

**West Carrollton City School District  
Montgomery County, Ohio**

Basic Financial Statements

June 30, 2009

with Independent Auditors' Report





Mary Taylor, CPA  
Auditor of State

Board of Education  
West Carrollton City School District  
430 East Pease Avenue  
West Carrollton, Ohio 45449

We have reviewed the *Independent Auditors' Report* of the West Carrollton City School District, Montgomery County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

February 17, 2010

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## **INDEPENDENT AUDITORS' REPORT**

Board of Education  
West Carrollton City School District  
430 E. Pease Ave.  
West Carrollton, Ohio 45449

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Carrollton City School District (the District) as of and for the year ended June 30, 2009, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2009, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 12, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
December 29, 2009



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

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

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, 2009. 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 2009 are as follows:

- In total, net assets of governmental activities increased \$2,264,051 which represents a 9.91% increase from 2008.
- General revenues accounted for \$35,967,279 in revenue or 86.39% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,665,280 or 13.61% of total revenues of \$41,632,559.
- The District had \$39,368,508 in expenses related to governmental activities; only \$5,665,280 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 \$35,967,279 were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$36,804,753 in revenues and \$34,056,896 in expenditures. During fiscal year 2009, the general fund's fund balance increased \$2,747,857 from \$9,594,705 to \$12,342,562.

**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 nonmajor 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.

**Reporting the District as a Whole**

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

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

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

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

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 10. 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.

***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 22-46 of this report.

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

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

**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 2009 and June 30, 2008.

	<b>Net Assets</b>	
	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 34,432,676	\$ 32,607,657
Capital assets, net	<u>14,907,401</u>	<u>15,473,137</u>
Total assets	<u>49,340,077</u>	<u>48,080,794</u>
<b><u>Liabilities</u></b>		
Current liabilities	20,385,432	21,000,679
Long-term liabilities	<u>3,845,533</u>	<u>4,235,054</u>
Total liabilities	<u>24,230,965</u>	<u>25,235,733</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	12,496,091	12,651,853
Restricted	810,162	689,849
Unrestricted	<u>11,802,859</u>	<u>9,503,359</u>
Total net assets	<u>\$ 25,109,112</u>	<u>\$ 22,845,061</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2009, the District's assets exceeded liabilities by \$25,109,112. Of this total, \$11,802,859 is unrestricted in use.

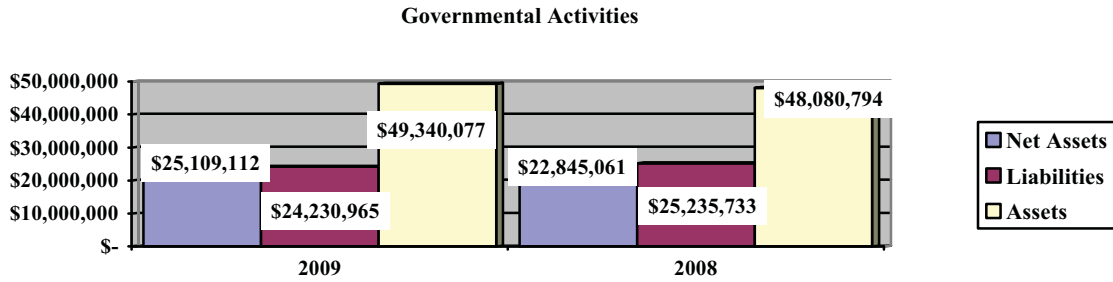
At year-end, capital assets represented 30.21% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2009, were \$12,496,091. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$810,162, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$11,802,859 may be used to meet the District's ongoing obligations to the students and creditors.

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

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

The graph below illustrates the District's governmental activities assets, liabilities and net assets at June 30, 2009 and June 30, 2008.



The table below shows the change in net assets for fiscal year 2009 and 2008.

**Change in Net Assets**

	Governmental Activities 2009	Governmental Activities 2008
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 1,258,950	\$ 1,275,783
Operating grants and contributions	4,371,895	4,001,549
Capital grants and contributions	34,435	17,263
General revenues:		
Property taxes	17,300,663	17,655,012
Grants and entitlements	17,765,317	15,766,207
Investment earnings	810,854	509,387
Miscellaneous	90,445	102,017
<b>Total revenues</b>	<b><u>\$ 41,632,559</u></b>	<b><u>\$ 39,327,218</u></b>

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

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

**Change in Net Assets**

	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 15,460,740	\$ 14,985,830
Special	4,651,779	3,841,167
Vocational	171,687	272,837
Other	1,907,192	1,923,256
Support services:		
Pupil	2,370,212	2,188,364
Instructional staff	2,447,863	2,278,483
Board of education	31,139	29,724
Administration	2,834,601	2,809,308
Fiscal	749,907	751,146
Business	487,641	451,186
Operations and maintenance	3,628,249	3,322,691
Pupil transportation	2,286,319	2,284,906
Central	205,441	212,301
Operation of non-instructional services:		
Food service operations	1,268,018	1,380,063
Other non-instructional services	91,298	108,816
Extracurricular activities	702,915	701,277
Interest and fiscal charges	<u>73,507</u>	<u>89,463</u>
Total expenses	<u>39,368,508</u>	<u>37,630,818</u>
Increase in net assets	2,264,051	1,696,400
Net assets at beginning of year	<u>22,845,061</u>	<u>21,148,661</u>
Net assets at end of year	<u>\$ 25,109,112</u>	<u>\$ 22,845,061</u>

**Governmental Activities**

Net assets of the District's governmental activities increased \$2,264,051. Total governmental expenses of \$39,368,508 were offset by program revenues of \$5,665,280 and general revenues of \$35,967,279. Program revenues supported 14.39% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 84.23% of total governmental revenue.

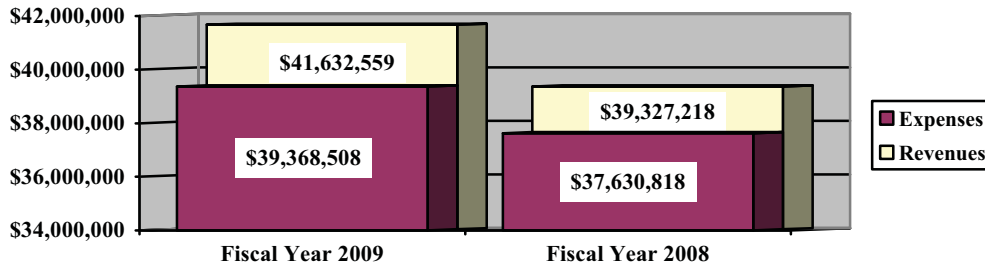
The largest expense of the District is for instructional programs. Instruction expenses totaled \$22,191,398 or 56.37% of total governmental expenses for fiscal year 2009.

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

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

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

**Governmental Activities - Revenues and Expenses**



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.

**Governmental Activities**

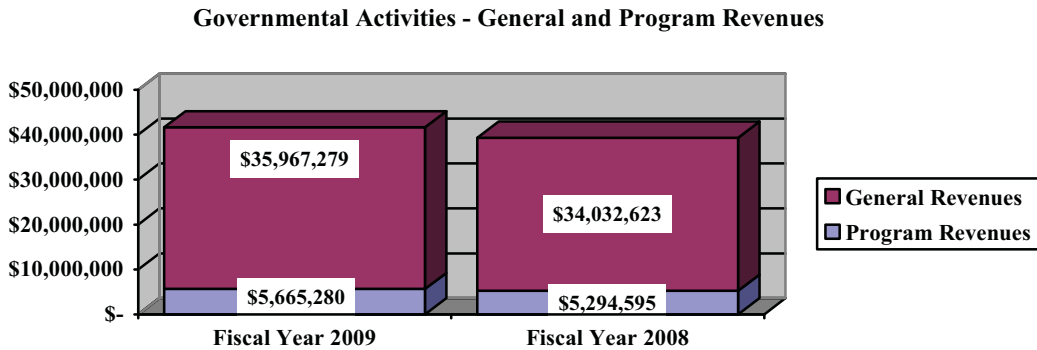
	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
<b>Program expenses</b>				
Instruction:				
Regular	\$ 15,460,740	\$ 14,994,646	\$ 14,985,830	\$ 14,364,047
Special	4,651,779	2,120,532	3,841,167	1,669,349
Vocational	171,687	125,732	272,837	229,926
Other	1,907,192	1,772,925	1,923,256	1,769,910
Support services:				
Pupil	2,370,212	2,234,945	2,188,364	2,065,747
Instructional staff	2,447,863	1,968,358	2,278,483	1,801,160
Board of education	31,139	31,139	29,724	29,724
Administration	2,834,601	2,733,234	2,809,308	2,782,324
Fiscal	749,907	749,907	751,146	751,146
Business	487,641	487,641	451,186	451,186
Operations and maintenance	3,628,249	3,547,490	3,322,691	3,241,861
Pupil transportation	2,286,319	2,065,897	2,284,906	2,114,760
Central	205,441	194,291	212,301	199,460
Operation of non-instructional services:				
Food service operations	1,268,018	(67,205)	1,380,063	83,822
Other non-instructional services	91,298	91,032	108,816	108,494
Extracurricular activities	702,915	579,157	701,277	583,844
Interest and fiscal charges	73,507	73,507	89,463	89,463
<b>Total expenses</b>	<u>\$ 39,368,508</u>	<u>\$ 33,703,228</u>	<u>\$ 37,630,818</u>	<u>\$ 32,336,223</u>

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

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

The dependence upon tax and other general revenues for governmental activities is apparent, 85.68% of instruction activities are supported through taxes, grants and entitlements and other general revenues. For all governmental activities, general revenue support is 85.61%. 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 2009 and 2008.



**The District's Funds**

The District's governmental funds (as presented on page 15) reported a combined fund balance of \$13,076,361, which is higher than last year's total of \$10,538,406. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2009 and 2008.

	Fund Balance <u>June 30, 2009</u>	Fund Balance <u>June 30, 2008</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
General	\$ 12,342,562	\$ 9,594,705	\$ 2,747,857	28.64 %
Other Governmental	<u>733,799</u>	<u>943,701</u>	<u>(209,902)</u>	<u>(22.24) %</u>
Total	<u>\$ 13,076,361</u>	<u>\$10,538,406</u>	<u>\$ 2,537,955</u>	<u>24.08 %</u>

The significant increase of the general fund is primarily due to rising revenues exceeding rising expenditures. During fiscal year 2009, intergovernmental receipts increased \$2,352,621 from fiscal year 2008.

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

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

***General Fund***

The District's general fund balance increased \$2,747,857. The table that follows assists in illustrating the financial activities of the general fund.

	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 16,643,626	\$ 16,911,983	\$ (268,357)	(1.59) %
Tuition	341,587	241,675	99,912	41.34 %
Earnings on investments	775,793	509,387	266,406	52.30 %
Intergovernmental	18,811,518	16,799,254	2,012,264	11.98 %
Other revenues	<u>232,229</u>	<u>236,019</u>	<u>(3,790)</u>	(1.61) %
 Total	 <u>\$ 36,804,753</u>	 <u>\$ 34,698,318</u>	 <u>\$ 2,106,435</u>	 6.07 %
<b><u>Expenditures</u></b>				
Instruction	\$ 19,634,418	\$ 18,778,217	\$ 856,201	4.56 %
Support services	13,523,899	13,170,261	353,638	2.69 %
Other non-instructional services	88,183	105,211	(17,028)	(16.18) %
Extracurricular activities	487,462	464,570	22,892	4.93 %
Debt service	<u>322,934</u>	<u>322,934</u>	<u>-</u>	- %
 Total	 <u>\$ 34,056,896</u>	 <u>\$ 32,841,193</u>	 <u>\$ 1,215,703</u>	 3.70 %

Overall revenues increased \$2,106,435 or 6.07% from the prior year. Earnings on investments increased due to the District's availability of funds to invest as well as the increase in value of the investments. Intergovernmental revenue increased \$2,012,264 or 11.98% from the prior year. This increase is primarily attributed to the tangible personal property reimbursement from the State to help offset the phase-out of the tangible personal property taxes.

Support services experienced increases due to inflation in utility and fuel costs as well as the purchase of new technology for the District. The considerable increase in instruction expenditures is due to the rise of salaries and fringes of about \$525,000, which is a 3.23% inflationary increase as well as increases of around \$250,000 due to an increase in the District's contracted services with the Montgomery County ESC for educating the District's special needs children. All other expenditure line items shown are deemed immaterial amounts relative to total expenditures or were consistent with 2008 and they do not warrant further analysis.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2009, the District amended its general fund budget several times. For the general fund, final budgeted revenues and other financing sources were \$36,731,248, which is higher than the original budgeted revenues and other financing sources of \$35,924,000. Actual revenues and other financing sources for fiscal year 2009 were \$36,731,248.



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

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

General fund original appropriations (appropriated expenditures plus other financing uses) of \$34,676,532 were increased to \$34,683,569 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2009 totaled \$34,683,569, which were the same as the final budget appropriations.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2009, the District had \$14,907,401 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 8 to the basic financial statements for detail. The following table shows fiscal year 2009 balances compared to 2008:

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

	Governmental Activities	
	2009	2008
Land	\$ 572,938	\$ 572,938
Construction in progress	98,124	-
Land improvements	421,909	477,904
Building and improvements	11,958,592	12,402,292
Furniture and equipment	1,242,890	1,431,929
Vehicles	612,948	588,074
Total	\$ 14,907,401	\$ 15,473,137

The overall decrease in capital assets of \$565,736 is primarily due to depreciation expense of \$1,388,826 exceeding capital outlays of \$823,090 during the fiscal year.

***Debt Administration***

At June 30, 2009 the District had \$2,411,310 in general obligation bonds and lease purchase agreements outstanding. Of this total, \$366,726 is due within one year and \$2,044,584 is due within greater than one year. The following table summarizes the bonds and lease purchase agreements outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities 2009	Governmental Activities 2008
Current interest bonds	\$ 100,000	\$ 250,000
Lease purchase agreement	2,311,310	2,571,284
Total	\$ 2,411,310	\$ 2,821,284

See Note 9 to the basic financial statements for detail.

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

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

**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 provides minimal additional funding for schools and continues to shift more of the burden to residential property owners while eliminating our commercial tax base.

The District plans to have two levies on the ballot in May 2010. The first is a renewal of a three-year 6.5 mill operating levy that was originally passed in May 2007. The second will be for a new operating levy.

**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

BASIC  
FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS  
JUNE 30, 2009

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments. . .	\$ 16,285,957
Receivables:	
Taxes . . . . .	17,297,725
Accounts . . . . .	22,809
Intergovernmental . . . . .	371,197
Accrued interest . . . . .	174,428
Prepayments . . . . .	258,402
Materials and supplies inventory . . . . .	22,158
Capital assets:	
Land . . . . .	572,938
Construction in progress . . . . .	98,124
Depreciable capital assets, net . . . . .	14,236,339
Capital assets, net. . . . .	14,907,401
 Total assets. . . . .	 49,340,077
 <b>Liabilities:</b>	
Accounts payable. . . . .	79,629
Contracts payable . . . . .	98,124
Accrued wages and benefits . . . . .	3,663,850
Intergovernmental payable . . . . .	181,752
Pension obligation payable . . . . .	925,184
Accrued interest payable . . . . .	260
Unearned revenue . . . . .	15,436,633
Long-term liabilities:	
Due within one year. . . . .	624,562
Due in more than one year . . . . .	3,220,971
 Total liabilities . . . . .	 24,230,965
 <b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	12,496,091
Restricted for:	
Capital projects . . . . .	34,851
Debt service. . . . .	102,865
State funded programs . . . . .	4,018
Federally funded programs . . . . .	6,882
Extracurricular activities . . . . .	3,901
Other purposes . . . . .	657,645
Unrestricted . . . . .	11,802,859
 Total net assets . . . . .	 \$ 25,109,112

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
Instruction:					
Regular . . . . .	\$ 15,460,740	\$ 212,000	\$ 254,094	\$ -	\$ (14,994,646)
Special . . . . .	4,651,779	152,360	2,378,887	-	(2,120,532)
Vocational . . . . .	171,687	-	45,955	-	(125,732)
Other . . . . .	1,907,192	-	134,267	-	(1,772,925)
Support services:					
Pupil . . . . .	2,370,212	11,236	124,031	-	(2,234,945)
Instructional staff . . . . .	2,447,863	59,475	420,030	-	(1,968,358)
Board of education . . . . .	31,139	-	-	-	(31,139)
Administration . . . . .	2,834,601	910	100,457	-	(2,733,234)
Fiscal . . . . .	749,907	-	-	-	(749,907)
Business . . . . .	487,641	-	-	-	(487,641)
Operations and maintenance . . . . .	3,628,249	80,708	51	-	(3,547,490)
Pupil transportation . . . . .	2,286,319	33,086	152,901	34,435	(2,065,897)
Central . . . . .	205,441	-	11,150	-	(194,291)
Operation of non-instructional services:					
Food service operations . . . . .	1,268,018	585,223	750,000	-	67,205
Other non-instructional services . . . . .	91,298	194	72	-	(91,032)
Extracurricular activities . . . . .	702,915	123,758	-	-	(579,157)
Interest and fiscal charges . . . . .	73,507	-	-	-	(73,507)
<b>Total governmental activities . . . . .</b>	<b>\$ 39,368,508</b>	<b>\$ 1,258,950</b>	<b>\$ 4,371,895</b>	<b>\$ 34,435</b>	<b>(33,703,228)</b>
<b>General Revenues:</b>					
Property taxes levied for:					
General purposes . . . . .					16,611,706
Capital projects . . . . .					688,957
Grants and entitlements not restricted to specific programs . . . . .					17,765,317
Investment earnings . . . . .					810,854
Miscellaneous . . . . .					90,445
Total general revenues . . . . .					35,967,279
Change in net assets . . . . .					2,264,051
<b>Net assets at beginning of year . . . . .</b>					<b>22,845,061</b>
<b>Net assets at end of year . . . . .</b>					<b>\$ 25,109,112</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash and investments . . . . .	\$ 15,221,355	\$ 1,064,602	\$ 16,285,957
Receivables:			
Taxes. . . . .	16,606,856	690,869	17,297,725
Accounts . . . . .	21,121	1,688	22,809
Intergovernmental . . . . .	91,289	279,908	371,197
Accrued interest . . . . .	174,428	-	174,428
Interfund loan . . . . .	27,000	-	27,000
Prepayments . . . . .	252,912	5,490	258,402
Materials and supplies inventory . . . . .	-	22,158	22,158
<b>Total assets . . . . .</b>	<u>\$ 32,394,961</u>	<u>\$ 2,064,715</u>	<u>\$ 34,459,676</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 44,517	\$ 35,112	\$ 79,629
Contracts payable . . . . .		98,124	98,124
Accrued wages and benefits . . . . .	3,281,872	381,978	3,663,850
Interfund loan payable . . . . .	-	27,000	27,000
Compensated absences payable . . . . .	134,550	-	134,550
Pension obligation payable. . . . .	798,371	126,813	925,184
Intergovernmental payable. . . . .	165,825	15,927	181,752
Deferred revenue. . . . .	807,724	28,869	836,593
Unearned revenue. . . . .	14,819,540	617,093	15,436,633
<b>Total liabilities . . . . .</b>	<u>20,052,399</u>	<u>1,330,916</u>	<u>21,383,315</u>
<b>Fund Balances:</b>			
Reserved for encumbrances . . . . .	387,742	97,759	485,501
Reserved for materials and supplies inventory. . . . .	-	22,158	22,158
Reserved for prepayments . . . . .	252,912	5,490	258,402
Reserved for property tax unavailable for appropriation . . . . .	1,064,460	44,907	1,109,367
Reserved for debt service . . . . .	-	103,125	103,125
Unreserved, undesignated (deficit), reported in:			
General fund . . . . .	10,637,448	-	10,637,448
Special revenue funds. . . . .	-	560,740	560,740
Capital projects funds. . . . .	-	(100,380)	(100,380)
<b>Total fund balances . . . . .</b>	<u>12,342,562</u>	<u>733,799</u>	<u>13,076,361</u>
<b>Total liabilities and fund balances . . . . .</b>	<u>\$ 32,394,961</u>	<u>\$ 2,064,715</u>	<u>\$ 34,459,676</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

<b>Total governmental fund balances</b>		\$	13,076,361
<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.			14,907,401
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Property taxes receivable	\$	751,725	
Accrued interest receivable		35,061	
Intergovernmental receivable		49,807	
Total		836,593	
Accrued interest payable is not due and payable in the current period and therefore is not reported in the fund.			(260)
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		(1,299,673)	
General obligation bond payable		(100,000)	
Lease purchase agreement payable		(2,311,310)	
Total		(3,710,983)	
<b>Net assets of governmental activities</b>		\$	25,109,112

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
From local sources:			
Property taxes . . . . .	\$ 16,643,626	\$ 691,876	\$ 17,335,502
Tuition . . . . .	341,587	-	341,587
Transportation fees . . . . .	32,269	-	32,269
Charges for services . . . . .	5,270	566,429	571,699
Earnings on investments . . . . .	775,793	3,905	779,698
Extracurricular . . . . .	22,350	103,200	125,550
Classroom materials and fees . . . . .	-	113,930	113,930
Rental income . . . . .	80,570	-	80,570
Contributions and donations . . . . .	1,325	78,962	80,287
Other local revenues . . . . .	90,445	198,444	288,889
Intergovernmental - State . . . . .	18,658,176	575,763	19,233,939
Intergovernmental - Federal . . . . .	153,342	2,624,439	2,777,781
Total revenues . . . . .	<u>36,804,753</u>	<u>4,956,948</u>	<u>41,761,701</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	14,594,981	392,575	14,987,556
Special . . . . .	3,113,198	1,393,205	4,506,403
Vocational . . . . .	211,866	-	211,866
Other . . . . .	1,714,373	138,904	1,853,277
Support services:			
Pupil . . . . .	2,161,332	126,688	2,288,020
Instructional staff . . . . .	1,880,939	497,090	2,378,029
Board of education . . . . .	30,241	-	30,241
Administration . . . . .	2,695,837	105,795	2,801,632
Fiscal . . . . .	705,058	11,333	716,391
Business . . . . .	472,382	-	472,382
Operations and maintenance . . . . .	3,303,354	180	3,303,534
Pupil transportation . . . . .	2,097,679	140,943	2,238,622
Central . . . . .	177,077	11,694	188,771
Operation of non-instructional services:			
Food service operations . . . . .	-	1,213,833	1,213,833
Other non-instructional services . . . . .	88,183	254	88,437
Extracurricular activities . . . . .	487,462	111,670	599,132
Facilities acquisition and construction . . . . .	-	861,748	861,748
Debt service:			
Principal retirement . . . . .	259,974	150,000	409,974
Interest and fiscal charges . . . . .	62,960	10,938	73,898
Total expenditures . . . . .	<u>34,056,896</u>	<u>5,166,850</u>	<u>39,223,746</u>
Net change in fund balances . . . . .	2,747,857	(209,902)	2,537,955
<b>Fund balances at beginning of year . . . . .</b>	<u>9,594,705</u>	<u>943,701</u>	<u>10,538,406</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 12,342,562</u>	<u>\$ 733,799</u>	<u>\$ 13,076,361</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

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

**Net change in fund balances - total governmental funds** \$ 2,537,955

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

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	\$	823,090	
Current year depreciation		(1,388,826)	
Total			(565,736)

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

Property taxes		(34,839)	
Earnings on investments		35,061	
Intergovernmental revenue		(129,364)	
Total			(129,142)

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 additional interest being reported on the statement of activities:

Decrease in accrued interest payable		391	
Total			391

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		150,000	
Capital lease		259,974	
Total			409,974

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.

10,609

**Change in net assets of governmental activities** \$ 2,264,051

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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, 2009

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 16,344,462	\$ 16,711,738	\$ 16,711,738	\$ -
Tuition . . . . .	365,665	373,882	373,882	-
Transportation fees . . . . .	33,543	34,297	34,297	-
Charges for services . . . . .	5,154	5,270	5,270	-
Earnings on investments . . . . .	504,864	516,209	516,209	-
Extracurricular . . . . .	21,859	22,350	22,350	-
Rental income . . . . .	78,799	80,570	80,570	-
Contributions and donations . . . . .	1,296	1,325	1,325	-
Other local revenues . . . . .	84,795	86,700	86,700	-
Intergovernmental - State . . . . .	18,239,527	18,649,387	18,649,387	-
Intergovernmental - Federal . . . . .	149,972	153,342	153,342	-
Total revenues . . . . .	<u>35,829,936</u>	<u>36,635,070</u>	<u>36,635,070</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	14,707,377	14,710,362	14,710,362	-
Special . . . . .	3,140,684	3,141,321	3,141,321	-
Vocational . . . . .	227,895	227,941	227,941	-
Other . . . . .	1,718,022	1,718,371	1,718,371	-
Support services:				
Pupil . . . . .	2,135,852	2,136,285	2,136,285	-
Instructional staff . . . . .	1,895,393	1,895,778	1,895,778	-
Board of education . . . . .	31,090	31,096	31,096	-
Administration . . . . .	2,755,002	2,755,561	2,755,561	-
Fiscal . . . . .	713,812	713,957	713,957	-
Business . . . . .	480,210	480,307	480,307	-
Operations and maintenance . . . . .	3,296,838	3,297,507	3,297,507	-
Pupil transportation . . . . .	2,146,588	2,147,024	2,147,024	-
Central . . . . .	176,657	176,693	176,693	-
Operation of non-instructional services:				
Other non-instructional services . . . . .	99,675	99,695	99,695	-
Extracurricular activities . . . . .	492,087	492,187	492,187	-
Debt service:				
Principal retirement . . . . .	259,921	259,974	259,974	-
Interest and fiscal charges . . . . .	62,947	62,960	62,960	-
Total expenditures . . . . .	<u>34,340,050</u>	<u>34,347,019</u>	<u>34,347,019</u>	<u>-</u>
Excess of revenues over expenditures . . . . .	<u>1,489,886</u>	<u>2,288,051</u>	<u>2,288,051</u>	<u>-</u>
<b>Other financing sources (uses):</b>				
Refund of prior year expenditure . . . . .	49,878	50,999	50,999	-
Refund of prior year receipts . . . . .	(290,312)	(290,371)	(290,371)	-
Advances in . . . . .	44,186	45,179	45,179	-
Advances (out) . . . . .	(46,170)	(46,179)	(46,179)	-
Total other financing sources (uses) . . . . .	<u>(242,418)</u>	<u>(240,372)</u>	<u>(240,372)</u>	<u>-</u>
Net change in fund balance . . . . .	1,247,468	2,047,679	2,047,679	-
<b>Fund balance at beginning of year . . . . .</b>	<b>12,322,515</b>	<b>12,322,515</b>	<b>12,322,515</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>328,876</b>	<b>328,876</b>	<b>328,876</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 13,898,859</u></b>	<b><u>\$ 14,699,070</u></b>	<b><u>\$ 14,699,070</u></b>	<b><u>\$ -</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2009

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
<b>Assets:</b>		
Equity in pooled cash and investments . . . . .	\$ 97,308	\$ 41,590
Total assets. . . . .	<u>97,308</u>	<u>\$ 41,590</u>
<b>Liabilities:</b>		
Due to students . . . . .	-	\$ 41,590
Total liabilities . . . . .	<u>-</u>	<u>\$ 41,590</u>
<b>Net Assets:</b>		
Held in trust for scholarships . . . . .	<u>\$ 97,308</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 1,195
<b>Deductions:</b>	
Scholarships awarded . . . . .	14,500
Change in net assets . . . . .	(13,305)
<b>Net assets at beginning of year. . . . .</b>	<b>110,613</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 97,308</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

**NOTE 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 118<sup>th</sup> largest by enrollment among the 922 public and community schools in the State. The District employs 216 non-certified and 276 certified employees to provide services to 3,605 students in grades K through 12 and various community groups.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do 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, 2009**

**NOTE 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 Cooperative (SOEPC)

SOEPC is a purchasing cooperative made up of nearly 100 school districts in Montgomery and surrounding counties. The Montgomery County Educational Service Center acts as fiscal agent for the group. 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 2009, the District paid \$2,287 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 25 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 one representative from each district plus one representative from the fiscal agent. 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, 2009**

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

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

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities; (b) for food service and uniform school supplies operations; (c) for grants and other resources whose use is restricted to a particular purpose; and (d) for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

*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.

*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**

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, 2009**

**NOTE 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.

*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 nonmajor 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.

*Revenues - Exchange and Nonexchange 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.

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



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

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

**NOTE 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 year end; property taxes available as an advance, interest, tuition, grants, student fees and rentals.

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

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

On governmental fund financial statements, receivables that will not be collected within the available period, including delinquent property taxes due at June 30, 2009, are recorded as deferred revenue.

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

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

**E. 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, 2009**

**NOTE 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 reappropriated.

**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 2009, 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 2009 amounted to \$775,793 which includes \$56,473 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 fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

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

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

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

**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:

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
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.

**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.

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

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

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

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.

**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 Reserves**

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

**M. Net Assets**

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

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 reserved on the fund financial statements by an amount equal to the carrying value of the asset.

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

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

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

**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 2009.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

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

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

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

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

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

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

**B. Deficit Fund Balances**

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

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
EMIS	\$ 2
Public school preschool	23,135
Poverty aid	11,604
Idea part B	22,504
Limited english proficiency	3,144
Title I	25,092
Drug free schools	47
Preschool	4,521
Miscellaneous federal grants	442

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. These deficit fund balances are the result of adjustments for accrued liabilities.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

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

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

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State 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.

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, 2009, the carrying amount of all District deposits was \$1,702,916, based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, \$1,335,427 of the District's bank balance of \$2,987,165 was exposed to custodial risk as discussed below, while \$1,651,738 was covered by the FDIC.

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

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

**B. Investments**

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

Investment type	Fair Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
FFCB	\$ 2,436,950	\$ -	\$ -	\$ -	\$ -	\$ 2,436,950
FHLB	4,091,043	-	-	-	-	4,091,043
FHLMC	3,819,978	-	-	-	-	3,819,978
FNMA	3,076,875	-	-	-	-	3,076,875
Negotiable CDs	<u>1,297,093</u>	<u>99,554</u>	<u>201,852</u>	<u>101,802</u>	<u>400,165</u>	<u>493,720</u>
Total	<u>\$ 14,721,939</u>	<u>\$ 99,554</u>	<u>\$ 201,852</u>	<u>\$ 101,802</u>	<u>\$ 400,165</u>	<u>\$ 13,918,566</u>

The weighted average maturity of investments is 3.84 years.

*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.



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

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
FFCB	\$ 2,436,950	16.55
FHLB	4,091,043	27.79
FHLMC	3,819,978	25.95
FNMA	3,076,875	20.90
Negotiable CDs	<u>1,297,093</u>	<u>8.81</u>
Total	<u>\$ 14,721,939</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, 2009:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,702,916
Investments	<u>14,721,939</u>
Total	<u>\$ 16,424,855</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 16,285,957
Private-purpose trust funds	97,308
Agency funds	<u>41,590</u>
Total	<u>\$ 16,424,855</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund balances at June 30, 2009 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor special revenue fund	\$ 27,000

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

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

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

**NOTE 6 - PROPERTY TAXES**

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

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

The District receives property taxes from 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, 2009, are available to finance fiscal year 2009 operations. The amount available as an advance at June 30, 2009 was \$1,064,460 in the general fund and \$44,907 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2008 was \$1,132,572 in the general fund, \$47,850 in the permanent improvement fund (a nonmajor 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 tangible personal property taxes which are measurable as of June 30, 2009 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

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

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

**NOTE 6 - PROPERTY TAXES - (Continued)**

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

	2008 Second Half Collections		2009 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 414,647,960	92.66	\$ 416,179,750	95.12
Public utility personal	6,904,650	1.54	6,953,960	1.59
Tangible personal property	<u>25,929,580</u>	<u>5.80</u>	<u>14,388,769</u>	<u>3.29</u>
Total	<u>\$ 447,482,190</u>	<u>100.00</u>	<u>\$ 437,522,479</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$74.63		\$74.63	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2009 consisted of property 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:

**Governmental activities:**

Taxes	\$ 17,297,725
Accounts	22,809
Accrued interest	174,428
Intergovernmental	<u>371,197</u>
Total	<u>\$ 17,866,159</u>

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

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

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

**NOTE 8 - CAPITAL ASSETS**

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

	<u>Balance</u> <u>06/30/08</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>06/30/09</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 572,938	\$ -	\$ -	\$ 572,938
Construction in progress	<u>-</u>	<u>98,124</u>	<u>-</u>	<u>98,124</u>
Total capital assets, not being depreciated	<u>572,938</u>	<u>98,124</u>	<u>-</u>	<u>671,062</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	2,631,050	45,833	-	2,676,883
Buildings and improvements	30,334,359	473,681	-	30,808,040
Furniture and equipment	5,140,112	45,086	(11,780)	5,173,418
Vehicles	<u>2,200,659</u>	<u>160,366</u>	<u>-</u>	<u>2,361,025</u>
Total capital assets, being depreciated	<u>40,306,180</u>	<u>724,966</u>	<u>(11,780)</u>	<u>41,019,366</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(2,153,146)	(101,828)	-	(2,254,974)
Buildings and improvements	(17,932,067)	(917,381)	-	(18,849,448)
Furniture and equipment	(3,708,183)	(234,125)	11,780	(3,930,528)
Vehicles	<u>(1,612,585)</u>	<u>(135,492)</u>	<u>-</u>	<u>(1,748,077)</u>
Total accumulated depreciation	<u>(25,405,981)</u>	<u>(1,388,826)</u>	<u>11,780</u>	<u>(26,783,027)</u>
Governmental activities capital assets, net	<u>\$ 15,473,137</u>	<u>\$ (565,736)</u>	<u>\$ -</u>	<u>\$ 14,907,401</u>

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

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

**NOTE 8 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>		
Regular	\$	445,168
Special		133,852
Vocational		6,293
Other		55,047
<u>Support services:</u>		
Pupil		67,960
Instructional staff		70,634
Board of education		898
Administration		83,216
Fiscal		21,279
Business		14,031
Operations and maintenance		115,296
Pupil transportation		204,996
Central		5,607
Non-instructional services		2,627
Extracurricular activities		103,130
Food service operations		<u>58,792</u>
Total depreciation expense		<u>\$ 1,388,826</u>

**NOTE 9 - LONG-TERM OBLIGATIONS**

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

	<u>Issued</u>	<u>Due</u>	<u>Interest Rate</u>	<u>Balance 06/30/08</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 06/30/09</u>	<u>Amount Due in One Year</u>
School improvement refunding bonds	2000	2010	5.60%-6.25%	\$ 250,000	\$ -	\$ (150,000)	\$ 100,000	\$ 100,000
Lease-purchase agreement payable	2007	2017	2.57%-4.19%	2,571,284	-	(259,974)	2,311,310	266,726
Compensated absences				<u>1,413,770</u>	<u>356,278</u>	<u>(335,825)</u>	<u>1,434,223</u>	<u>257,836</u>
Total governmental activities				<u>\$ 4,235,054</u>	<u>\$ 356,278</u>	<u>\$ (745,799)</u>	<u>\$ 3,845,533</u>	<u>\$ 624,562</u>

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

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

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

School Improvement Refunding Bonds

The School Improvement Refunding general obligation bonds were issued to remodel the stadium and auditorium at the high school. These bonds are general obligations of the District for which the full faith and credit of the District are pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the statement of net assets. Principal and interest payments are made from the Bond Retirement fund (a nonmajor governmental 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 2009.

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 general obligation bonds and the lease-purchase agreement outstanding at June 30, 2009, are as follows:

Fiscal Year Ending June 30,	School Improvement Refunding Bonds			Lease-Purchase Payable		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 100,000	\$ 3,125	\$ 103,125	\$ 266,726	\$ 56,208	\$ 322,934
2011	-	-	-	273,654	49,280	322,934
2012	-	-	-	279,813	44,219	324,032
2013	-	-	-	278,955	57,161	336,116
2014	-	-	-	290,870	45,246	336,116
2015 - 2018	-	-	-	921,292	59,047	980,339
Total	<u>\$ 100,000</u>	<u>\$ 3,125</u>	<u>\$ 103,125</u>	<u>\$ 2,311,310</u>	<u>\$ 311,161</u>	<u>\$ 2,622,471</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 unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2009, are a voted debt margin of \$38,072,115 (including available funds of \$103,125) and an unvoted debt margin of \$422,989.

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

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

**NOTE 10 - 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.

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. Two employees took advantage of the early retirement incentive in fiscal year 2009. These one-time cash payments will be made in fiscal year 2010. 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.

**NOTE 11 - 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 2008.

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

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

**NOTE 11 - RISK MANAGEMENT - (Continued)**

**B. Workers' Compensation**

The District has participated in the Ohio Bureau of Workers' Compensation (Bureau) Retrospective Rating Plan in 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.

The District's Workers' Compensation program is accounted for in the general fund which pays for all claims, claim reserves and administrative costs of the program. The general fund generates revenues by charging each fund a percentage rate determined by the Bureau for the payroll during the reporting period. The claims liability is recorded based on an actuarial determination of future claims, review of prior year claim liabilities and claim payment trends including the settlement to the Bureau after the tenth year.

Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2009	\$ 53,474	\$ 120,601	\$ (174,075)	\$ -
2008	-	339,078	(285,604)	53,474

**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 13. As such, no funding provisions are required by the District.

**NOTE 12 - PENSION PLANS**

**A. School Employees Retirement System**

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



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

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

**NOTE 12 - PENSION PLANS - (Continued)**

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$515,422, \$494,123 and \$495,717, respectively; 44.58 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

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

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

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

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

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

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

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

**NOTE 12 - PENSION PLANS - (Continued)**

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were \$2,218,510, \$2,142,930 and \$2,059,386, respectively; 83.28 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$24,772 made by the District and \$55,155 made by the plan members.

**C. Social Security System**

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

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

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

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

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2009, 2008, and 2007 were \$342,932, \$324,372 and \$240,622, respectively; 44.58 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

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

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

**NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)**

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$42,527, \$35,603 and \$33,709, respectively; 44.58 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

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

Plan Description - The District 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) or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$170,655, \$164,841 and \$158,414, respectively; 83.28 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**NOTE 14 - 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 a reservation of 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); and,

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

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

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

- (e) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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:

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 2,047,679
Net adjustment for revenue accruals	169,683
Net adjustment for expenditure accruals	(135,223)
Net adjustment for other sources/uses	240,372
Adjustment for encumbrances	<u>425,346</u>
GAAP basis	<u>\$ 2,747,857</u>

**NOTE 15 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

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

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

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

**NOTE 16 - STATUTORY RESERVES**

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 year-end.

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

	<u>Textbooks/ Instructional Materials</u>	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2008	\$ (2,967,682)	\$ -
Current year set-aside requirement	583,699	583,699
Current year offsets	-	(694,819)
Qualifying disbursements	<u>(928,844)</u>	<u>(907,432)</u>
Total	<u>\$ (3,312,827)</u>	<u>\$ (1,018,552)</u>
Balance carried forward to FY 2010	<u>\$ (3,312,827)</u>	<u>\$ -</u>

The District had qualifying disbursements during the year that reduced the textbooks/instructional materials set-aside amount below zero. This extra amount may be used to reduce the set-aside requirements of future years.

Although the District had qualifying disbursements during the year that reduced the capital acquisition set-aside amount to below zero, this extra amount may not be carried forward to future years.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Federal Agency/ Pass Through Agency/ Program Title	Federal CFDA Number	Pass Through Number	Receipts	Disbursements
U.S. Department of Agriculture:				
<i>Passed through Ohio Department of Education:</i>				
Child Nutrition Cluster				
Non - Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	LL-P4	58,661	58,661
Cash Assistance				
National School Breakfast Program	10.553	05-PU	116,378	116,378
National School Lunch Program	10.555	LL-P4	<u>559,767</u>	<u>559,767</u>
Total US Department of Agriculture			<u>734,806</u>	<u>734,806</u>
U.S. Department of Education:				
<i>Passed through Ohio Department of Education:</i>				
Title I Grants to Local Education Agencies	84.010	C1-S1	874,593	838,437
Special Education Cluster:				
Special Education Grants to States	84.027	6B-SF	678,017	729,351
Special Education Preschool Grant	84.173	PG-S1	<u>30,447</u>	<u>30,606</u>
Total Special Education Cluster			708,464	759,957
Safe and Drug Free Schools and Communities	84.186	DR-S1	10,758	10,758
21st Century Community Living Centers	84.287	T1-S1	55,673	77,580
State Grants for Innovative Programs	84.298	C2-S1	2,775	2,775
Education Technology State Grants	84.318	TJ-S1	8,162	8,162
Title III - Immigrant	84.365	T3-S2	24,885	28,740
Improving Teacher Quality State Grants	84.367	TR-S1	125,607	122,999
School Improvement	84.377	3L-60	<u>43,175</u>	<u>43,175</u>
Total U.S. Department of Education			<u>1,854,092</u>	<u>1,892,583</u>
U.S. Department of Health and Human Services:				
<i>Direct Award</i>				
Medical Assistance Program	93.778	N/A	131,419	62,842
Children's Health Insurance Program	93.767	N/A	21,923	21,923
TANF Afterschool & School Readiness	93.558	N/A	<u>21,960</u>	<u>21,960</u>
Total U.S. Department of Health and Human Services			<u>175,302</u>	<u>106,725</u>
Total Federal Assistance			<u>\$ 2,764,200</u>	<u>\$ 2,734,114</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

**WEST CARROLLTON CITY SCHOOL DISTRICT**  
**MONTGOMERY COUNTY**  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICES**

The accompanying schedule of expenditures of federal awards is a summary activity of all federal awards programs of the West Carrollton City School District. The schedule has been prepared on the cash basis of accounting.

**NOTE 2 - U.S. DEPARTMENT OF AGRICULTURE PROGRAMS**

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported on the schedule of expenditures of federal awards at the market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2009, the District had no significant food commodities in inventory.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Education  
West Carrollton City School District  
430 E. Pease. Ave.  
West Carrollton, Ohio 45449

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Carrollton City School District (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 29, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

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

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

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## Compliance and Other Matters

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

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

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

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
December 29, 2009

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

Board of Education  
West Carrollton City School District  
430 E. Pease Ave.  
West Carrollton, Ohio 45449

**Compliance**

We have audited the compliance of the 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 are applicable to each of its major federal programs for the year ended June 30, 2009. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

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

**Internal Control Over Compliance**

The management of the District 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 have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

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

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
December 29, 2009

**West Carrollton City School District  
 Schedule of Findings and Questioned Costs  
 Fiscal Year Ended June 30, 2009**

**Section I – Summary of Auditors’ Results**

Financial Statements

Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	None noted
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None noted
Noncompliance material to financial statements noted?	None noted

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	None noted
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None noted
Type of auditors’ report issued on compliance for major programs:	Unqualified
Any audit findings that are required to be reported in accordance with 510(a) of Circular A-133?	None noted
Identification of major programs:	
<i>Nutrition Cluster:</i>	
CFDA 10.553 – School Breakfast Program	
CFDA 10.555 – School Lunch Program	
Dollar threshold to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**Section II – Financial Statement Findings**

None noted

**Section III – Federal Awards Findings and Questioned Costs**

None noted

**Section IV – Summary of Prior Audit Findings and Questioned Costs**

None reported

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Education  
West Carrollton City School District:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on March 1, 2006 and revised November 28, 2007.

2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):

- (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
- (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
- (3) A procedure for reporting prohibited incidents;
- (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
- (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the “Family Educational Rights and Privacy Act of 1974,” Stat. 571, 20 O.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident.
- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;

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

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.

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
December 29, 2009



Mary Taylor, CPA  
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  
MARCH 2, 2010