,269 |
| Administration | 4,445,825 | 4,530,426 | 5,343,818 | 5,899,057 |
| Fiscal | 688,210 | 723,250 | 670,419 | 1,455,723 |
| Business | 254,239 | 441,139 | 469,884 | 511,414 |
| Operation and Maintenance of Plant | 7,914,945 | 7,792,863 | 7,399,143 | 7,712,461 |
| Pupil Transportation | 3,812,314 | 3,758,699 | 3,682,543 | 3,685,251 |
| Central | 1,486,066 | 3,397,181 | 5,344,434 | 1,963,221 |
| Operation of Non-Instructional Services | 4,543,308 | 4,369,441 | 3,886,436 | 3,651,317 |
| Extracurricular Activities | 890,157 | 1,025,636 | 1,028,730 | 1,002,233 |
| Interest on Long-Term Debt | 2,713,127 | 2,703,229 | 2,840,830 | 2,857,619 |
| Total Governmental Activities Expenses | 83,309,473 | 85,322,225 | 91,722,064 | 88,786,328 |
| Program Revenues | | | | |
| Governmental Activities: | | | | |
| Charges for Services: | | | | |
| Instruction | 728,828 | 760,855 | 747,531 | 708,352 |
| Support Services | 60,921 | 101,071 | 169,629 | 206,090 |
| Other | 690,941 | 816,136 | 781,124 | 864,398 |
| Operating Grants and Contributions | 10,881,913 | 12,112,072 | 19,941,094 | 18,469,879 |
| Capital Grants and Contributions | 0 | 0 | 0 | 316,140 |
| Total Governmental Activities Program Revenues | 12,362,603 | 13,790,134 | 21,639,378 | 20,564,859 |
| Net (Expense)/Revenue | (70,946,870) | (71,532,091) | (70,082,686) | (68,221,469) |
| General Revenues and Other Changes in Net Position | | | | |
| Governmental Activities: | | | | |
| Property Taxes: | | | | |
| General purposes | 26,836,512 | 27,947,132 | 28,460,928 | 15,443,139 |
| Special revenue | - | - | - | 13,390,494 |
| Debt service | 2,907,788 | 3,816,214 | 3,477,334 | 3,404,818 |
| Capital projects | 132,316 | 113,113 | - | - |
| Grants and Entitlements not Restricted to Specific Programs | 37,215,406 | 35,874,604 | 32,733,997 | 33,774,716 |
| Investment Earnings | 1,923 | 9,601 | 28,936 | 26,337 |
| Payments in Lieu of Taxes | 303,813 | 552,566 | 280,612 | 517,839 |
| Unrestricted contributions | 0 | 0 | 0 | 0 |
| Miscellaneous | 117,880 | 465,234 | 37,225 | 10,484 |
| Total Governmental Activities | 67,515,638 | 68,778,464 | 65,019,032 | 66,567,827 |
| Change in Net Position | \$ (3,431,232) | \$ (2,753,627) | \$ (5,063,654) | \$ (1,653,642) |

Source: School District financial records

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

| 2009 | 2008 (3) | 2007 | 2006 | 2005 | 2004 |
|---------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|
| 47,565,415 | 43,559,450 | 42,406,738 | 42,988,158 | 42,252,745 | 39,780,688 |
| 4,664,923 | 4,269,073 | 4,499,071 | 4,182,323 | 4,358,304 | 4,220,322 |
| 5,950,980 | 4,294,621 | 4,767,755 | 4,104,223 | 3,540,476 | 3,427,309 |
| 39,990 | 0 | 0 | 0 | 0 | 0 |
| 5,918,107 | 4,998,030 | 5,583,789 | 5,297,966 | 6,118,189 | 5,725,050 |
| 1,350,653 | 1,602,802 | 1,565,314 | 1,346,439 | 1,486,704 | 1,316,828 |
| 484,511 | 378,914 | 498,372 | 302,611 | 355,906 | 271,843 |
| 8,501,464 | 8,650,520 | 7,228,123 | 7,612,955 | 7,256,478 | 6,912,662 |
| 3,292,293 | 3,179,889 | 3,062,815 | 2,919,435 | 3,000,568 | 2,655,273 |
| 2,330,840 | 1,764,603 | 2,098,304 | 1,707,030 | 1,909,674 | 1,672,277 |
| 3,843,355 | 3,689,463 | 3,097,638 | 3,960,309 | 3,636,886 | 4,028,191 |
| 1,022,353 | 787,327 | 912,856 | 795,465 | 680,257 | 804,618 |
| 3,009,066 | 2,999,529 | 2,437,992 | 3,449,841 | 3,258,401 | 1,403,415 |
| <u>87,973,950</u> | <u>80,174,221</u> | <u>78,158,767</u> | <u>78,666,755</u> | <u>77,854,588</u> | <u>72,218,476</u> |
| 717,696 | 536,644 | 826,053 | 698,140 | 512,974 | 567,430 |
| 178,057 | 470,327 | 254,075 | 306,150 | 177,214 | 221,376 |
| 917,389 | 921,098 | 1,088,329 | 1,103,420 | 1,319,498 | 1,366,569 |
| 17,762,109 | 17,204,236 | 18,905,396 | 14,625,856 | 10,463,524 | 10,042,965 |
| 66,437 | 14,078 | 94,861 | 27,023 | 99,364 | 135,480 |
| <u>19,641,688</u> | <u>19,146,383</u> | <u>21,168,714</u> | <u>16,760,589</u> | <u>12,572,574</u> | <u>12,333,820</u> |
| <u>(68,332,262)</u> | <u>(61,027,838)</u> | <u>(56,990,053)</u> | <u>(61,906,166)</u> | <u>(65,282,014)</u> | <u>(59,884,656)</u> |
| 16,749,487 | 19,017,594 | 19,301,596 | 21,009,706 | 20,001,616 | 25,655,529 |
| 14,565,287 | 15,925,322 | 15,998,068 | 13,680,223 | 9,568,394 | 6,387,321 |
| 3,862,804 | 4,373,040 | 4,243,108 | 4,513,669 | 4,779,338 | 2,105,183 |
| 33,102,516 | 25,460,103 | 22,572,267 | 23,692,530 | 23,197,208 | 24,016,973 |
| 228,509 | 1,391,914 | 2,131,508 | 1,667,994 | 1,933,251 | 715,854 |
| 0 | 0 | 54,728 | 75,613 | 96,121 | 108,066 |
| 0 | 24,728 | 22,223 | 4,977 | 11,547 | 76,893 |
| 23,272 | 139,122 | 177,692 | 244,051 | 850,121 | 0 |
| <u>68,531,875</u> | <u>66,331,823</u> | <u>64,501,190</u> | <u>64,888,763</u> | <u>60,437,596</u> | <u>59,065,819</u> |
| <u>\$ 199,613</u> | <u>\$ 5,303,985</u> | <u>\$ 7,511,137</u> | <u>\$ 2,982,597</u> | <u>\$ (4,844,418)</u> | <u>\$ (818,837)</u> |

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

| | 2013 | 2012 | 2011 (1) | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | | | | | | | | | | |
| Restricted | \$ 24,610 | \$ 24,610 | \$ 186,444 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Assigned | 386,691 | 306,347 | 739,638 | | | | | | | |
| Unassigned | (3,932,766) | (4,483,802) | (3,717,700) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reserved | 0 | 0 | 0 | 1,305,189 | 1,392,826 | 1,280,574 | 21,167 | 920,335 | 1,124,195 | 1,889,528 |
| Unreserved | 0 | 0 | 0 | 2,589,792 | (1,245,433) | (3,511,819) | (6,546,685) | (4,806,920) | (4,218,816) | (4,414,450) |
| Total General Fund | (3,521,465) | (4,152,845) | (2,791,618) | 3,894,981 | 147,393 | (2,231,245) | (6,525,518) | (3,886,585) | (3,094,621) | (2,524,922) |
| All Other Governmental Funds | | | | | | | | | | |
| Nonspendable | \$ 48,607 | \$ 29,397 | \$ 41,988 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Restricted | 2,212,418 | 3,253,825 | 4,631,246 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Committed | 8,463 | 8,111 | 51,081 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unassigned | (245) | (25,155) | (20,782) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reserved | 0 | 0 | 0 | 1,457,598 | 2,351,469 | 7,505,213 | 16,761,290 | 36,190,661 | 20,901,245 | 3,260,690 |
| Undesignated, Reported in: | | | | | | | | | | |
| Special Revenue funds | 0 | 0 | 0 | (469,675) | 3,774,571 | 3,183,607 | 4,710,288 | (1,083,966) | (1,324,002) | 3,581,989 |
| Debt Service funds | 0 | 0 | 0 | 2,186,547 | 2,352,696 | 1,896 | 2,040,524 | 7,444,955 | 53,297,603 | 75,199,149 |
| Capital Projects funds | 0 | 0 | 0 | (907,311) | (1,265,409) | (1,711,469) | (1,566,396) | (2,922,416) | (3,327,299) | (1,236,199) |
| Total All Other Governmental Funds | 2,269,243 | 3,266,178 | 4,703,533 | 2,267,159 | 7,213,327 | 8,979,247 | 21,945,706 | 39,629,234 | 69,547,547 | 80,805,629 |
| Total Governmental Funds | (\$1,252,222) | (\$886,667) | \$1,911,915 | \$6,162,140 | \$7,360,720 | \$6,748,002 | \$15,420,188 | \$35,742,649 | \$66,452,926 | \$78,280,707 |

Source: The School District records.

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

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

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|-------------------|--------------------|--------------------|--------------------|-------------------|--------------------|---------------------|---------------------|---------------------|--------------------|
| Revenues | | | | | | | | | | |
| Property Taxes | \$31,261,754 | \$31,341,229 | \$30,834,774 | \$31,981,033 | \$34,695,348 | \$39,009,403 | \$39,823,228 | \$38,451,663 | \$35,174,840 | \$31,977,851 |
| Payment in Lieu of Taxes | 444,506 | 148,212 | 279,392 | 511,536 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tuition and Fees | 566,267 | 724,610 | 525,839 | 516,322 | 493,420 | 972,600 | 1,027,156 | 939,407 | 638,515 | 653,559 |
| Transportation Fees | 0 | 0 | 65,664 | 144,614 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest | 1,923 | 9,601 | 29,126 | 31,260 | 223,963 | 1,391,914 | 2,131,508 | 1,667,994 | 1,933,143 | 715,854 |
| Rent | 22,675 | 10,458 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Charges for Services | 651,126 | 588,504 | 561,722 | 614,698 | 667,441 | 637,736 | 811,212 | 823,804 | 1,113,242 | 1,225,238 |
| Extracurricular Activities | 233,516 | 341,328 | 320,910 | 308,493 | 280,515 | 260,034 | 254,306 | 228,349 | 229,091 | 239,873 |
| Classroom materials and fees | 0 | 0 | 138,801 | 109,042 | 142,369 | 0 | 0 | 0 | 0 | 0 |
| Gifts and Donations | 46,956 | 110,623 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous | 123,851 | 477,276 | 200,672 | 200,899 | 204,393 | 221,547 | 275,698 | 354,519 | 899,993 | 278,851 |
| Intergovernmental | 48,067,339 | 48,553,938 | 51,866,741 | 53,233,060 | 51,642,603 | 42,563,950 | 41,943,602 | 37,336,145 | 33,965,516 | 33,728,062 |
| Total Revenues | 81,419,913 | 82,305,779 | 84,823,641 | 87,650,957 | 88,447,100 | 85,057,184 | 86,266,710 | 79,801,881 | 73,954,340 | 68,819,288 |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| Instruction: | 48,133,204 | 47,192,759 | 48,974,881 | 47,816,574 | 45,381,711 | 42,666,670 | 41,718,933 | 42,426,014 | 41,082,618 | 39,833,435 |
| Support Services: | | | | | | | | | | |
| Pupils | 4,379,076 | 4,695,154 | 5,502,709 | 4,825,255 | 4,454,170 | 4,318,458 | 4,484,000 | 4,161,383 | 4,294,936 | 4,249,898 |
| Instructional Staff | 3,832,870 | 4,964,134 | 5,182,361 | 5,827,474 | 5,809,655 | 4,338,546 | 4,747,707 | 4,024,607 | 3,517,975 | 3,423,316 |
| Board of Education | 43,835 | 56,405 | 51,456 | 101,002 | 39,105 | 0 | 0 | 0 | 0 | 0 |
| Administration | 4,456,818 | 4,517,281 | 5,327,370 | 5,809,833 | 5,702,554 | 5,064,734 | 5,535,204 | 5,258,967 | 6,055,443 | 5,705,428 |
| Fiscal | 689,018 | 717,447 | 654,400 | 1,417,411 | 1,329,362 | 1,626,470 | 1,567,948 | 1,331,297 | 1,484,731 | 1,320,047 |
| Business | 253,527 | 427,734 | 444,542 | 485,305 | 456,107 | 425,545 | 489,650 | 288,765 | 329,267 | 257,521 |
| Operation and Maintenance of Plant | 5,684,561 | 5,454,243 | 6,239,542 | 6,735,701 | 8,125,211 | 6,992,725 | 8,997,255 | 7,343,598 | 6,983,690 | 6,859,066 |
| Pupil Transportation | 3,689,610 | 3,629,508 | 3,527,369 | 3,472,888 | 3,379,531 | 3,116,607 | 2,913,572 | 2,693,862 | 2,750,990 | 2,485,935 |
| Central | 1,257,761 | 3,853,759 | 3,782,437 | 1,954,306 | 2,221,285 | 1,715,473 | 2,033,815 | 1,548,663 | 1,794,486 | 1,584,175 |
| Operation of Non-Instructional Services | 4,518,730 | 4,382,701 | 3,834,439 | 3,583,679 | 3,756,691 | 3,685,944 | 3,072,757 | 3,999,121 | 3,634,918 | 3,935,230 |
| Extracurricular Activities | 883,030 | 1,017,934 | 1,008,812 | 977,802 | 1,014,207 | 789,531 | 913,324 | 792,039 | 677,981 | 802,265 |
| Facilities acquisition and construction | 0 | 0 | 701,820 | 510,385 | 1,206,649 | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay | 8,723 | 397,027 | 1,348,767 | 0 | 478,000 | 13,708,012 | 25,417,655 | 32,295,128 | 8,501,833 | 459,630 |
| Debt service: | | | | | | | | | | |
| Principal Retirement | 1,033,416 | 927,375 | 880,261 | 2,357,860 | 2,229,778 | 2,813,657 | 2,049,492 | 1,872,944 | 4,269,617 | 122,636 |
| Interest and Fiscal Charges | 2,921,769 | 2,881,709 | 3,007,587 | 3,036,523 | 3,167,536 | 3,178,262 | 2,651,808 | 3,408,083 | 3,270,067 | 1,424,838 |
| Total Expenditures | 81,785,948 | 85,115,170 | 90,468,753 | 88,911,998 | 88,751,552 | 94,440,634 | 106,593,120 | 111,444,471 | 88,648,552 | 72,463,420 |
| Excess of Revenues Over (Under) Expenditures | (366,035) | (2,809,391) | (5,645,112) | (1,261,041) | (304,452) | (9,383,450) | (20,326,410) | (31,642,590) | (14,694,212) | (3,644,132) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers In | 604,934 | 620,080 | 692,375 | 699,567 | 1,932 | 366,669 | 963,581 | 0 | 100 | 76,060,346 |
| Transfers Out | (604,934) | (620,080) | (692,375) | (699,567) | (1,932) | (366,669) | (963,581) | 0 | (100) | (76,060,346) |
| Sale of capital assets | 480 | 10,810 | 46,120 | 62,461 | 913 | 33,602 | 3,949 | 10,660 | 45,485 | 7,120 |
| Capital lease transaction | 0 | 0 | 1,348,767 | 0 | 478,000 | 0 | 0 | 921,653 | 3,254,828 | 0 |
| Issuance of long term debt | 0 | 0 | 0 | 0 | 0 | 677,662 | 0 | 0 | 0 | 70,800,000 |
| Sale of refunding bonds | 0 | 0 | 0 | 0 | 0 | 0 | 55,465,000 | 0 | 0 | 0 |
| Refunding bond issuance costs | 0 | 0 | 0 | 0 | 0 | 0 | (765,639) | 0 | 0 | 0 |
| Payments to refunding bond escrow agent | 0 | 0 | 0 | 0 | 0 | 0 | (59,855,611) | 0 | 0 | 0 |

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

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|--------------------|----------------------|----------------------|----------------------|------------------|----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| Premium on the sale of refunding bonds | 0 | 0 | 0 | 0 | 0 | 0 | 5,156,250 | 0 | 0 | 0 |
| Insurance proceeds | 0 | 0 | 0 | 0 | 438,257 | 0 | 0 | 0 | 0 | 0 |
| Issuance of bonds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,184,930 |
| <i>Total Other Financing Sources (Uses)</i> | <u>480</u> | <u>10,810</u> | <u>1,394,887</u> | <u>62,461</u> | <u>917,170</u> | <u>711,264</u> | <u>3,949</u> | <u>932,313</u> | <u>3,300,313</u> | <u>73,992,050</u> |
| <i>Net Change in Fund Balances</i> | <u>(\$365,555)</u> | <u>(\$2,798,581)</u> | <u>(\$4,250,225)</u> | <u>(\$1,198,580)</u> | <u>\$612,718</u> | <u>(\$8,672,186)</u> | <u>(\$20,322,461)</u> | <u>(\$30,710,277)</u> | <u>(\$11,393,899)</u> | <u>\$70,347,918</u> |
| Debt Service as a Percentage of Noncapital Expenditures | 4.85% | 4.55% | 4.38% | 6.10% | 6.20% | 7.52% | 5.99% | 6.67% | 9.37% | 2.17% |

Source: School District records

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

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

| Tax Year | Real Property | Tangible Personal Property | Public Utilities Personal | Total | | Direct Rate | Ratio |
|----------|----------------|----------------------------|---------------------------|----------------|------------------------|-------------|--------|
| | Assessed Value | Assessed Value | Assessed Value | Assessed Value | Estimated Actual Value | | |
| 2003 | \$ 685,392,310 | \$ 236,048,065 | \$ 38,401,320 | \$ 959,841,695 | \$ 2,946,093,867 | \$ 33.58 | 32.58% |
| 2004 | 769,265,780 | 261,226,106 | 44,182,110 | 1,074,673,996 | 3,293,013,596 | 38.08 | 32.63% |
| 2005 | 696,828,230 | 247,896,469 | 44,752,120 | 989,476,819 | 3,033,378,357 | 38.08 | 32.62% |
| 2006 | 761,885,206 | 271,040,472 | 48,930,248 | 1,081,855,926 | 3,309,907,010 | 45.13 | 32.69% |
| 2007 | 717,245,370 | 133,592,134 | 36,901,260 | 887,738,764 | 2,620,542,282 | 45.75 | 33.88% |
| 2008 | 799,643,380 | - | 38,837,820 | 838,481,200 | 2,480,713,609 | 45.75 | 33.80% |
| 2009 | 750,828,210 | - | 40,785,100 | 791,613,310 | 2,342,051,213 | 47.00 | 33.80% |
| 2010 | 739,511,220 | - | 50,482,380 | 789,993,600 | 2,337,259,172 | 46.99 | 33.80% |
| 2011 | 673,961,050 | - | 51,549,940 | 725,510,990 | 2,072,888,543 | 47.16 | 35.00% |
| 2012 | 665,572,990 | - | 50,710,520 | 716,283,510 | 2,046,524,314 | 47.16 | 35.00% |

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

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

Middletown City School District
Butler County, Ohio
Property Tax Rates (Per \$1,000 of Assessed Value)
Direct and Overlapping Governments
Last Ten Calendar Years

| Calendar Years | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Middletown City School District | | | | | | | | | | |
| General | \$ 18.27 | \$ 18.27 | \$ 18.27 | \$ 18.27 | \$ 18.27 | \$ 18.27 | \$ 18.27 | \$ 18.27 | \$ 18.27 | \$ 18.27 |
| Emergency | 10.15 | 10.15 | 10.15 | 17.20 | 17.82 | 17.82 | 18.89 | 18.81 | 18.81 | 18.98 |
| Bond | 0.24 | 4.74 | 4.74 | 4.74 | 4.74 | 4.74 | 4.92 | 4.99 | 4.75 | 4.75 |
| Unvoted | 4.92 | 4.92 | 4.92 | 4.92 | 4.92 | 4.92 | 4.92 | 4.92 | 5.16 | 5.16 |
| Total | 33.58 | 38.08 | 38.08 | 45.13 | 45.75 | 45.75 | 47.00 | 46.99 | 46.99 | 47.16 |
| Overlapping Rates | | | | | | | | | | |
| Butler County | 8.75 | 8.75 | 8.75 | 10.95 | 10.95 | 9.75 | 9.75 | 9.72 | 9.72 | 9.72 |
| Warren County | 4.00 | 4.96 | 6.53 | 6.46 | 6.71 | 5.21 | 5.78 | 5.78 | 7.78 | 7.78 |
| Franklin Township (1) | NA | NA | NA | NA | NA | 7.17 | 4.00 | 3.87 | 3.87 | 3.87 |
| Turtlecreek Township (2) | NA | NA | NA | NA | NA | 1.61 | 1.61 | 0.61 | 9.12 | 9.12 |
| City of Middletown | 5.86 | 5.86 | 5.86 | 5.90 | 5.90 | 5.90 | 5.90 | 5.90 | 5.90 | 5.90 |
| Butler Tech | 1.93 | 1.93 | 1.93 | 1.93 | 1.93 | 1.93 | 1.93 | 1.93 | 1.93 | 1.93 |
| Total | 7.79 | 7.79 | 7.79 | 7.83 | 7.83 | 16.61 | 13.44 | 12.31 | 20.82 | 20.82 |
| Total | \$ 41.37 | \$ 45.87 | \$ 45.87 | \$ 52.96 | \$ 53.58 | \$ 62.36 | \$ 60.44 | \$ 59.30 | \$ 67.81 | \$ 67.98 |

Source:

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

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

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

NA - Information not available.

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

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

| Calendar Year | Taxes Levied for the Calendar Year (1) | Collected within the Calendar Year of the Levy | | Collections from Subsequent Years | Total Collections to Date | | Outstanding Delinquent Taxes (3) | Percent of Outstanding Delinquent Taxes to Tax Levied |
|---------------|--|--|--------------------|-----------------------------------|---------------------------|-----------------|----------------------------------|---|
| | | Amount (2) | Percentage of Levy | | Amount | Percent of Levy | | |
| 2003 | \$ 24,846,651 | \$ 22,329,032 | 89.87% | \$ 975,874 | \$ 23,304,906 | 93.79% | NA | 0.00% |
| 2004 | 28,625,917 | 24,440,699 | 85.38% | 1,173,928 | 25,614,627 | 89.48% | NA | 0.00% |
| 2005 | 26,179,182 | 24,403,174 | 93.22% | 1,325,800 | 25,728,974 | 98.28% | NA | 0.00% |
| 2006 | 32,065,355 | 29,721,793 | 92.69% | 1,516,132 | 31,237,925 | 97.42% | 3,045,480 | 9.50% |
| 2007 | 40,619,396 | 33,468,165 | 82.39% | 1,726,207 | 35,194,372 | 86.64% | 4,273,994 | 10.52% |
| 2008 | 38,249,797 | 32,358,689 | 84.60% | 2,393,834 | 34,752,523 | 90.86% | 3,893,720 | 10.18% |
| 2009 | 35,638,317 | 30,469,584 | 85.50% | 2,134,606 | 32,604,190 | 91.49% | 4,202,583 | 11.79% |
| 2010 | 32,511,295 | 31,267,882 | 96.18% | 918,290 | 32,186,172 | 99.00% | 4,852,706 | 14.93% |
| 2011 | 32,633,101 | 31,682,293 | 97.09% | 1,736,442 | 33,418,735 | 102.41% | 5,357,474 | 16.42% |
| 2012 | 30,713,002 | 28,911,321 | 94.13% | 2,421,728 | 31,333,050 | 102.02% | 4,619,013 | 15.04% |

Source: Butler County Auditor

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

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

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

Current Year and Eight Years Ago

| Name of Taxpayer | Calendar Year 2012 | | | Calendar Year 2005 | | |
|--|----------------------|------|-------------------------------|----------------------|------|-------------------------------|
| | Assessed Valuation | Rank | % of Total Assessed Valuation | Assessed Valuation | Rank | % of Total Assessed Valuation |
| Duke Energy Ohio Inc. (formerly Cincinnati Gas/Elec) | \$ 41,103,230 | 1 | 5.74% | \$ 31,002,250 | 1 | 3.13% |
| AK Steel Corporation | 10,331,010 | 2 | 1.44% | 15,095,550 | 2 | 1.53% |
| Rockies Express Pipeline | 4,804,160 | 3 | 0.67% | | | |
| Fath Village East Apartments | 3,899,220 | 4 | 0.54% | 3,424,340 | 9 | 0.35% |
| Boymel Sam | 3,500,010 | 5 | 0.49% | 3,567,860 | 8 | 0.36% |
| Precision Strip Inc. | 3,363,660 | 6 | 0.47% | 4,166,220 | 7 | 0.42% |
| Meijer Stores Unlimited | 3,031,590 | 7 | 0.42% | 5,373,220 | 4 | 0.54% |
| Middletown Coke | 2,814,870 | 8 | 0.39% | | | |
| Kroger Limited Partners | 2,304,390 | 9 | 0.32% | | | |
| Liberty Retirement Properties | 2,278,620 | 10 | 0.32% | - | | |
| Southwestern Ohio Steel Inc. | | | | 4,061,950 | 6 | 0.41% |
| Bavarian Woods LLC | | | | 2,272,110 | 10 | 0.23% |
| Ohio Bell Telephone | | | | 5,836,540 | 3 | 0.59% |
| Towne Mall | | | | 4,284,480 | 5 | 0.43% |
| Total | <u>\$ 77,430,760</u> | | <u>10.81%</u> | <u>\$ 79,084,520</u> | | <u>7.99%</u> |
| Total Assessed Valuation | \$ 716,283,510 | | | \$ 989,476,819 | | |

Source: Butler and Warren County Auditors

Note: Information was not available for calendar year 2002; therefore, the District has presented information from eight years ago that was available.

Middletown City School District

Butler County, Ohio

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

| Fiscal Year | Governmental Activities (a) | | | | Total Primary Government (c) | Less Bond Retirement Fund | Net Bond Debt | Ratio of Net Bonded Debt to Estimated Actual Value (d) | Net Bonded Debt to Personal Income (b) | Net Bonded Debt per Capita (b) |
|-------------|-----------------------------|-----------------|-------------------------|----------------|------------------------------|---------------------------|----------------|--|--|--------------------------------|
| | Construction Bonds | Refunding Bonds | Long-Term Capital Notes | Capital Leases | | | | | | |
| 2004 | \$ 70,800,000 | \$ - | \$ - | \$ 201,313 | \$ 71,001,313 | \$ 75,199,149 | \$ (4,197,836) | -0.14% | -410.23% | \$ (81) |
| 2005 | 66,970,000 | - | 1,421,541 | 1,594,983 | 69,986,524 | 7,444,955 | 62,541,569 | 1.90% | 6131.82% | 1,212 |
| 2006 | 65,650,000 | - | 1,354,916 | 2,030,317 | 69,035,233 | 7,444,955 | 61,590,278 | 2.03% | 6128.35% | 1,203 |
| 2007 | 7,155,000 | 55,391,656 | 1,285,060 | 1,570,681 | 65,402,397 | 2,040,524 | 63,361,873 | 1.91% | 6325.52% | 1,242 |
| 2008 | 5,555,000 | 54,719,650 | 1,889,478 | 1,105,268 | 63,269,396 | 1,896 | 63,267,500 | 2.41% | 6228.07% | 1,223 |
| 2009 | 3,910,000 | 54,740,000 | 1,744,916 | 1,193,052 | 61,587,968 | 2,352,696 | 59,235,272 | 2.39% | 5867.09% | 1,152 |
| 2010 | 3,610,000 | 53,380,000 | 1,596,629 | 643,479 | 59,230,108 | 2,186,547 | 57,043,561 | 2.44% | 5666.91% | 1,164 |
| 2011 | 3,285,000 | 53,340,000 | 1,444,436 | 1,629,178 | 59,698,614 | 725,144 | 58,973,470 | 2.52% | 5895.45% | 1,211 |
| 2012 | 2,930,000 | 57,258,498 | 1,288,149 | 1,258,090 | 62,734,737 | 1,307,781 | 61,426,956 | 2.96% | 6292.03% | 1,261 |
| 2013 | 2,325,000 | 57,095,625 | 1,127,569 | 1,005,254 | 61,553,448 | 1,332,329 | 60,221,119 | 2.94% | 6238.36% | 1,237 |

Source: School District records

(a) See notes to the financial statements regarding the District's outstanding debt information and does not include short term notes payable

(b) See schedule "Demographic and Economic Statistics, Last Ten Years" for personal income, per capita, population and enrollment information.

(c) Premiums have been removed from this table causing some balances to be restated.

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

Middletown City School District

Butler County, Ohio

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

| Fiscal Year | Governmental Activities (a) | | Total Primary Government | Less Bond Retirement Fund | Net Bond Debt | Ratio of Net Bonded Debt to Estimated Actual Value (c) | Net Bonded Debt per Capita (b) |
|-------------|-----------------------------|-----------------|--------------------------|---------------------------|----------------|--|--------------------------------|
| | Construction Bonds | Refunding Bonds | | | | | |
| 2004 | \$ 70,800,000 | \$ - | \$ 70,800,000 | \$ 75,199,149 | \$ (4,399,149) | -0.15% | \$ (85) |
| 2005 | 66,970,000 | - | 66,970,000 | 7,444,955 | 59,525,045 | 1.81% | 1,154 |
| 2006 | 65,650,000 | - | 65,650,000 | 7,444,955 | 58,205,045 | 1.92% | 1,137 |
| 2007 | 7,155,000 | 55,391,656 | 62,546,656 | 2,040,524 | 60,506,132 | 1.83% | 1,186 |
| 2008 | 5,555,000 | 54,719,650 | 60,274,650 | 1,896 | 60,272,754 | 2.30% | 1,165 |
| 2009 | 3,910,000 | 54,740,000 | 58,650,000 | 2,352,696 | 56,297,304 | 2.27% | 1,095 |
| 2010 | 3,610,000 | 53,380,000 | 56,990,000 | 2,186,547 | 54,803,453 | 2.34% | 1,118 |
| 2011 | 3,285,000 | 53,340,000 | 56,625,000 | 725,144 | 55,899,856 | 2.39% | 1,148 |
| 2012 | 2,930,000 | 57,258,498 | 60,188,498 | 1,307,781 | 58,880,717 | 2.84% | 1,209 |
| 2013 | 2,930,000 | 57,095,625 | 60,025,625 | 1,332,329 | 58,693,296 | 2.83% | 1,205 |

Source: School District records

- (a) See notes to the financial statements regarding the District's outstanding debt information.
- (b) See schedule "Demographic and Economic Statistics, Last Ten Years" for personal income, per capita, population and enrollment information.
- (c) Assessed values are on a calendar year basis (i.e. fiscal year 2013 is calendar year 2012).

Middletown City School District
Butler County, Ohio
 Computation of Direct and Overlapping Debt
 June 30, 2013

| <u>Governmental Unit</u> | <u>Gross General Obligation Bonds</u> | <u>Percent Applicable to District (1)</u> | <u>Amount Applicable to District</u> |
|-----------------------------------|---|---|--|
| Direct: | | | |
| Middletown City School District | \$ 60,518,194 | 100.00% | \$ 60,518,194 |
| Overlapping: | | | |
| Butler County (2) | 71,300,000 | 10.50% | 7,486,500 |
| Warren County (2) | 11,320,000 | 1.37% | 155,084 |
| City of Middletown (2) | 37,009,000 | 91.88% | 34,003,869 |
| Total Overlapping | <u>119,629,000</u> | | <u>41,645,453</u> |
| Total Direct and Overlapping Debt | <u>\$ 180,147,194</u> | | <u>\$ 102,163,647</u> |

Sources:

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

(2) City of Middletown annual financial report for December 31, 2012

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

| | 2013 | 2012 | 2011 | 2010 |
|--|---------------------|---------------------|----------------------|----------------------|
| Assessed Valuation of District | \$ 716,283,510 | \$ 725,510,990 | | |
| <u>Overall Direct Debt Limit</u> | | | | |
| Direct Debt Limitation 9% of assessed valuation (1) | \$ 64,465,516 | \$ 65,295,989 | | |
| Amount available in Debt Service Fund | 1,332,329 | 1,307,781 | | |
| Gross Indebtedness | 57,737,823 | 62,734,737 | | |
| Less Exempt Debt: General Obligation Notes | - | - | | |
| Net Indebtedness | <u>57,737,823</u> | <u>62,734,737</u> | | |
| Legal Debt Margin within 9% Limitation | <u>\$ 8,060,022</u> | <u>\$ 3,869,033</u> | <u>\$ 71,099,424</u> | <u>\$ 71,244,499</u> |
| Total Net Debt Applicable to the Limit as a Percentage of the Limit | 87.75% | 94.19% | | |
| <u>Unvoted Direct Debt Limitation</u> | | | | |
| Unvoted Debt Limitation 0.1% of assessed valuation | <u>\$ 716,284</u> | <u>\$ 725,511</u> | <u>\$ 952,694</u> | <u>\$ 959,842</u> |

Source: School District records

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

| <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <u>\$ 75,419,703</u> | <u>\$ 79,896,489</u> | <u>\$ 97,367,033</u> | <u>\$ 89,052,914</u> | <u>\$ 96,720,660</u> | <u>\$ 86,385,753</u> |
| <u>\$ 1,074,674</u> | <u>\$ 989,477</u> | <u>\$ 1,081,856</u> | <u>\$ 887,739</u> | <u>\$ 838,481</u> | <u>\$ 791,613</u> |

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

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

| Year | Population (1) | Personal Income 000s (1) | Per-Capita Personal Income | Unemployment Rate (2) |
|------|----------------|--------------------------------|----------------------------------|--------------------------|
| 2012 | 48,694 | 965,335 | 19,825 | 7.30% |
| 2011 | 48,694 | 976,266 | 20,049 | 7.50% |
| 2010 | 48,694 | 1,000,321 | 20,543 | 9.10% |
| 2009 | 49,000 | 1,006,607 | 20,543 | 10.10% |
| 2008 | 51,422 | 1,009,620 | 19,634 | 9.20% |
| 2007 | 51,739 | 1,015,844 | 19,634 | 5.10% |
| 2006 | 51,018 | 1,001,687 | 19,634 | 5.60% |
| 2005 | 51,187 | 1,005,006 | 19,634 | 5.20% |
| 2004 | 51,583 | 1,019,951 | 19,773 | 4.30% |
| 2003 | 51,752 | 1,023,292 | 19,773 | 4.50% |

Sources:

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

(2) Ohio Bureau of Employment Services, rates are Butler County.

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

| 2012 | | |
|---------------------------------|---------------|-------------------------------------|
| Employer | Employees | Percentage of Total City Employment |
| AK Steel | 2,333 | 10.51 % |
| Atrium Medical Center | 2,013 | 9.07 |
| Middletown City School District | 1,081 | 4.87 |
| CBS Temporary Service, LLC | 1,064 | 4.79 |
| Crown Service 36 LLC | 897 | 4.04 |
| CM Temporary Services, Inc. | 712 | 3.21 |
| Kokosing Construction | 640 | 2.88 |
| Kroger Limited Partnership | 526 | 2.37 |
| City of Middletown | 520 | 2.34 |
| McDonald's Restaurants of Ohio | 427 | 1.92 |
| Total | <u>10,213</u> | <u>46.00 %</u> |
| Total City Employees | <u>22,200</u> | |

| 2003 | | |
|---|---------------|-------------------------------------|
| Employer | Employees | Percentage of Total City Employment |
| AK Steel | 4,072 | 19.00% |
| Atrium Medical Center (formerly Middletown Regional Hospital) | 1,470 | 6.86% |
| Robert Lee Brown | 1,170 | 5.46% |
| Middletown City School District | 986 | 4.60% |
| City of Middletown | 531 | 2.48% |
| Jefferson Smuffit Corporation | 354 | 1.65% |
| McGraw/Kokosing | 348 | 1.62% |
| Aeronca | 255 | 1.19% |
| Miami University | 250 | 1.17% |
| Southwest Ohio Steel, Inc. | 190 | 0.89% |
| Total | <u>9,626</u> | <u>44.92%</u> |
| Total City Employees | <u>21,433</u> | |

Source: City of Middletown annual financial report for December 31, 2012

Note: Information was not available for calendar year 2001; therefore, the District has presented information from eight years ago that was available.

Middletown City School District
Butler County, Ohio

Full-Time Equivalent School Employees by Function/Program
 Last Ten Fiscal Years

| <u>Function/program</u> | <u>2013</u> | <u>2012 (2)</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006 (1)</u> | <u>2005</u> | <u>2004</u> |
|---|---------------|-----------------|---------------|---------------|---------------|---------------|---------------|-----------------|---------------|---------------|
| Instruction: | | | | | | | | | | |
| Classroom teachers | 368.00 | 324.29 | 342.49 | 380.05 | 401.00 | 306.50 | 337.50 | 354.50 | 367.00 | 408.00 |
| Special Education teachers and tutors | 49.00 | 78.68 | 95.41 | 84.65 | 86.00 | 80.00 | 78.00 | 69.00 | 70.00 | 75.00 |
| Educational aides | 1.00 | 2.00 | 37.80 | 66.00 | 67.00 | 58.00 | 52.00 | 41.50 | 43.00 | 41.00 |
| Special Education aides and attendants | 62.00 | 58.00 | 57.50 | 12.00 | 16.00 | 9.00 | 8.00 | 12.00 | 12.00 | 12.00 |
| Total Instruction | 480.00 | 462.97 | 533.20 | 542.70 | 570.00 | 453.50 | 475.50 | 477.00 | 492.00 | 536.00 |
| Support Services: | | | | | | | | | | |
| Support personnel | | | | | | | | | | |
| Librarians, nurses, counselors, visiting teachers | 52.00 | 80.23 | 70.66 | 67.35 | 55.00 | 91.50 | 98.00 | 99.00 | 92.00 | 91.00 |
| Principals | 11.00 | 15.00 | 22.00 | 23.00 | 23.00 | 21.00 | 23.00 | 25.00 | 26.00 | 28.00 |
| Central office administration | 11 | 11 | 12.00 | 16.00 | 24.00 | 20.00 | 21.00 | 19.00 | 23.00 | 22.00 |
| Secretaries and clerical | 40.00 | 44.60 | 47.00 | 50.00 | 45.00 | 46.00 | 57.00 | 47.00 | 48.00 | 51.00 |
| Transportation (3) | - | - | 40.81 | 43.81 | 47.00 | 50.00 | 55.00 | 51.00 | 52.00 | 51.00 |
| Food service (3) | - | - | - | - | - | - | - | - | 56.00 | 60.00 |
| Custodial (3) | - | 31.00 | 33.00 | 33.00 | 37.00 | 36.00 | 44.00 | 45.00 | 47.00 | 51.00 |
| Maintenance and mechanics (3) | - | 7.00 | 16.00 | 16.00 | 8.00 | 8.00 | 11.00 | 12.00 | 16.00 | 16.00 |
| Total Support Services | 114.00 | 188.83 | 241.47 | 249.16 | 239.00 | 272.50 | 309.00 | 298.00 | 360.00 | 370.00 |
| Total Governmental Activities | 594.00 | 651.80 | 774.67 | 791.86 | 809.00 | 726.00 | 784.50 | 775.00 | 852.00 | 906.00 |

Source: School District records

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

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

| Fiscal Year | Enrollment (ADM) | Operating Expenditures (1) | Cost Per Pupil (2) | Percentage Change | Expenses (3) | Cost per pupil (4) | Percentage Change | Teaching Staff | Pupil/Teacher Ratio | Percentage of Free or Reduced Lunches |
|-------------|------------------|----------------------------|--------------------|-------------------|--------------|--------------------|-------------------|----------------|---------------------|---------------------------------------|
| 2013 | 6,534 | 78,766,846 | 12,055 | -3.29% | 83,029,498 | 12,707 | -3.33% | 490 | 13 | 72.1% |
| 2012 | 6,491 | 80,909,059 | 12,465 | -3.56% | 85,322,225 | 13,145 | -6.28% | 462 | 14 | 72.1% |
| 2011 | 6,540 | 84,530,318 | 12,925 | 2.16% | 91,722,064 | 14,025 | 4.27% | 438 | 15 | 71.5% |
| 2010 | 6,601 | 83,517,615 | 12,652 | 3.05% | 88,786,328 | 13,450 | 3.20% | 465 | 14 | 70.0% |
| 2009 | 6,750 | 82,876,238 | 12,278 | 8.19% | 87,973,950 | 13,033 | 7.06% | 487 | 14 | 63.9% |
| 2008 | 6,586 | 74,740,703 | 11,348 | -4.49% | 80,174,221 | 12,173 | 0.24% | 387 | 17 | 65.0% |
| 2007 | 6,436 | 76,474,165 | 11,882 | 11.39% | 78,158,767 | 12,144 | 6.90% | 416 | 15 | 66.5% |
| 2006 | 6,925 | 73,868,316 | 10,667 | 5.75% | 78,666,755 | 11,360 | 5.03% | 424 | 16 | 52.3% |
| 2005 | 7,198 | 72,607,035 | 10,087 | 4.54% | 77,854,588 | 10,816 | 9.36% | 437 | 16 | 52.7% |
| 2004 | 7,302 | 70,456,316 | 9,649 | 9.35% | 72,218,476 | 9,890 | 11.77% | 483 | 15 | 48.6% |

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

(2) Operating expenditure by enrollment

(3) Expenses is total expenses from statement of activities

(4) Expenses by enrollment

Source: School District records

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

| | Year Built | Any changes? | | | | | | | | | |
|----------------------------|------------|--------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| Elementary Schools | | | | | | | | | | | |
| <i>Amanda</i> | | | | | | | | | | | |
| | 1961 | | | | | | | | | | |
| Square Feet | | 68,234 | 68,234 | 68,234 | 68,234 | 68,234 | 68,234 | 68,234 | 68,234 | 68,234 | 68,234 |
| Capacity (students) | | 518 | 518 | 518 | 518 | 518 | 518 | 518 | 546 | 546 | 546 |
| Enrollment | | 471 | 490 | 396 | 410 | 411 | 468 | 400 | 276 | 446 | 385 |
| Percentage of capacity (3) | | 91% | 94% | 76% | 79% | 79% | 90% | 77% | 51% | 82% | 71% |
| Site acreage | | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |
| <i>Old Central Academy</i> | | | | | | | | | | | |
| | 1960 | | | | | | | | | | |
| Square Feet | | (12) | (12) | (12) | (12) | (12) | 30,271 | 30,271 | 30,271 | 30,271 | 30,271 |
| Capacity (students) | | (12) | (12) | (12) | (12) | (12) | 243 | 243 | 243 | 243 | 243 |
| Enrollment | | (12) | (12) | (12) | (12) | (12) | 245 | 270 | 291 | 292 | 271 |
| Percentage of capacity (3) | | (12) | (12) | (12) | (12) | (12) | 101% | 111% | 120% | 120% | 112% |
| Site acreage | | (12) | (12) | (12) | (12) | (12) | 2 | 2 | 2 | 2 | 2 |
| <i>New Central Academy</i> | | | | | | | | | | | |
| | 1966 | | | | | | | | | | |
| Square Feet | | 32,795 | 32,795 | 32,795 | 32,795 | 32,795 | (9) | (9) | (9) | (9) | (9) |
| Capacity (students) | | 350 | 350 | 350 | 350 | 350 | (9) | (9) | (9) | (9) | (9) |
| Enrollment | | 382 | 414 | 320 | 327 | 293 | (9) | (9) | (9) | (9) | (9) |
| Percentage of capacity (3) | | 109% | 118% | 91% | 93% | 83% | (9) | (9) | (9) | (9) | (9) |
| Site acreage | | 7 | 7 | 7 | 7 | 7 | (9) | (9) | (9) | (9) | (9) |
| <i>Old Creekview</i> | | | | | | | | | | | |
| | 1961 | | | | | | | | | | |
| Square Feet | | (11) | (11) | (11) | (11) | (11) | 40,869 | 40,869 | 40,869 | 40,869 | 40,869 |
| Capacity (students) | | (11) | (11) | (11) | (11) | (11) | 327 | 327 | 327 | 327 | 327 |
| Enrollment | | (11) | (11) | (11) | (11) | (11) | 354 | 359 | 417 | 383 | 442 |
| Percentage of capacity (3) | | (11) | (11) | (11) | (11) | (11) | 108% | 110% | 128% | 117% | 135% |
| Site acreage | | (11) | (11) | (11) | (11) | (11) | 12 | 12 | 12 | 12 | 12 |
| <i>New Creekview</i> | | | | | | | | | | | |
| | 2007 | | | | | | | | | | |
| Square Feet | | 62,000 | 62,000 | 62,000 | 62,000 | 62,000 | 62,000 | 62,000 | (5) | (5) | (5) |
| Capacity (students) | | 503 | 503 | 503 | 503 | 503 | 503 | 503 | (5) | (5) | (5) |
| Enrollment | | 470 | 423 | 449 | 425 | 455 | 442 | 456 | (5) | (5) | (5) |
| Percentage of capacity (3) | | 93% | 84% | 89% | 84% | 90% | 88% | 91% | (5) | (5) | (5) |
| Site acreage | | 12 | 12 | 12 | 12 | 12 | 12 | 12 | (5) | (5) | (5) |
| <i>Highview</i> | | | | | | | | | | | |
| | 2007 | | | | | | | | | | |
| Square Feet | | 62,000 | 62,000 | 62,000 | 62,000 | 62,000 | 62,000 | 62,000 | (5) | (5) | (5) |
| Capacity (students) | | 503 | 503 | 503 | 503 | 503 | 503 | 503 | (5) | (5) | (5) |
| Enrollment | | 436 | 427 | 377 | 397 | 455 | 449 | 448 | (5) | (5) | (5) |
| Percentage of capacity (3) | | 87% | 84% | 75% | 79% | 90% | 89% | 89% | (5) | (5) | (5) |
| Site acreage | | 5 | 5 | 5 | 5 | 5 | 5 | 5 | (5) | (5) | (5) |
| <i>Jefferson</i> | | | | | | | | | | | |
| | 1912 | | | | | | | | | | |
| Square Feet | | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) |

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

| | Year Built | Any changes? | | | | | | | | | |
|----------------------------|------------|--------------|--------|--------|--------|--------|---------|---------|---------|---------|---------|
| | | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| Capacity (students) | | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) |
| Enrollment | | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) |
| Percentage of capacity (3) | | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) |
| Site acreage | | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| <i>Mayfield</i> | 1939 | | | | | | | | | | |
| Square Feet | | 49,828 | 49,828 | 49,828 | 49,828 | 49,828 | 49,828 | 49,828 | 49,828 | 49,828 | 49,828 |
| Capacity (students) | | 503 | 503 | 503 | 503 | 503 | 425 | 425 | 425 | 425 | 425 |
| Enrollment | | 475 | 469 | 445 | 452 | 376 | (6) | (6) | 537 | 576 | 447 |
| Percentage of capacity (3) | | 94% | 93% | 88% | 89% | 74% | (6) | (6) | 126% | 136% | 105% |
| Site acreage | | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| <i>McKinley</i> | 1930 | | | | | | | | | | |
| Square Feet | | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) |
| Capacity (students) | | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) |
| Enrollment | | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) |
| Percentage of capacity (3) | | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) |
| Site acreage | | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) |
| <i>Miller Ridge</i> | 2008 | | | | | | | | | | |
| Square Feet | | 62,000 | 62,000 | 62,000 | 62,000 | 62,000 | 62,000 | (8) | (8) | (8) | (8) |
| Capacity (students) | | 503 | 503 | 502 | 502 | 502 | 503 | (8) | (8) | (8) | (8) |
| Enrollment | | 495 | 515 | 461 | 448 | 434 | 421 | (8) | (8) | (8) | (8) |
| Percentage of capacity (3) | | 98% | 102% | 92% | 89% | 86% | 84% | (8) | (8) | (8) | (8) |
| Site acreage | | 37 | 37 | 37 | 37 | 37 | 37 | (8) | (8) | (8) | (8) |
| <i>Oneida</i> | 1953 | | | | | | | | | | |
| Square Feet | | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) |
| Capacity (students) | | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) |
| Enrollment | | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) |
| Percentage of capacity (3) | | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) |
| Site acreage | | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| <i>Roosevelt</i> | 1930 | | | | | | | | | | |
| Square Feet | | (10) | (10) | (10) | (10) | (10) | 114,456 | 114,456 | 114,456 | 114,456 | 114,456 |
| Capacity (students) | | (10) | (10) | (10) | (10) | (10) | 812 | 812 | 812 | 812 | 812 |
| Enrollment | | (10) | (10) | (10) | (10) | (10) | 414 | 601 | 765 | 746 | 731 |
| Percentage of capacity (3) | | (10) | (10) | (10) | (10) | (10) | 51% | 74% | 94% | 92% | 90% |
| Site acreage | | (10) | (10) | (10) | (10) | (10) | 7 | 7 | 7 | 7 | 7 |
| <i>Rosa Park</i> | 2007 | | | | | | | | | | |
| Square Feet | | 62,000 | 62,000 | 62,000 | 62,000 | 62,000 | 62,000 | 62,000 | (5) | (5) | (5) |
| Capacity (students) | | 503 | 503 | 503 | 503 | 503 | 503 | 503 | (5) | (5) | (5) |
| Enrollment | | 595 | 608 | 423 | 417 | 413 | 457 | 453 | (5) | (5) | (5) |
| Percentage of capacity (3) | | 118% | 120% | 84% | 83% | 82% | 91% | 90% | (5) | (5) | (5) |

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

| | Year Built | Any changes? | | | | | | | | | |
|--|------------|--------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| Site acreage | | 8 | 8 | 8 | 8 | 8 | 8 | 8 | (5) | (5) | (5) |
| <i>Rosedale</i> | 1966 | | | | | | | | | | |
| Square Feet | | (9) | (9) | (9) | (9) | (9) | 32,795 | 32,795 | 32,795 | 32,795 | 32,795 |
| Capacity (students) | | (9) | (9) | (9) | (9) | (9) | 262 | 262 | 262 | 262 | 262 |
| Enrollment | | (9) | (9) | (9) | (9) | (9) | (9) | 268 | 332 | 325 | 307 |
| Percentage of capacity (3) | | (9) | (9) | (9) | (9) | (9) | (9) | 102% | 127% | 124% | 117% |
| Site acreage | | (9) | (9) | (9) | (9) | (9) | 7 | 7 | 7 | 7 | 7 |
| <i>Taft</i> | 1952 | | | | | | | | | | |
| Square Feet | | (11) | (11) | (11) | (11) | (11) | 64,456 | 64,456 | 64,456 | 64,456 | 64,456 |
| Capacity (students) | | (11) | (11) | (11) | (11) | (11) | 537 | 537 | 537 | 537 | 537 |
| Enrollment | | (11) | (11) | (11) | (11) | (11) | (7) | (7) | 271 | 302 | 379 |
| Percentage of capacity (3) | | (11) | (11) | (11) | (11) | (11) | (7) | (7) | 50% | 56% | 71% |
| Site acreage | | (11) | (11) | (11) | (11) | (11) | 6 | 6 | 6 | 6 | 6 |
| <i>Wildwood</i> | 1959 (4) | | | | | | | | | | |
| Square Feet | | 44,450 | 44,450 | 44,450 | 44,450 | 44,450 | 44,450 | 44,450 | 44,450 | 44,450 | 44,450 |
| Capacity (students) | | 503 | 503 | 503 | 503 | 503 | 356 | 356 | 356 | 356 | 356 |
| Enrollment | | 612 | 564 | 503 | 475 | 457 | (6) | (6) | 390 | 392 | 433 |
| Percentage of capacity (3) | | 122% | 112% | 100% | 94% | 90% | (6) | (6) | 110% | 110% | 122% |
| Site acreage | | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| <i>Wilson</i> | 1951 | | | | | | | | | | |
| Square Feet | | (2) | (2) | (2) | (2) | (2) | (2) | (2) | 48,313 | 48,313 | 48,313 |
| Capacity (students) | | (2) | (2) | (2) | (2) | (2) | (2) | (2) | 387 | 387 | 387 |
| Enrollment | | (2) | (2) | (2) | (2) | (2) | (2) | (2) | 330 | 337 | 357 |
| Percentage of capacity (3) | | (2) | (2) | (2) | (2) | (2) | (2) | (2) | 85% | 87% | 92% |
| Site acreage | | (2) | (2) | (2) | (2) | (2) | (2) | (2) | 5 | 5 | 5 |
| Middle Schools | | | | | | | | | | | |
| <i>Middletown Middles School (formerly Vail)</i> | 1923 | | | | | | | | | | |
| Square Feet | | 222,409 | 222,409 | 222,409 | 222,409 | 222,409 | 222,409 | 222,409 | 222,409 | 222,409 | 222,409 |
| Capacity (students) | | 1,576 | 1,576 | 1,576 | 1,576 | 1,576 | 1,576 | 1,576 | 1,576 | 1,576 | 1,576 |
| Enrollment | | 785 | 825 | 776 | 807 | 802 | 821 | 907 | 703 | 736 | 797 |
| Percentage of capacity (3) | | 50% | 52% | 49% | 51% | 51% | 52% | 58% | 45% | 47% | 51% |
| Site acreage | | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| <i>George M. Verity - closed</i> | 1968 | | | | | | | | | | |
| Square Feet | | 81,589 | 81,589 | 81,589 | 81,589 | 81,589 | 81,589 | 81,589 | 81,589 | 81,589 | 81,589 |
| Capacity (students) | | 653 | 653 | 653 | 653 | 653 | 653 | 653 | 653 | 653 | 653 |
| Enrollment | | - | - | 596 | 625 | 625 | 599 | 489 | 483 | 605 | 617 |
| Percentage of capacity (3) | | 0% | 0% | 91% | 96% | 96% | 92% | 75% | 74% | 93% | 94% |
| Site acreage | | 39 | 39 | 39 | 39 | 39 | 39 | 39 | 39 | 39 | 39 |
| High Schools | | | | | | | | | | | |

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

| | Year Built | Any changes? | | | | | | | | | |
|-----------------------------|------------|--------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| <i>Garfield Alternative</i> | 1925 | | | | | | | | | | |
| Square Feet | | (2) | (2) | (2) | (2) | (2) | (2) | (2) | 56,038 | 56,038 | 56,038 |
| Capacity (students) | | (2) | (2) | (2) | (2) | (2) | (2) | (2) | 312 | 312 | 312 |
| Enrollment | | (2) | (2) | (2) | (2) | (2) | (2) | (2) | 66 | 122 | 158 |
| Percentage of capacity (3) | | (2) | (2) | (2) | (2) | (2) | (2) | (2) | 21% | 39% | 51% |
| Site acreage | | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| <i>Middletown High</i> | 1969 | | | | | | | | | | |
| Square Feet | | 363,627 | 363,627 | 363,627 | 363,627 | 363,627 | 363,627 | 363,627 | 363,627 | 363,627 | 363,627 |
| Capacity (students) | | 2,178 | 2,178 | 2,178 | 2,178 | 2,178 | 2,178 | 2,178 | 2,178 | 2,178 | 2,178 |
| Enrollment | | 1,813 | 1,804 | 1,794 | 1,829 | 1,840 | 1,834 | 1,797 | 1,831 | 1,809 | 1,754 |
| Percentage of capacity (3) | | 83% | 82% | 82% | 84% | 84% | 84% | 83% | 84% | 83% | 81% |
| Site acreage | | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |

Source: School District records

- (2) Middletown City School District demolished Oneida Elementary
- (3) Enrollment divided by capacity
- (4) Annexed in 1993
- (5) Rosa Parks opened in fiscal year 2007
- (6) In 2008, due to construction, Wildwood students were housed at the Roosevelt Building and Mayfield was housed at the old Creekview building. Original Roosevelt students have been dispersed amongst the District because the building is no longer in use after Wildwood students return after the Wildwood construction was completed.
- (7) Taft Elementary was being used for storage
- (8) Miller Ridge Elementary opened in fiscal year 2007.
- (9) Rosedale Elementary was under renovation during fiscal year 2008, and was renamed New Central Academy.
- (10) Roosevelt Elementary was unoccupied in 2009 awaiting demolition.
- (11) Demolished 2008.
- (12) 2009 and forward houses Butler County Head Start.

This page intentionally left blank

MIDDLETOWN CITY SCHOOL DISTRICT

KELLEY THORPE, TREASURER
1 DONHAM PLAZA, 4TH FLOOR
MIDDLETOWN, OHIO 45042

www.middletowncityschools.com

This page intentionally left blank.



Dave Yost • 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
JANUARY 2, 2014**