



Dave Yost • Auditor of State



**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

West Carrollton City School District  
Montgomery County  
430 East Pease Avenue  
West Carrollton, Ohio 45449

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of West Carrollton City School District, Montgomery County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of West Carrollton City School District, Montgomery County, Ohio, as of June 30, 2011, and the respective changes in financial position thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during 2011, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* as 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule provides additional information 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 Federal Awards Receipts and Expenditures Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

April 9, 2012

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)**

The discussion and analysis of the West Carrollton 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, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2011 are as follows:

- In total, net assets of governmental activities increased \$596,680 which represents a 2.22% increase from 2010.
- General revenues accounted for \$35,741,995 in revenue or 81.37% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$8,180,662 or 18.63% of total revenues of \$43,922,657.
- The District had \$43,325,977 in expenses related to governmental activities; only \$8,180,662 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$35,741,995 were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$36,631,433 in revenues and \$36,916,862 in expenditures. During fiscal year 2011, the general fund's fund balance decreased \$285,429 from a restated balance of \$13,814,887 to \$13,529,458.

**Using these Basic Financial Statements**

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

The *statement of net assets* and *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 non-major funds presented in total in one column. In the case of the District, the general fund is by far the most significant fund, and the only governmental fund reported as a major fund.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)  
(Continued)**

**Reporting the District as a Whole**

**Statement of Net Assets and the Statement of Activities**

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The Statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

The District's statement of net assets and statement of activities can be found on pages 13-14 of this report.

**Reporting the District's Most Significant Funds**

**Fund Financial Statements**

The analysis of the District's major governmental fund begins on page 9. 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 only major governmental fund is the general fund.

**Governmental Funds**

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.



**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)  
(Continued)**

**Reporting the District's Fiduciary Responsibilities**

The District is the trustee, or fiduciary, for 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 or other entities. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 20 and 21. 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 23-47 of this report.

**The District as a Whole**

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

The table below provides a summary of the District's net assets at June 30 2011 and June 30, 2010.

	<b>Net Assets</b>	
	<b>Governmental Activities 2011</b>	<b>Governmental Activities 2010</b>
<b>Assets:</b>		
Current and other assets	\$36,931,684	\$37,987,445
Capital assets, net	16,112,128	17,011,286
Total assets	53,043,812	54,998,731
<b>Liabilities:</b>		
Current liabilities	20,131,851	22,185,371
Long-term liabilities	5,438,532	5,936,611
Total liabilities	25,570,383	28,121,982
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	12,381,198	13,305,150
Restricted	1,879,662	828,299
Unrestricted	13,212,569	12,743,300
Total net assets	\$27,473,429	\$26,876,749

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the District's assets exceeded liabilities by \$27,473,429. Of this total, \$13,212,569 is unrestricted in use.

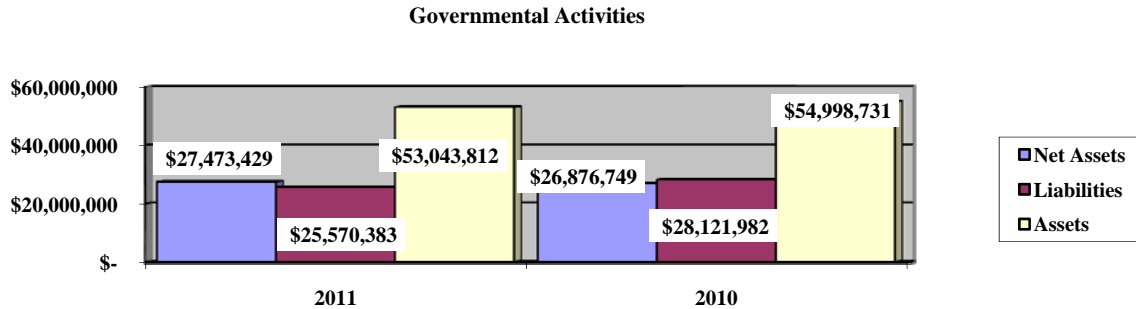
At year-end, capital assets represented 30.38% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2011, were \$12,381,198. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)  
(Continued)**

A portion of the District's net assets, \$1,879,662, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$13,212,569 may be used to meet the District's ongoing obligations to the students and creditors.

The graph below illustrates the District's governmental activities assets, liabilities and net assets at June 30, 2011 and June 30, 2010.



The table below shows the change in net assets for fiscal year 2011 and 2010.

	<b>Change in Net Assets</b>	
	<b>Governmental Activities 2011</b>	<b>Governmental Activities 2010</b>
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for services and sales	\$ 1,193,623	\$ 1,374,692
Operating grants and contributions	6,987,039	4,827,045
<b>General revenues:</b>		
Property taxes	17,289,477	16,700,037
Grants and entitlements	17,900,201	18,872,944
Investment earnings	281,216	532,718
Miscellaneous	271,101	87,171
<b>Total revenues</b>	<b>43,922,657</b>	<b>42,394,607</b>
<b>Expenses:</b>		
<b>Program expenses:</b>		
<b>Instruction:</b>		
Regular	15,965,325	14,983,570
Special	5,752,392	5,708,513
Vocational	212,757	210,580
Other	2,615,926	2,390,763
<b>Support services:</b>		
Pupil	2,741,034	2,673,088
Instructional staff	2,487,830	2,125,159
Board of education	31,123	32,019
Administration	3,034,482	3,121,199
Fiscal	760,992	694,935
Business	498,762	500,534
Operations and maintenance	3,517,485	3,378,909
Pupil transportation	2,795,550	2,455,550
Central	272,629	220,455

(Continued)

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)  
(Continued)**

	<b>Change in Net Assets (Continued)</b>	
	<b>Governmental Activities 2011</b>	<b>Governmental Activities 2010</b>
<b>Expenses: (Continued)</b>		
<b>Operation of non-instructional services:</b>		
Food service operations	1,480,158	1,337,930
Other non-instructional services	53,231	102,120
Extracurricular activities	942,177	632,573
Interest and fiscal charges	164,124	59,073
Total expenses	43,325,977	40,626,970
Increase in net assets	596,680	1,767,637
Net assets at beginning of year	26,876,749	25,109,112
Net assets at end of year	\$27,473,429	\$26,876,749

**Governmental Activities**

Net assets of the District's governmental activities increased \$596,680. Total governmental expenses of \$43,325,977 were offset by program revenues of \$8,180,662 and general revenues of \$35,741,995. Program revenues supported 18.88% of the total governmental expenses.

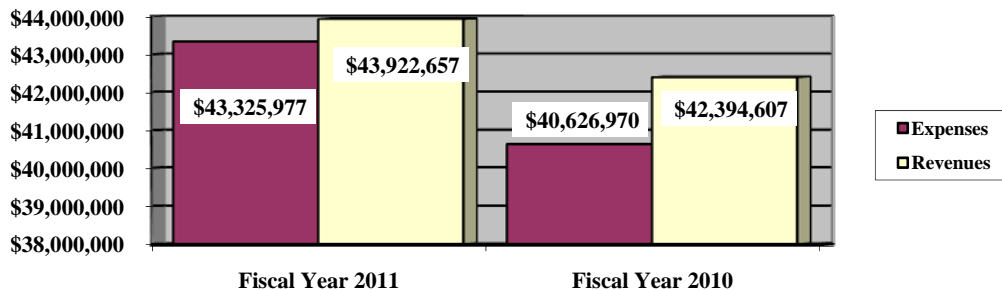
In the area of program revenues, the significant increase in operating grants and contributions was primarily due to funding through the State of Ohio for PATHway for Student Success (PASS) funding which offsets special education costs and revenue through the education jobs grant funding. PASS funding has been reported as program revenue in fiscal year 2011 versus general revenue in fiscal year 2010.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 80.12% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$24,546,400 or 56.66% of total governmental expenses for fiscal year 2011.

The graph below presents the governmental activities revenues and expenses for fiscal year 2011 and 2010.

**Governmental Activities - Revenues and Expenses**



**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)  
(Continued)**

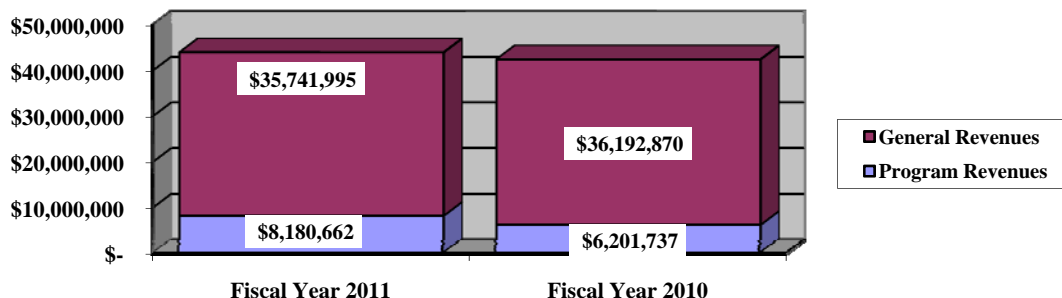
The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported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

<b>Governmental Activities</b>				
	<b>Total Cost of Services 2011</b>	<b>Net Cost of Services 2011</b>	<b>Total Cost of Services 2010</b>	<b>Net Cost of Services 2010</b>
<b>Program expenses</b>				
<b>Instruction:</b>				
Regular	\$15,965,325	\$13,839,232	\$14,983,570	\$13,667,470
Special	5,752,392	2,653,530	5,708,513	3,842,497
Vocational	212,757	166,549	210,580	164,716
Other	2,615,926	2,096,830	2,390,763	1,908,895
<b>Support services:</b>				
Pupil	2,741,034	2,682,731	2,673,088	2,581,631
Instructional staff	2,487,830	2,165,712	2,125,159	1,569,689
Board of education	31,123	31,123	32,019	32,019
Administration	3,034,482	2,982,029	3,121,199	3,061,713
Fiscal	760,992	760,992	694,935	694,935
Business	498,762	498,762	500,534	500,534
Operations and maintenance	3,517,485	3,443,637	3,378,909	3,274,534
Pupil transportation	2,795,550	2,644,904	2,455,550	2,301,557
Central	272,629	267,629	220,455	214,033
<b>Operation of non-instructional services:</b>				
Food service operations	1,480,158	(84,122)	1,337,930	(66,003)
Other non-instructional services	53,231	53,231	102,120	101,647
Extracurricular activities	942,177	778,422	632,573	516,293
Interest and fiscal charges	164,124	164,124	59,073	59,073
<b>Total expenses</b>	<b>\$43,325,977</b>	<b>\$35,145,315</b>	<b>\$40,626,970</b>	<b>\$34,425,233</b>

The dependence upon tax and other general revenues for governmental activities is apparent, 76.41% of instruction activities are supported through taxes, grants and entitlements and other general revenues. For all governmental activities, general revenue support is 81.12%. Grants and entitlements, and unrestricted grants and entitlements from the State, are by far the primary support for the District's students.

The graph below presents the District's governmental activities revenues for fiscal year 2011 and 2010.

**Governmental Activities - General and Program Revenues**



**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)  
(Continued)**

**The District's Funds**

The District's governmental funds (as presented on page 15) reported a combined fund balance of \$14,747,198, which is higher than last year's total of \$14,690,843. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2011 and 2010. The District restated June 30, 2010 fund balances as described in Note 3.B.

	<b>Fund Balance June 30, 2011</b>	<b>Restated Fund Balance June 30, 2010</b>	<b>Increase/ (Decrease)</b>	<b>Percentage Change</b>
General	\$13,529,458	\$13,814,887	(\$285,429)	(2.07) %
Other Governmental	1,217,740	875,956	341,784	39.02 %
Total	<u>\$14,747,198</u>	<u>\$14,690,843</u>	<u>\$ 56,355</u>	0.38 %

**General Fund**

The table that follows assists in illustrating the financial activities of the general fund.

	<b>2011 Amount</b>	<b>Restated 2010 Amount</b>	<b>Increase (Decrease)</b>	<b>Percentage Change</b>
<b>Revenues:</b>				
Taxes	\$16,340,280	\$15,918,731	\$ 421,549	2.65 %
Tuition	385,918	371,483	14,435	3.89 %
Earnings on investments	283,395	535,296	(251,901)	(47.06) %
Intergovernmental	18,966,740	18,805,876	160,864	0.86 %
Other revenues	655,100	587,535	67,565	11.50 %
Total	<u>\$36,631,433</u>	<u>\$36,218,921</u>	<u>\$ 412,512</u>	1.14 %
<b>Expenditures:</b>				
Instruction	\$20,970,405	\$19,693,780	\$1,276,625	6.48 %
Support services	14,741,076	14,316,166	424,910	2.97 %
Other non-instructional services	51,013	108,729	(57,716)	(53.08) %
Extracurricular activities	602,315	570,717	31,598	5.54 %
Debt service	552,053	322,934	229,119	70.95 %
Total	<u>\$36,916,862</u>	<u>\$35,012,326</u>	<u>\$1,904,536</u>	5.44 %

Overall revenues increased \$412,512 or 1.14% from the prior year due to an increase in the amount of property taxes available as an advance to the District at year-end. The decrease in earnings on investments of \$251,901 or 47.06% can be attributed to a decrease in interest rates as well as a decrease in the amount of investments.

Expenditures increased \$1,904,536 primarily due to the increase in instruction expenditures. This increase is a result of increased regular instructional expenditures of approximately \$1 million on a cash-basis from the prior fiscal year. The increase can be attributed to rising operating costs as well as rise of salaries and wages. Extracurricular activities increase due to an increase in the costs of student activities during the fiscal year.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)  
(Continued)**

**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 2011, the District amended its general fund budget several times. For the general fund, final budgeted revenues and other financing sources were \$36,004,174, which is higher than the original budgeted revenues and other financing sources of \$35,346,000. Actual revenues and other financing sources for fiscal year 2011 were \$36,150,589.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$36,982,093 were increased to \$37,658,585 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2011 totaled \$37,641,845.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2011, the District had \$16,112,128 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. See Note 7 to the basic financial statements for detail. The following table shows fiscal year 2011 balances compared to 2010:

<b>Capital Assets at June 30 (Net of Depreciation)</b>		
	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
Land	\$ 572,938	\$ 572,938
Construction in progress	199,506	2,595,085
Land improvements	527,540	567,050
Building and improvements	13,196,267	11,503,415
Furniture and equipment	1,143,585	1,157,982
Vehicles	472,292	614,816
Total	<u>\$16,112,128</u>	<u>\$17,011,286</u>

The overall decrease in capital assets of \$899,158 is primarily due to depreciation expense of \$1,229,661 exceeding capital outlays of \$330,503 during the fiscal year.

**Debt Administration**

At June 30, 2011 the District had \$3,730,930 in general obligation bonds and lease purchase agreements outstanding. Of this total, \$419,813 is due within one year and \$3,311,117 is due within greater than one year. The following table summarizes the bonds and lease purchase agreements outstanding.

<b>Outstanding Debt, at Year End</b>		
	<b>Governmental Activities</b>	<b>Governmental Activities</b>
	<b>2011</b>	<b>2010</b>
Current interest bonds	\$1,960,000	\$2,100,000
Lease purchase agreement	1,770,930	2,044,584
Total	<u>\$3,730,930</u>	<u>\$4,144,584</u>

See Note 8 to the basic financial statements for detail.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)  
(Continued)**

**Current Financial Related Activities**

The challenge for all school districts is to provide a quality education to students while staying within the restrictions imposed by limited, and in some cases, shrinking, funding. Our reliance on local real estate taxes continues to increase significantly, as the state legislature has reduced funding for schools and continues to shift more of the burden to residential property owners while eliminating our commercial tax base.

In May 2010, the voters approved the renewal of a three-year 6.5 mill operating levy that was originally passed in May 2007. In November 2011, the voters did not pass the 2.25 operating levy request. The voters also defeated a new request for a 3.25 mill operating levy in both May 2010 and November 2010.

**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 Mr. Ryan Slone, Treasurer, West Carrollton City School District, 430 E. Pease Ave., West Carrollton, Ohio 45449.

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**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

STATEMENT OF NET ASSETS  
JUNE 30, 2011

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments . . . . .	\$ 17,592,071
Receivables:	
Taxes . . . . .	17,961,278
Payment in lieu of taxes . . . . .	13,007
Accounts . . . . .	36,053
Accrued interest . . . . .	64,348
Intergovernmental . . . . .	1,037,739
Prepayments . . . . .	202,320
Materials and supplies inventory . . . . .	24,868
Capital assets:	
Land . . . . .	572,938
Construction in progress . . . . .	199,506
Depreciable capital assets, net . . . . .	15,339,684
Capital assets, net . . . . .	16,112,128
 Total assets . . . . .	 53,043,812
 <b>Liabilities:</b>	
Accounts payable . . . . .	97,803
Contracts payable . . . . .	184,738
Retainage payable . . . . .	19,951
Accrued wages and benefits . . . . .	2,953,681
Pension obligation payable . . . . .	1,002,058
Intergovernmental payable . . . . .	171,054
Unearned revenue . . . . .	15,622,465
Accrued interest payable . . . . .	25,725
Claims payable . . . . .	54,376
Long-term liabilities:	
Due within one year . . . . .	797,997
Due in more than one year . . . . .	4,640,535
 Total liabilities . . . . .	 25,570,383
 <b>Net Assets:</b>	
Invested in capital assets, net of related debt . . . . .	12,381,198
Restricted for:	
Capital projects . . . . .	461,377
Locally funded programs . . . . .	7,075
State funded programs . . . . .	2,462
Federally funded programs . . . . .	764,809
Student activities . . . . .	6,431
Other purposes . . . . .	637,508
Unrestricted . . . . .	13,212,569
 Total net assets . . . . .	 \$ 27,473,429

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Revenue and Changes in Net Assets</u>
				<u>Governmental Activities</u>
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 15,965,325	\$ 343,551	\$ 1,782,542	\$ (13,839,232)
Special . . . . .	5,752,392	126,544	2,972,318	(2,653,530)
Vocational . . . . .	212,757	-	46,208	(166,549)
Other . . . . .	2,615,926	-	519,096	(2,096,830)
Support services:				
Pupil . . . . .	2,741,034	-	58,303	(2,682,731)
Instructional staff . . . . .	2,487,830	-	322,118	(2,165,712)
Board of education . . . . .	31,123	-	-	(31,123)
Administration . . . . .	3,034,482	-	52,453	(2,982,029)
Fiscal . . . . .	760,992	-	-	(760,992)
Business . . . . .	498,762	-	-	(498,762)
Operations and maintenance . . . . .	3,517,485	73,848	-	(3,443,637)
Pupil transportation . . . . .	2,795,550	29,199	121,447	(2,644,904)
Central . . . . .	272,629	-	5,000	(267,629)
Operation of non-instructional services:				
Food service operations . . . . .	1,480,158	473,752	1,090,528	84,122
Other non-instructional services . . . . .	53,231	-	-	(53,231)
Extracurricular activities . . . . .	942,177	146,729	17,026	(778,422)
Interest and fiscal charges . . . . .	164,124	-	-	(164,124)
<b>Totals . . . . .</b>	<b>\$ 43,325,977</b>	<b>\$ 1,193,623</b>	<b>\$ 6,987,039</b>	<b>(35,145,315)</b>
<b>General Revenues:</b>				
Property taxes levied for:				
General purposes . . . . .				16,594,044
Capital projects . . . . .				695,433
Grants and entitlements not restricted				
to specific programs . . . . .				17,900,201
Investment earnings . . . . .				281,216
Miscellaneous . . . . .				271,101
<b>Total general revenues . . . . .</b>				<b>35,741,995</b>
Change in net assets . . . . .				596,680
<b>Net assets at beginning of year . . . . .</b>				<b>26,876,749</b>
<b>Net assets at end of year . . . . .</b>				<b>\$ 27,473,429</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash and investments . . . . .	\$ 16,161,252	\$ 1,430,819	\$ 17,592,071
Receivables:			
Taxes . . . . .	17,246,705	714,573	17,961,278
Payment in lieu of taxes . . . . .	13,007	-	13,007
Accounts . . . . .	35,375	678	36,053
Accrued interest . . . . .	64,348	-	64,348
Intergovernmental . . . . .	-	1,037,739	1,037,739
Prepayments . . . . .	198,504	3,816	202,320
Materials and supplies inventory . . . . .	-	24,868	24,868
<b>Total assets . . . . .</b>	<b>33,719,191</b>	<b>3,212,493</b>	<b>36,931,684</b>
<b>Liabilities:</b>			
Accounts payable . . . . .	96,056	1,747	97,803
Contracts payable . . . . .	-	184,738	184,738
Retainage payable . . . . .	-	19,951	19,951
Accrued wages and benefits . . . . .	2,607,085	346,596	2,953,681
Compensated absences payable . . . . .	233,574	-	233,574
Intergovernmental payable . . . . .	155,067	15,987	171,054
Unearned revenue . . . . .	15,002,625	619,840	15,622,465
Deferred revenue . . . . .	1,143,827	700,959	1,844,786
Pension obligation payable . . . . .	897,123	104,935	1,002,058
Claims payable . . . . .	54,376	-	54,376
<b>Total liabilities . . . . .</b>	<b>20,189,733</b>	<b>1,994,753</b>	<b>22,184,486</b>
<b>Fund Balances:</b>			
Nonspendable:			
Materials and supplies inventory . . . . .	-	24,868	24,868
Prepays . . . . .	198,504	3,816	202,320
Restricted:			
Capital improvements . . . . .	-	416,104	416,104
Food service operations . . . . .	-	628,793	628,793
Special education . . . . .	-	21,623	21,623
Targeted academic assistance . . . . .	-	40,627	40,627
Extracurricular . . . . .	-	6,431	6,431
Other purposes . . . . .	-	81,164	81,164
Assigned:			
Student instruction . . . . .	223,009	-	223,009
Student and staff support . . . . .	246,803	-	246,803
Facilities acquisition and construction . . . . .	379	-	379
Public school support . . . . .	294,665	-	294,665
Unassigned (deficit) . . . . .	12,566,098	(5,686)	12,560,412
<b>Total fund balances . . . . .</b>	<b>13,529,458</b>	<b>1,217,740</b>	<b>14,747,198</b>
<b>Total liabilities and fund balances . . . . .</b>	<b>\$ 33,719,191</b>	<b>\$ 3,212,493</b>	<b>\$ 36,931,684</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2011

<b>Total governmental fund balances</b>		\$ 14,747,198
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		16,112,128
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable	\$ 1,130,978	
Accrued interest receivable	30,304	
Other receivable	27,818	
Intergovernmental receivable	655,686	
Total	1,844,786	1,844,786
Accrued interest payable is not due and payable in the current period and therefore is not reported in the fund.		(25,725)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences payable	(1,474,028)	
General obligation bond payable	(1,960,000)	
Lease purchase agreement payable	(1,770,930)	
Total	(5,204,958)	(5,204,958)
<b>Net assets of governmental activities</b>		<b>\$ 27,473,429</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
From local sources:			
Taxes . . . . .	\$ 16,340,280	\$ 684,639	\$ 17,024,919
Tuition . . . . .	385,918	-	385,918
Transportation fees . . . . .	29,199	-	29,199
Earnings on investments . . . . .	283,395	2,683	286,078
Charges for services . . . . .	2,599	471,153	473,752
Extracurricular . . . . .	68,896	77,833	146,729
Classroom materials and fees . . . . .	112,132	-	112,132
Rental income . . . . .	73,848	-	73,848
Contributions and donations . . . . .	125,143	-	125,143
Other local revenues . . . . .	243,283	42,947	286,230
Intergovernmental - state . . . . .	18,719,499	450,855	19,170,354
Intergovernmental - federal . . . . .	247,241	4,643,186	4,890,427
Total revenues . . . . .	<u>36,631,433</u>	<u>6,373,296</u>	<u>43,004,729</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	14,736,213	981,707	15,717,920
Special . . . . .	3,978,143	1,687,204	5,665,347
Vocational . . . . .	204,907	-	204,907
Other . . . . .	2,051,142	510,799	2,561,941
Support services:			
Pupil . . . . .	2,619,491	55,512	2,675,003
Instructional staff . . . . .	2,087,642	327,911	2,415,553
Board of education . . . . .	30,365	-	30,365
Administration . . . . .	2,939,821	52,822	2,992,643
Fiscal . . . . .	722,753	10,425	733,178
Business . . . . .	492,556	-	492,556
Operations and maintenance . . . . .	3,374,733	7,686	3,382,419
Pupil transportation . . . . .	2,210,918	-	2,210,918
Central . . . . .	262,797	4,737	267,534
Operation of non-instructional services:			
Operation of non-instructional . . . . .	51,013	-	51,013
Food service operations . . . . .	-	1,378,602	1,378,602
Extracurricular activities . . . . .	602,315	92,284	694,599
Facilities acquisition and construction . . . . .	-	921,823	921,823
Debt service:			
Principal retirement . . . . .	413,654	-	413,654
Interest and fiscal charges . . . . .	138,399	-	138,399
Total expenditures . . . . .	<u>36,916,862</u>	<u>6,031,512</u>	<u>42,948,374</u>
Net change in fund balances . . . . .	(285,429)	341,784	56,355
<b>Fund balances at beginning of year (restated).</b>	<u>13,814,887</u>	<u>875,956</u>	<u>14,690,843</u>
<b>Fund balances at end of year.</b>	<u>\$ 13,529,458</u>	<u>\$ 1,217,740</u>	<u>\$ 14,747,198</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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, 2011

<b>Net change in fund balances - total governmental funds</b>	\$	56,355
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.		
Capital asset additions	\$ 330,503	
Current year depreciation	(1,229,661)	
Total		(899,158)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Property taxes	264,558	
Earnings on investments	(2,179)	
Other revenue	27,818	
Intergovernmental revenue	607,668	
Total		897,865
 In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported in the statement of activities:		
Increase in accrued interest payable	(25,725)	
Total		(25,725)
 Repayments of bond and lease purchase agreements are an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. Principal payments during the year were:		
Bonds	140,000	
Capital lease	273,654	
Total		413,654
 Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		153,689
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b>596,680</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 15,958,000	\$ 16,226,527	\$ 16,111,270	\$ (115,257)
Tuition. . . . .	296,000	296,000	357,963	61,963
Transportation fees. . . . .	28,000	28,000	30,951	2,951
Earnings on investments . . . . .	500,000	400,000	393,309	(6,691)
Charges for services . . . . .	4,000	4,000	2,599	(1,401)
Extracurricular. . . . .	21,000	21,000	26,408	5,408
Rental income . . . . .	100,000	100,000	73,776	(26,224)
Other local revenues . . . . .	80,000	110,000	212,220	102,220
Intergovernmental - state . . . . .	18,236,000	18,634,000	18,694,796	60,796
Intergovernmental - federal . . . . .	113,000	113,000	171,463	58,463
<b>Total revenues . . . . .</b>	<b>35,336,000</b>	<b>35,932,527</b>	<b>36,074,755</b>	<b>142,228</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	14,511,618	14,967,608	14,836,520	131,088
Special. . . . .	3,966,877	4,155,938	4,082,772	73,166
Vocational. . . . .	242,215	241,645	218,381	23,264
Other. . . . .	1,883,634	2,018,614	2,059,939	(41,325)
Support services:				
Pupil. . . . .	2,602,925	2,594,348	2,673,965	(79,617)
Instructional staff . . . . .	2,023,333	2,099,933	2,054,896	45,037
Board of education . . . . .	36,600	36,600	30,782	5,818
Administration. . . . .	3,062,066	3,063,781	3,036,011	27,770
Fiscal . . . . .	752,847	756,347	741,599	14,748
Business . . . . .	496,888	492,478	521,332	(28,854)
Operations and maintenance. . . . .	3,613,129	3,555,973	3,646,062	(90,089)
Pupil transportation . . . . .	2,304,920	2,210,715	2,329,235	(118,520)
Central. . . . .	312,518	265,219	269,612	(4,393)
Operation of non-instructional services . . . . .	111,761	123,467	60,219	63,248
Extracurricular activities. . . . .	596,628	586,985	592,059	(5,074)
Debt service:				
Principal . . . . .	413,654	413,654	413,654	-
Interest and fiscal charges. . . . .	49,280	49,280	49,280	-
<b>Total expenditures . . . . .</b>	<b>36,980,893</b>	<b>37,632,585</b>	<b>37,616,318</b>	<b>16,267</b>
Excess of expenditures over revenues . . . . .	(1,644,893)	(1,700,058)	(1,541,563)	158,495
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	10,000	40,000	44,187	4,187
Refund of prior year's receipts. . . . .	(1,200)	(26,000)	(25,527)	473
Advances in. . . . .	-	31,647	31,647	-
<b>Total other financing sources (uses) . . . . .</b>	<b>8,800</b>	<b>45,647</b>	<b>50,307</b>	<b>4,660</b>
Net change in fund balance . . . . .	(1,636,093)	(1,654,411)	(1,491,256)	163,155
<b>Fund balance at beginning of year . . . . .</b>	<b>16,118,453</b>	<b>16,118,453</b>	<b>16,118,453</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>599,811</b>	<b>599,811</b>	<b>599,811</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b>\$ 15,082,171</b>	<b>\$ 15,063,853</b>	<b>\$ 15,227,008</b>	<b>\$ 163,155</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2011

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and investments . . . . .	\$ 86,958	\$ 28,766
Receivables:		
Accounts . . . . .	-	35
Total assets. . . . .	86,958	28,801
<b>Liabilities:</b>		
Due to students. . . . .	-	28,801
Total liabilities . . . . .	-	\$ 28,801
<b>Net assets:</b>		
Held in trust for scholarships . . . . .	86,958	
Total net assets . . . . .	\$ 86,958	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest. . . . .	\$ 87
Total additions. . . . .	87
<b>Deductions:</b>	
Scholarships awarded . . . . .	2,500
Change in net assets. . . . .	(2,413)
<b>Net assets at beginning of year . . . . .</b>	<b>89,371</b>
<b>Net assets at end of year. . . . .</b>	<b>\$ 86,958</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**1. DESCRIPTION OF THE SCHOOL DISTRICT**

The West Carrollton City School District (the "District") is a political body incorporated and established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a city district as defined by Ohio Revised Code Section 3311.02. The District operates under an elected Board of Education and is responsible for the provision of public education to residents of the District.

The District ranks as the 111<sup>th</sup> largest by enrollment among the 918 public and community schools in the State. The District employs 221 non-certified and 284 certified employees to provide services to 3,726 students in grades K through 12 and various community groups.

**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 also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, to its governmental activities provided it does not conflict with or contradict GASB pronouncements. 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", and as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

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

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Jointly Governed Organizations**

**Miami Valley Career Technical Center**

The Miami Valley Career Technical Center is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide for the vocational and special education needs of its students. The Board of Education is comprised of 17 members elected from the 27 participating school districts. The school accepts non-tuition students from the District as a member school, however, it is considered to be a separate political subdivision and not part of the District. Financial information is available from Debbie Gossett, Treasurer, at 6800 Hoke Road, Clayton, Ohio 45315.

**Southwestern Ohio Educational Purchasing Council (SOEPC)**

SOEPC is a purchasing cooperative made up of over 130 school districts in 18 counties. The purpose of the cooperative is to obtain lower prices for supplies and materials commonly used by the member districts. The members are obligated to pay all fees, charges and assessments as established by SOEPC. Each member district has one voting representative. Title to any and all equipment and supplies purchased by SOEPC is held in trust for the member districts by the fiscal agent. Any district withdrawing from SOEPC shall forfeit its claim to any and all SOEPC assets. One year of prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the District's general fund. During fiscal year 2011, the District paid \$2,393 to SOEPC. Financial information is available from SOEPC by contacting Ken Swink, Director, at 303 Corporate Center Dr., Suite 208, Vandalia, Ohio 45377.

**Metropolitan Dayton Educational Cooperative Association (MDECA)**

The District is a participant in MDECA, which is a computer consortium of 34 public school districts within the boundaries of Darke, Greene, Miami and Montgomery Counties. The 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 school districts. The governing board of MDECA consists of seven Superintendents of member Districts, with six of the Superintendents elected by majority vote of all member Districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The District pays MDECA an enrollment based fee for services provided during the year. Financial information is available from Jerry C. Woodyard, Executive Director, at 225 Linwood Street, Dayton, Ohio 45405.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1. Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses 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 is the District's only major governmental fund:

**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.

Other 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, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**2. Proprietary Funds**

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

**3. Fiduciary Funds**

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

**C. Basis of Presentation and Measurement Focus**

**1. Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

**2. Fund Financial Statements**

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

**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.

**1. Revenues - Exchange and Non-exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, are 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.

Non-exchange 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 5). 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 non-exchange transactions must also be available before it can be recognized.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**2. Unearned Revenue and Deferred Revenue**

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

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue on the governmental fund financial statements.

On governmental fund financial statements, receivables that will not be collected within the available period, including delinquent property taxes due at June 30, 2011, are recorded as deferred revenue.

**3. Expenses/Expenditures**

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

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

**E. Budgets**

All funds, except agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource and are not to be repaid. However, the District elected to budget these temporary resources anyway. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriation resolution is Board's authorization to spend resources and sets annual limits on expenditures at the level of control selected by Board. The legal level of control has been established by Board at the fund level of expenditures. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate that was in effect at the time the final appropriations were passed by the Board of Education.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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 re-appropriated.

**F. Cash and Investments**

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

During fiscal year 2011, investments were limited to federal agency securities, non-negotiable certificates of deposit, and negotiable certificates of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

Under existing Ohio statute, interest earnings are assigned to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$283,395 which includes \$29,605 assigned from other District funds.

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

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

**G. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method which means that the costs of inventory items are recorded as expenditure in the governmental funds when consumed.

On the fund financial statements, reported material and supplies inventory is equally offset by a non-spendable 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.



**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress 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:

<b>Description</b>	<b>Governmental Activities Estimated Lives</b>
Land improvements	5 – 20
Buildings and improvements	5 – 40
Furniture and equipment	5 – 20
Vehicles	8 – 15

**I. 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 assets. There were no interfund loans outstanding at June 30, 2011.

**J. Compensated Absences**

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 "vesting method". A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for this future severance eligibility, all employees at least 50 years of age with at least 10 years of service or 20 years of service at any age were included. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. 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 claims and judgments payable that 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 and the lease-purchase agreement are recognized on the fund financial statements when due.

**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:

**Non-spendable** - The non-spendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

**Restricted** - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**Committed** - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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 Assets**

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

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**N. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is non-spendable on the fund financial statements by an amount equal to the carrying value of the asset.

**O. 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.

**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.

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2011.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**3. ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2011, the District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the District.

**B. Fund Reclassifications**

Fund reclassifications are required in order to report funds in accordance with GASB Statement No 54. These fund reclassifications had the following effect on the District's governmental fund balances as previously reported:

	<u>General</u>	<u>Non-major Governmental</u>	<u>Total Governmental</u>
Fund balance as previously reported	\$13,515,339	\$1,175,504	\$14,690,843
<b>Fund reclassifications:</b>			
Uniform school supplies fund	24,641	(24,641)	
Public school support fund	274,907	(274,907)	
Total fund reclassifications	<u>299,548</u>	<u>(299,548)</u>	
Restated fund balance at July 1, 2010	<u>\$13,814,887</u>	<u>\$ 875,956</u>	<u>\$14,690,843</u>

The fund reclassifications did not have an effect on net assets as previously reported.

**C. Deficit Fund Balances**

Fund balances at June 30, 2011 included the following individual fund deficits:

<u>Non-major funds</u>	<u>Deficit</u>
Public school preschool	\$5,673
Stimulus Title II-D	13

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**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;
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 Treasury Asset Reserve of Ohio (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.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

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.

**A. Deposits with Financial Institutions**

At June 30, 2011, the carrying amount of all District deposits, including \$299,000 in nonnegotiable certificates of deposits, was \$5,292,825. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2011, \$4,981,890 of the District's bank balance of \$6,164,103 was exposed to custodial risk as discussed below, while \$1,182,213 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 not covered by FDIC insurance 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 that are not covered by FDIC insurance 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.

**B. Investments**

As of June 30, 2011, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
FFCB	\$ 1,319,279					\$ 1,319,279
FHLB	500,130					500,130
FNMA	9,785,275				\$523,505	9,261,770
Negotiable CD's	810,286	\$198,792				611,494
<b>Total</b>	<b>\$12,414,970</b>	<b>\$198,792</b>	<b>\$0</b>	<b>\$0</b>	<b>\$523,505</b>	<b>\$11,692,673</b>

The weighted average maturity of investments is 3.91 years.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

**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.

**Credit Risk:** The District's investments, with the exception of the negotiable CD's, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively.

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

**Concentration of Credit Risk:** The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2011:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
FFCB	\$ 1,319,279	10.62
FHLB	500,130	4.03
FNMA	9,785,275	78.82
Negotiable CD's	810,286	6.53
Total	<u>\$12,414,970</u>	<u>100.00</u>

**C. Reconciliation of Cash and Investments to the Statement of Net Assets**

The following is a reconciliation of cash and cash equivalents as reported in the note above to cash and cash and cash equivalents as reported on the statement of net assets as of June 30, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 5,292,825
Investments	<u>12,414,970</u>
Total	<u>\$17,707,795</u>
<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$17,592,071
Private-purpose trust funds	86,958
Agency fund	<u>28,766</u>
Total	<u>\$17,707,795</u>

**5. PROPERTY TAXES**

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

**WEST CARROLLTON CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**5. 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 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, 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 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in the District's fiscal year ended June 30, 2011 (other than public utility property) generally represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009 on the value as of December 31, 2009. Amounts paid by multi-county taxpayers were due September 20, 2010. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, 2010, with the remainder payable by September 20, 2010.

The District receives property taxes from Montgomery County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available as an advance at June 30, 2011 was \$1,171,382 in the general fund and \$49,460 in the permanent improvement fund (a non-major governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2010 was \$942,372 in the general fund and \$39,785 in the permanent improvement fund (a non-major governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

The assessed values upon which the fiscal year 2011 taxes were collected are:



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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**5. PROPERTY TAXES (Continued)**

	<b>2010 Second Half Collections</b>		<b>2011 First Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/residential and other real estate	\$422,541,810	98.40	\$425,326,840	98.39
Public utility personal	6,665,910	1.55	6,942,230	1.61
Tangible personal property	198,000	0.05		
Total	<u>\$429,405,720</u>	<u>100.00</u>	<u>\$432,269,070</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$72.05		\$72.13	

**6. RECEIVABLES**

Receivables at June 30, 2011 consisted of property taxes, payment in lieu of taxes, accounts (billings for user charged services and student fees), accrued interest 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 on the statement of net assets follows:

<b>Governmental activities:</b>	
Taxes	\$17,961,278
Payment in lieu of taxes	13,007
Accounts	36,053
Accrued interest	64,348
Intergovernmental	1,037,739
Total	<u>\$19,112,425</u>

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

**7. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	<b>Balance 06/30/10</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance 06/30/11</b>
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 572,938			\$ 572,938
Construction in progress	2,595,085	\$ 653,078	(\$3,048,657)	199,506
Total capital assets, not being depreciated	<u>3,168,023</u>	<u>653,078</u>	<u>(3,048,657)</u>	<u>772,444</u>
<b>Capital assets, being depreciated:</b>				
Land improvements	2,897,164	7,995		2,905,159
Buildings and improvements	31,048,725	2,557,903		33,606,628
Furniture and equipment	5,281,826	160,184		5,442,010
Vehicles	2,403,502			2,403,502
Total capital assets, being depreciated	<u>41,631,217</u>	<u>2,726,082</u>		<u>44,357,299</u>

(Continued)

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**7. CAPITAL ASSETS (Continued)**

	<b>Balance 06/30/10</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance 06/30/11</b>
<b>Governmental activities: (Cont'd.)</b>				
<b>Less: accumulated depreciation</b>				
Land improvements	(2,330,114)	(47,505)		(2,377,619)
Buildings and improvements	(19,545,310)	(865,051)		(20,410,361)
Furniture and equipment	(4,123,844)	(174,581)		(4,298,425)
Vehicles	(1,788,686)	(142,524)		(1,931,210)
Total accumulated depreciation	<u>(27,787,954)</u>	<u>(1,229,661)</u>		<u>(29,017,615)</u>
Governmental activities capital assets, net	<u>\$17,011,286</u>	<u>\$2,149,499</u>	<u>(\$3,048,657)</u>	<u>\$16,112,128</u>

Depreciation expense was charged to governmental functions as follows:

<b>Instruction:</b>	
Regular	\$ 253,869
Special	76,332
Vocational	3,588
Other	31,392
<b>Support services:</b>	
Pupil	38,756
Instructional staff	40,281
Board of education	512
Administration	47,456
Fiscal	12,135
Business	8,002
Operations and maintenance	88,659
Pupil transportation	391,427
Central	3,198
Non-instructional services	1,498
Extracurricular activities	167,120
Food service operations	65,436
Total depreciation expense	<u>\$1,229,661</u>

**8. LONG-TERM OBLIGATIONS**

**A.** During the fiscal year 2011, the following activity occurred in governmental activities long-term obligations:

**WEST CARROLLTON CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**8. LONG-TERM OBLIGATIONS (Continued)**

	<u>Issued</u>	<u>Due</u>	<u>Interest Rate</u>	<u>Balance 06/30/10</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 06/30/11</u>	<u>Amount Due in One Year</u>
Qualified school construction bonds	2010	2025	5.25%	\$2,100,000		(\$140,000)	\$1,960,000	\$140,000
Lease-purchase agreement payable	2007	2017	2.57%- 4.19%	2,044,584		(273,654)	1,770,930	279,813
Compensated absences				1,792,027	\$304,810	(389,235)	1,707,602	378,184
Total governmental activities				<u>\$5,936,611</u>	<u>\$304,810</u>	<u>(\$802,889)</u>	<u>\$5,438,532</u>	<u>\$797,997</u>

**Qualified School Construction Bonds - Series 2010**

On May 28, 2010, the District issued \$2,100,000 of Qualified School Construction Bonds (QSCBs) to finance building construction and improvements. This issue is comprised of current interest term bonds, par value \$2,100,000.

These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such un-matured obligations of the District are accounted for on the statement of net assets. Payments of interest relating to this bond are recorded as expenditures in the general fund.

Interest payments on the current interest bonds are due on April 1 and October 1 of each year. The final maturity stated in the issues is October 1, 2025.

For QSCBs, the District receives a direct payment subsidy from the United States Treasury equal to 100% of the lesser of the interest payments on the bonds or the federal tax credits that would otherwise have been available to the holders of the bonds. The District recorded this subsidy from the federal government in the amount of \$89,119 in the general fund.

**Lease-Purchase Agreement Payable**

On June 8, 2007, the District entered into a lease-purchase agreement with Old National Bank to provide financing for energy system savings projects, including boilers, lighting and related equipment. The amount financed is \$2,845,500 and the lease term is ten years. The effective interest rate is 2.57% for the first 60 months then 4.19% thereafter. Payment on the lease-purchase agreement is due in 120 monthly installments with the first payment being made in June 2007. Principal and interest related to this obligation were made from the general fund during fiscal year 2011.

**Compensated Absences**

Compensated absences will be paid out of the fund from which the employee is paid, which, for the District is primarily the general fund.

Principal and interest requirements for the qualified school construction bonds and the lease-purchase agreement outstanding at June 30, 2011, are as follows:

**WEST CARROLLTON CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**8. LONG-TERM OBLIGATIONS (Continued)**

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Qualified School Construction Bonds</u>			<u>Lease-Purchase Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 140,000	\$ 99,225	\$ 239,225	\$ 279,813	\$ 44,219	\$ 324,032
2013	140,000	91,875	231,875	278,955	57,161	336,116
2014	140,000	84,525	224,525	290,870	45,246	336,116
2015	140,000	77,175	217,175	303,294	32,822	336,116
2016	140,000	69,825	209,825	316,249	19,867	336,116
2017 - 2021	700,000	238,875	938,875	301,749	6,358	308,107
2022 - 2025	560,000	58,800	618,800			
Total	<u>\$1,960,000</u>	<u>\$720,300</u>	<u>\$2,680,300</u>	<u>\$1,770,930</u>	<u>\$205,673</u>	<u>\$1,976,603</u>

**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 un-voted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that un-voted 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, 2011, are a voted debt margin of \$36,944,216 and an un-voted debt margin of \$432,269.

**9. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 335 days for classified personnel and 435 days for certificated personnel. Upon retirement, payment is made for one-fourth of accrued, but unused, sick leave for the first 120 days of accrued but unused sick leave. In addition, an employee is entitled to one-fourth of accrued but unused sick leave in excess of 200 days up to a maximum of 435 days for certified employees and 335 days for classified employees. Certain provisions allow for an employee to receive one-fourth of accrued but unused sick leave between 121 days and 200 days based upon meeting certain years of service requirements.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**9. OTHER EMPLOYEE BENEFITS (Continued)**

The District provides a retirement incentive for State Teacher's Retirement System of Ohio (STRS Ohio) employees who has been continuously employed in the District for at least 10 years and who has 31 years of service credit to apply toward pension calculation under STRS Ohio or a teacher who has 25 or 26 years of service and is 55 years of age and otherwise eligible to retire under the rules of the STRS Ohio shall be qualified to receive, in addition to and separate from the severance pay provisions above. Employees who enroll in the early retirement incentive plan must submit written notification to the Board on or before the February 1 of the year of retirement. The one-time cash payment of \$10,000 shall be made within 1 year of the retirement date. Three employees took advantage of the early retirement incentive in fiscal year 2011. These one-time cash payments will be made in fiscal year 2012. A liability for the retirement incentive payments has been recorded in the fund financial statements and the statement of net assets as a component of "compensated absences payable".

**B. Insurance Benefits**

The District provides life insurance and accidental death and dismemberment insurance to all employees through Anthem Life Insurance Company of Indiana.

**10. RISK MANAGEMENT**

**A. Comprehensive**

The District maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicles policies include liability coverage for bodily injury and property damage. Real property and contents are 90% coinsured.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal 2010.

**B. Workers' Compensation**

For fiscal year 2011, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating Districts is calculated as on experience and a common premium rate is applied to all Districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the group rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. Participation in the GRP is limited to Districts that can meet the GRP's selection criteria. The firm of CompManagement provides administrative, cost control and actuarial services to the GRP.

The District participated in the Ohio Bureau of Workers' Compensation retrospective rating plan in fiscal years 2008 and 2009. The alternative rating program requires the District to pay only administrative charges to the Bureau and in turn the district assumes the responsibility of paying all claims incurred during the policy period for up to ten years. After the tenth year, the Bureau will assume any existing claim for its duration. The District will be charged an actuarial amount for the claims transferred to the Bureau. The District's stop-loss coverage through the plan is limited to \$200,000 per claim stop-loss coverage with an annual aggregate. A claims liability of \$54,376 has been recorded in the general fund based on an actuarial determination of future claims, review of prior year claims and claim payment trends.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**10. RISK MANAGEMENT (Continued)**

**C. Employee Health Benefits**

The District provides medical and dental insurance for employees through commercial carriers. The risk of loss transfers to the commercial carriers upon payment of the premiums. The percentage of the premium paid by the Board depends upon the hours worked by the employee. Medical insurance is purchased through Anthem and dental insurance is purchased through Superior Dental.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 12. As such, no funding provisions are required by the District.

**11. 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' Ohio website, [www.ohsers.org](http://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 2011, 11.81 percent and 0.04 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, 2011, 2010 and 2009 were \$731,301, \$744,772 and \$515,422, respectively; 54.30 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**B. State Teachers Retirement System of Ohio**

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

**WEST CARROLLTON CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**11. 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 2011, 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, 2011, 2010 and 2009 were 2,522,511, \$2,315,087 and \$2,218,510, respectively; 83.01 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$119,579 made by the District and \$85,413 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2011, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**12. 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 Section 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 2011 was \$96.40 and 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 St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://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 2011, 1.43 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 2011, the actuarially determined amount was \$35,800.

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.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2011, 2010 and 2009 were \$176,879, \$112,515 and \$342,932, respectively; 54.30 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$47,061, \$44,290 and \$42,527, respectively; 54.30 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.



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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**12. POSTEMPLOYMENT BENEFITS (Continued)**

**B. State Teachers Retirement System of Ohio**

**Plan Description** - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://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 2011, 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, 2011, 2010 and 2009 were \$194,039, \$178,084 and \$170,655, respectively; 83.01 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**13. BUDGETARY BASIS OF ACCOUNTING**

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the 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:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported on fair value (GAAP basis) rather than cost (budget basis);
- (e) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**13. BUDGETARY BASIS OF ACCOUNTING (Continued)**

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

	<b>Net Change in Fund Balance</b>
	<b>General fund</b>
Budget basis	(\$1,491,256)
Net adjustment for revenue accruals	161,974
Net adjustment for expenditure accruals	540,029
Net adjustment for other sources/uses	(50,307)
Funds budgeted elsewhere	(8,428)
Adjustment for encumbrances	562,559
GAAP basis	(\$ 285,429)

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund and the public school support fund.

**14. CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

The District is involved in no pending litigation that would have a material effect on the financial condition of the District.

**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 the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. These amounts must be carried forward to be used for the same purposes in future years.

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

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**15. SET-ASIDES (Continued)**

	<b>Textbooks</b>	<b>Capital Improvements</b>
Set-aside balance June 30, 2010		
Current year set-aside requirement	\$ 538,653	\$ 538,653
Current year qualifying expenditures	(863,859)	(1,018,286)
Excess qualified expenditures from prior years	(3,622,415)	
Current year offsets		(937,790)
Total	(\$3,947,621)	(\$1,417,423)
Balance carried forward to fiscal year 2012	\$ 0	\$ 0
Set-aside balance June 30, 2011	\$ 0	\$ 0

The District had qualifying disbursements and offsets during the fiscal year that reduced the textbook set-aside amount to below zero. Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from existing law. This negative balance is therefore not being presented as being carried forward to the future fiscal year. 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.

**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:

<b>Fund</b>	<b>Year-End Encumbrances</b>
General fund	\$495,691
Non-major governmental funds	346,253
Total	\$841,944

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**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>					
<i>Passed through Ohio Department of Education</i>					
Child Nutrition Cluster:					
School Breakfast Program	10.553	\$211,367		\$211,367	
National School Lunch Program:	10.555				
Cash Assistance		760,517		760,517	
Non-Cash Assistance (Food Distribution)			\$68,117		\$68,117
Total National School Lunch Program		<u>760,517</u>	<u>68,117</u>	<u>760,517</u>	<u>68,117</u>
Total Child Nutrition Cluster		<u>971,884</u>	<u>68,117</u>	<u>971,884</u>	<u>68,117</u>
Fresh Fruit and Vegetable Program	10.582	10,900		10,900	
Child Nutrition Discretionary Grants Limited Availability	10.579	2,100		2,100	
<b>Total United States Department of Agriculture</b>		<b>984,884</b>	<b>68,117</b>	<b>984,884</b>	<b>68,117</b>
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>					
<i>Passed through Ohio Department of Education</i>					
<b>Title I, Part A Cluster:</b>					
Title I Grants to Local Educational Agencies	84.010	840,208		888,252	
ARRA - Title I Grants to Local Educational Agencies	84.389	256,046		254,312	
Total Title I, Part A Cluster		<u>1,096,254</u>		<u>1,142,564</u>	
<b>Special Education Cluster:</b>					
Special Education Grants to States	84.027	757,952		746,181	
ARRA - Special Education Grants to States	84.391	420,827		417,549	
Special Education Preschool Grants	84.173	25,103		25,404	
ARRA - Special Education Preschool Grants	84.392	13,439		13,213	
Total Special Education Cluster		<u>1,217,321</u>		<u>1,202,347</u>	
Educational Technology State Grants	84.318	2,863		8,865	
English Language Acquisition Grants	84.365	36,331		37,166	
Improving Teacher Quality State Grants	84.367	133,084		131,861	
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	1,127,100		1,118,904	
School Improvement Grants	84.377	9,641		10,881	
Total United States Department of Education		<u>3,622,594</u>		<u>3,652,588</u>	
Total Federal Assistance		<u>\$4,607,478</u>	<u>\$68,117</u>	<u>\$4,637,472</u>	<u>\$68,117</u>

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

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the West Carrollton 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.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



# Dave Yost • Auditor of State

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

West Carrollton City School District  
Montgomery County  
430 East Pease Avenue  
West Carrollton, Ohio 45449

To the Board of Education:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of West Carrollton City School District, Montgomery County, (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 9, 2012, wherein we noted that that the District adopted provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

A *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 more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

### **Compliance and Other Matters**

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

We also noted a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated April 9, 2012.

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

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

**Dave Yost**  
Auditor of State

April 9, 2012





# Dave Yost • Auditor of State

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

West Carrollton City School District  
Montgomery County  
430 East Pease Avenue  
West Carrollton, Ohio 45449

To the Board of Education:

### Compliance

We have audited the compliance of West Carrollton City School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the West Carrollton City School District's major federal programs for the year ended June 30, 2011. The *summary of auditor's results* section of the accompanying schedule of findings and questioned costs identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to 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 that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with these requirements.

In our opinion, the West Carrollton City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with these requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings and questioned costs lists this instance as Finding 2011-01.

### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying schedule of findings and questioned costs as item 2011-01. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program 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.

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

We also noted other matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated April 9, 2012.

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



**Dave Yost**  
Auditor of State

April 9, 2012

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2011**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	Yes
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Special Education Cluster (CFDA # 84.027, 84.173, 84.391 and 84.392)  Title I, Part A Cluster (CFDA # 84.010 and 84.389)  ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants (CFDA # 84.394)
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	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**

<b>Finding Number</b>	2011-01
<b>CFDA Title and Number</b>	<u>Title I, Part A Cluster</u> Title I Grants to Local Educational Agencies - CFDA #84.010 ARRA - Title I Grants to Local Educational Agencies – CFDA #84.389  <u>Special Education Cluster</u> Special Education Grants to States - CFDA #84.027 ARRA - Special Education Grants to States, Recovery Act - CFDA #84.391 Special Education Preschool Grants - CFDA #84.173 ARRA - Special Education Preschool Grants - CFDA #84.392
<b>Federal Award Number / Year</b>	2010/2011
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**Questioned Cost, Noncompliance and Significant Deficiency – Allowable Costs/Costs Principals Time and Effort Documentation**

**2 C.F.R. Part 225, Attachment B, Section 8(h)(3)** states where employees are expected to work solely on a single Federal award or cost objective, charges for their salary and wages will be supported by periodic certifications that the employee worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

Furthermore, Section 8(h)(4) provides that; ...Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection 8.h.(5) of this appendix...Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity.

35% of wages and benefits amounting to \$54,557 for the Special Education and Intervention Programs Director were paid from Title I Funds while the remaining 65% related to her additional job duties of Building Principal were paid out of the General Fund. However, the District did not maintain personnel activity reports or equivalent documentation to support time spent on the federal program.

In accordance with the foregoing facts and pursuant to OMB Circular A133 Section .510 (a)(3) a federal questioned cost in amount of \$54,557 is hereby issued.

**Finding Number 2011-01  
(Continued)**

Other district employees charging 100% of their salaries to the Title I cluster and Special Education cluster grant programs did not have time and effort documentation on file for the audit period; however, the District had other alternative documentation for these employees.

The District should establish specific procedures by which each employee working on multiple activities or multiple federal programs will complete time and effort logs on a timely basis. The time and effort logs should be an "after the fact" representation of the hours worked. Therefore, these should be completed in a reasonable short time after the end of the period the log is meant to cover. All time and effort logs should include full disclosure of the facts and should include credible signatures.

To avoid the potential loss of, or decrease of federal funding policies and procedures should be established and implemented to verify all employees charging portion of their salary to a federal program document their time spent on federal programs on time and effort logs. Additionally, employees charging all their salaries to a single Federal award should at minimum complete semi-annual certifications which meets the standards set forth in 2. C.F.R. Part 225, Appendix B, Section 8 (h) (5) for employees paid from categories (a)-(e) noted above.

**Officials' Response:** One employee was moved to the General Fund, and all employees charging all their time to federal grants are completing semi-annual time and effort certifications.

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# Dave Yost • Auditor of State

## Independent Accountants' Report on Applying Agreed-Upon Procedure

West Carrollton City Schools  
Montgomery County  
430 East Pease Avenue  
West Carrollton, Ohio 45449

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 West Carrollton City Schools (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 October 7, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying

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.

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**Dave Yost**  
Auditor of State

April 9, 2012

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# Dave Yost • Auditor of State

**WEST CARROLLTON CITY SCHOOL DISTRICT**

**MONTGOMERY 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  
MAY 24, 2012**