



Dave Yost • Auditor of State



**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

### ***Report on the Financial Statements***

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

**Opinion**

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

**Emphasis of Matter**

As discussed in Note 3 to the financial statements, during the year ended June 30, 2013, the District adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

The Federal Award Receipts and Expenditures Schedule presents additional analysis as required by the 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 financial statements.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

March 21, 2014

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**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

The discussion and analysis of the West Carrollton City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2013. 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 2013 are as follows:

- In total, net position of governmental activities decreased \$2,432,216 which represents a 9.11% decrease from 2012.
- General revenues accounted for \$33,968,659 in revenue or 84.44% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$6,257,454 or 15.56% of total revenues of \$40,226,113.
- The District had \$42,658,329 in expenses related to governmental activities; only \$6,257,454 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 \$33,968,659 were not adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$34,793,511 in revenues and \$37,560,272 in expenditures. During fiscal year 2013, the general fund's fund balance decreased \$2,766,761 from a balance of \$10,987,259 to \$8,220,498.

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

**Reporting the District as a Whole**

***Statement of Net Position and the Statement of Activities***

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2013?" The Statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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**

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

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

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

The District's statement of net position and statement of activities can be found on pages 15-16 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 11. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's 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 position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 17-21 of this report.

***Proprietary Funds***

The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for medical/surgical and dental self-insurance. The basic proprietary fund financial statements can be found on pages 22-24 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 position and changes in fiduciary net position on pages 25 and 26. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 27-52 of this report.

**The District as a Whole**

Certain asset, deferred outflow, liability, deferred inflow, and net position classifications have been reclassified by the District for fiscal year 2012 to conform to fiscal year 2013 presentation in accordance with GASB Statement No. 63 and GASB Statement No. 65. The table below provides a summary of the District's net position at June 30, 2013 and June 30, 2012.

<b>Net Position</b>		
	<b>Governmental Activities 2013</b>	<b>Governmental Activities 2012</b>
<b>Assets:</b>		
Current and other assets	\$33,695,166	\$34,549,374
Capital assets, net	15,369,946	15,713,818
Total assets	49,065,112	50,263,192
<b>Liabilities:</b>		
Current liabilities	5,631,208	4,715,594
Long-term liabilities	3,296,191	3,597,771
Total liabilities	8,927,399	8,313,365
Deferred inflows of resources	15,869,922	15,249,820
<b>Net Assets:</b>		
Net investment in capital assets	13,375,172	13,893,818
Restricted	1,213,705	1,308,425
Unrestricted	9,678,914	11,497,764
Total net position	\$24,267,791	\$26,700,007

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013, the District's assets exceeded liabilities plus deferred inflows of resources by \$24,267,791.

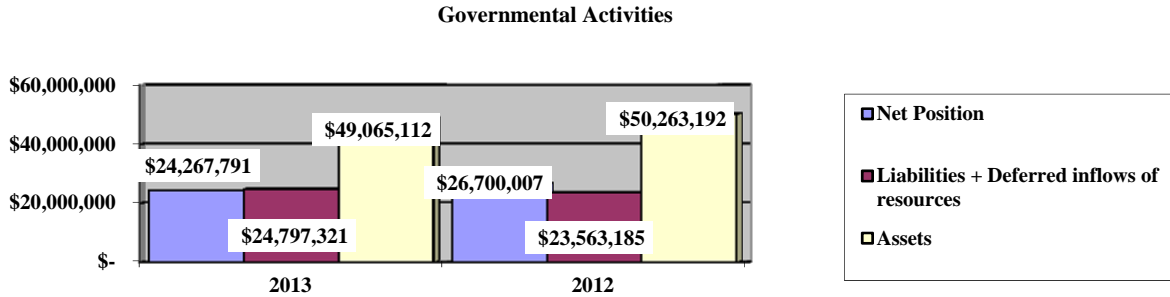
At year-end, capital assets represented 31.33% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. Net investment in capital assets at June 30, 2013 was \$13,375,172. These capital assets are used 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 position, \$1,213,705, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$9,678,914 may be used to meet the District's ongoing obligations to the students and creditors.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

The graph below illustrates the District's governmental activities assets, liabilities and net position at June 30, 2013 and June 30, 2012.



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

<b>Change in Net Position</b>		
	<b>Governmental Activities 2013</b>	<b>Governmental Activities 2012</b>
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for services and sales	\$1,176,247	\$1,100,447
Operating grants and contributions	5,081,207	4,715,658
Capital grants and contributions		162,000
<b>General revenues:</b>		
Property taxes	16,226,241	16,636,080
Payments in lieu of taxes	26,926	38,007
Grants and entitlements	17,391,200	18,172,395
Investment earnings	83,983	299,141
Miscellaneous	240,309	165,535
<b>Total revenues</b>	<b>\$40,226,113</b>	<b>\$41,289,263</b>

The investment earnings decrease can be attributed to a decrease in interest receipts as a result of lower depository accounts held by the District. The increase in miscellaneous revenue is primarily due to new revenue generated through charges and services receipts from West Carrollton Secondary Academy ("WCSA"). The District received \$70,000 for charges and services provided to WCSA. The decrease in capital grants and contributions is due to a capital contribution in relation to a land improvement the District received in fiscal year 2012.

<b>Change in Net Position</b>		
	<b>Governmental Activities 2013</b>	<b>Governmental Activities 2012</b>
<b>Expenses:</b>		
<b>Program expenses:</b>		
<b>Instruction:</b>		
Regular	\$15,516,602	\$15,728,858
Special	5,911,638	5,449,998
Vocational	183,118	226,058
Other	2,627,303	2,213,824

(Continued)

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

**Change in Net Position  
(Continued)**

	<b>Governmental Activities 2013</b>	<b>Governmental Activities 2012</b>
<b>Support services:</b>		
Pupil	2,689,178	2,701,725
Instructional staff	2,334,754	2,458,673
Board of education	31,782	31,629
Administration	2,785,430	3,095,452
Fiscal	703,497	722,616
Business	452,132	501,238
Operations and maintenance	3,323,683	3,300,877
Pupil transportation	2,912,173	2,658,051
Central	232,124	239,135
<b>Operation of non-instructional services:</b>		
Other non-instructional services	80,764	76,929
Food service operations	1,889,284	1,649,570
Extracurricular activities	894,830	870,242
Interest and fiscal charges	90,037	137,810
Total expenses	<u>42,658,329</u>	<u>42,062,685</u>
Change in net position	(2,432,216)	(773,422)
Net position at beginning of year	<u>26,700,007</u>	<u>27,473,429</u>
Net position at end of year	<u><u>\$24,267,791</u></u>	<u><u>\$26,700,007</u></u>

**Governmental Activities**

Net position of the District's governmental activities decreased \$2,432,216. Total governmental expenses of \$42,658,329 were offset by program revenues of \$6,257,454 and general revenues of \$33,968,659. Program revenues supported 14.67% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from taxes, and grants and entitlements. These revenue sources represent 83.57% of total governmental revenue.

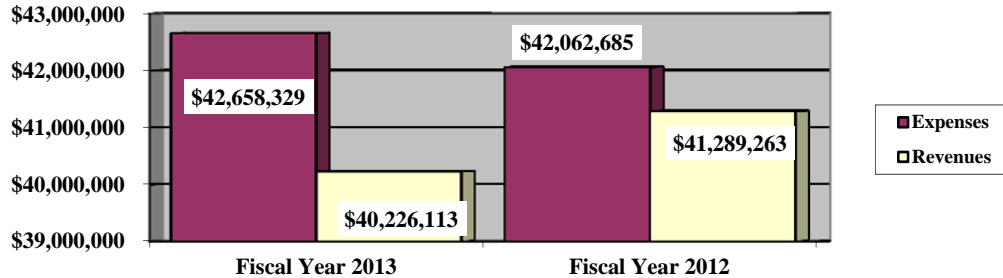
The largest expense of the District is for instructional programs. Instruction expenses totaled \$24,238,661 or 56.82% of total governmental expenses for fiscal year 2013.

The graph below presents the governmental activities revenues and expenses for fiscal year 2013 and 2012.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

**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.

<b>Governmental Activities</b>				
	<b>Total Cost of Services 2013</b>	<b>Net Cost of Services 2013</b>	<b>Total Cost of Services 2012</b>	<b>Net Cost of Services 2012</b>
<b>Program expenses:</b>				
<b>Instruction:</b>				
Regular	\$15,516,602	\$15,086,373	\$15,728,858	\$15,276,007
Special	5,911,638	2,606,099	5,449,998	2,683,737
Vocational	183,118	136,910	226,058	179,850
Other	2,627,303	2,463,020	2,213,824	2,185,567
<b>Support services:</b>				
Pupil	2,689,178	2,684,493	2,701,725	2,658,209
Instructional staff	2,334,754	2,284,261	2,458,673	2,084,641
Board of education	31,782	31,782	31,629	31,629
Administration	2,785,430	2,785,430	3,095,452	3,091,194
Fiscal	703,497	703,497	722,616	722,616
Business	452,132	452,132	501,238	501,238
Operations and maintenance	3,323,683	3,243,778	3,300,877	3,229,860
Pupil transportation	2,912,173	2,779,310	2,658,051	2,510,242
Central	232,124	232,124	239,135	239,135
<b>Operation of non-instructional services:</b>				
Other non-instructional services	80,764	80,764	76,929	76,929
Food service operations	1,889,284	11,395	1,649,570	(59,169)
Extracurricular activities	894,830	729,470	870,242	535,085
Interest and fiscal charges	90,037	90,037	137,810	137,810
<b>Total expenses</b>	<b>\$42,658,329</b>	<b>\$36,400,875</b>	<b>\$42,062,685</b>	<b>\$36,084,580</b>

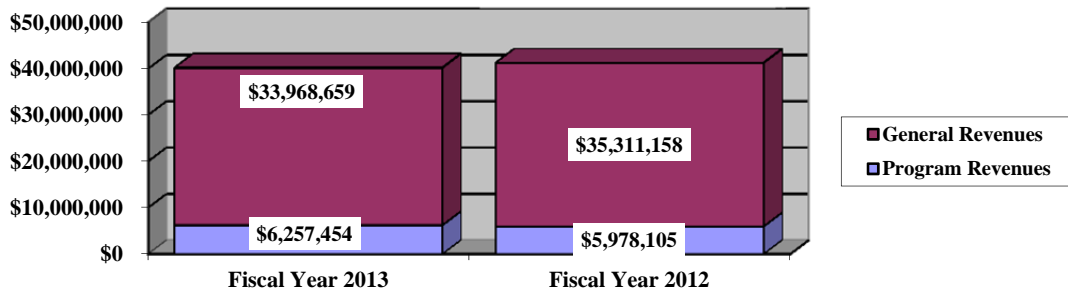
The dependence upon tax and other general revenues for governmental activities is apparent, 83.72% of instruction activities are supported through taxes, grants and entitlements and other general revenues. For all governmental activities, general revenue support is 85.33%. Grants and entitlements, and unrestricted grants and entitlements from the State, are by far the primary support for the District's students.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

The graph below presents the District's governmental activities revenues for fiscal year 2013 and 2012.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds (as presented on page 17) reported a combined fund balance of \$9,098,315, which is lower than last year's total of \$12,281,521. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2013 and 2012.

	<u>Fund Balance June 30, 2013</u>	<u>Fund Balance June 30, 2012</u>	<u>(Decrease)</u>	<u>Percentage Change</u>
General	\$8,220,498	\$10,987,259	(\$2,766,761)	(25.18) %
Other Governmental	877,817	1,294,262	(416,445)	(32.18) %
Total	<u>\$9,098,315</u>	<u>\$12,281,521</u>	<u>(\$3,183,206)</u>	<u>(25.92) %</u>

**General Fund**

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

	<u>2013 Amount</u>	<u>2012 Amount</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>	
<b>Revenues:</b>					
Property taxes	\$15,301,637	\$16,115,189	(\$813,552)	(5.05)	%
Payment in lieu of taxes	26,926	38,007	(11,081)	(29.16)	%
Tuition	345,155	295,109	50,046	16.96	%
Earnings on investments	88,276	307,658	(219,382)	(71.31)	%
Intergovernmental	18,446,407	19,267,666	(821,259)	(4.26)	%
Other revenues	585,110	486,546	98,564	20.26	%
Total	<u>34,793,511</u>	<u>36,510,175</u>	<u>(1,716,664)</u>	<u>(4.70)</u>	<u>%</u>
<b>Expenditures:</b>					
Instruction	21,957,821	21,524,198	433,623	2.01	%
Support services	14,700,275	14,821,258	(120,983)	(0.82)	%
Other non-instructional services	79,697	75,535	4,162	5.51	%
Extracurricular activities	587,804	580,806	6,998	1.20	%
Facilities acquisition and construction	2,800		2,800	100.00	%
Debt service	231,875	2,050,577	(1,818,702)	(88.69)	%
Total	<u>\$37,560,272</u>	<u>\$39,052,374</u>	<u>(\$1,492,102)</u>	<u>(3.82)</u>	<u>%</u>

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

Overall revenues decreased \$1,716,664 or 4.70% from the prior year primarily due to a decrease in the amount of property taxes and intergovernmental revenue collected during the fiscal year. The decrease in property taxes is mostly attributable to the amount of taxes collected and available to the District as an advance at fiscal year-end. The amount of tax advances available from the county auditor can vary depending upon when tax bills are mailed. Intergovernmental revenue decreased \$821,259 due to a decrease in tangible personal property tax loss receipts from the prior year. Earnings on investments decreased as a result of lower depository accounts held by the District. The increase in other revenue is primarily due an increase in charges and services from the West Carrollton Secondary Academy ("WCSA"). The District received \$70,000 for charges and services provided to WCSA.

Debt service expenditures decreased \$1,818,702 primarily due to the early payoff of the lease purchase agreement during the fiscal year of 2012 of \$1,770,930. The increase in instruction is a result of regular instructional expenditures increasing approximately \$255,043 due to additional certified employees from the prior year. This increased the operating costs as well as salaries and wages in dealing with the daily interaction between teachers and students.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2013, the District amended its general fund budget several times. For the general fund, final budgeted revenues and other financing sources were \$34,950,043, which is lower than the original budgeted revenues and other financing sources of \$35,219,000. Actual revenues and other financing sources for fiscal year 2013 were \$35,102,737.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$37,418,667 were decreased to \$37,382,375 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2013 totaled \$37,271,979.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2013, the District had \$15,369,946 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. See Note 7 to the basic financial statements for detail. The following table shows fiscal year 2013 balances compared to 2012:

<b>Capital Assets at June 30, (Net of Depreciation)</b>		
	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
Land	\$572,938	\$572,938
Construction in progress	170,836	237,524
Land improvements	841,454	682,159
Building and improvements	12,405,748	12,786,979
Furniture and equipment	989,216	1,087,016
Vehicles	389,754	347,202
Total	<u>\$15,369,946</u>	<u>\$15,713,818</u>



**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

The overall decrease in capital assets of \$343,872 is primarily due to depreciation expense of \$1,315,281 and disposals (net of accumulated depreciation) of \$6,505 exceeding capital outlays of \$977,914 during the fiscal year.

***Debt Administration***

At June 30, 2013 the District had \$1,680,000 in general obligation bonds outstanding. Of this total, \$140,000 is due within one year and \$1,540,000 is due within greater than one year. The following table summarizes the bonds outstanding.

<b>Outstanding Debt, at Year End</b>		
	<b>Governmental Activities 2013</b>	<b>Governmental Activities 2012</b>
Current interest bonds	<u>\$1,680,000</u>	<u>\$1,820,000</u>
Total	<u>\$1,680,000</u>	<u>\$1,820,000</u>

See Note 8 to the basic financial statements for detail.

**Current Financial Related Activities**

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

In November 2012, the voters did not pass the 3.9 mills operating levy request.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Ryan Slone, Treasurer, West Carrollton City School District, 430 E. Pease Ave., West Carrollton, Ohio 45449.

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**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**STATEMENT OF NET POSITION  
JUNE 30, 2013**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments	\$14,690,386
<b>Receivables:</b>	
Property taxes	17,782,498
Payment in lieu of taxes	74,224
Accounts	102,722
Accrued interest	26,451
Intergovernmental	725,286
Prepayments	277,785
Materials and supplies inventory	15,814
<b>Capital assets:</b>	
Non-depreciable capital assets	743,774
Depreciable capital assets, net	14,626,172
Capital assets, net	15,369,946
Total assets	49,065,112
<b>Liabilities:</b>	
Accounts payable	38,811
Contracts payable	300,503
Retainage payable	14,271
Accrued wages and benefits payable	3,786,426
Pension obligation payable	806,632
Intergovernmental payable	129,142
Accrued interest payable	22,050
Claims payable	533,373
<b>Long-term liabilities:</b>	
Due within one year	627,650
Due in more than one year	2,668,541
Total liabilities	8,927,399
<b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year	15,795,698
Payment in lieu of taxes levied for the next fiscal year	74,224
Total deferred inflows of resources	15,869,922
<b>Net position:</b>	
Net investment in capital assets	13,375,172
<b>Restricted for:</b>	
Capital projects	461,838
Locally funded programs	16,294
Federally funded programs	28,178
Student activities	12,954
Other purposes	694,441
Unrestricted	9,678,914
Total net position	\$24,267,791

*See accompanying notes to the basic financial statements.*

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services and Sales</u>		<u>Operating Grants and Contributions</u>
			<u>Governmental Activities</u>	
<b>Governmental activities:</b>				
<b>Instruction:</b>				
Regular	\$15,516,602	\$409,304	\$20,925	(\$15,086,373)
Special	5,911,638	110,525	3,195,014	(2,606,099)
Vocational	183,118		46,208	(136,910)
Other	2,627,303		164,283	(2,463,020)
<b>Support services:</b>				
Pupil	2,689,178		4,685	(2,684,493)
Instructional staff	2,334,754		50,493	(2,284,261)
Board of education	31,782			(31,782)
Administration	2,785,430			(2,785,430)
Fiscal	703,497			(703,497)
Business	452,132			(452,132)
Operations and maintenance	3,323,683	79,905		(3,243,778)
Pupil transportation	2,912,173	20,582	112,281	(2,779,310)
Central	232,124			(232,124)
<b>Operation of non-instructional services:</b>				
Other non-instructional services	80,764			(80,764)
Food service operations	1,889,284	407,985	1,469,904	(11,395)
Extracurricular activities	894,830	147,946	17,414	(729,470)
Interest and fiscal charges	90,037			(90,037)
<b>Total governmental activities</b>	<u>\$42,658,329</u>	<u>\$1,176,247</u>	<u>\$5,081,207</u>	<u>(36,400,875)</u>
<b>General revenues:</b>				
<b>Property taxes levied for:</b>				
General purposes				15,556,859
Capital outlay				669,382
Payments in lieu of taxes				26,926
Grants and entitlements not restricted to specific programs				17,391,200
Investment earnings				83,983
Miscellaneous				240,309
<b>Total general revenues</b>				<u>33,968,659</u>
Change in net position				(2,432,216)
Net position at beginning of year				<u>26,700,007</u>
Net position at end of year				<u>\$24,267,791</u>

See accompanying notes to the basic financial statements.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	<b>General</b>	<b>Non-major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Equity in pooled cash and investments	\$11,744,821	\$1,248,528	\$12,993,349
<b>Receivables:</b>			
Property taxes	17,058,915	723,583	17,782,498
Payment in lieu of taxes	74,224		74,224
Accounts	87,879	14,843	102,722
Accrued interest	26,451		26,451
Intergovernmental	343,934	381,352	725,286
Prepayments	273,845	3,940	277,785
Materials and supplies inventory		15,814	15,814
<b>Total assets</b>	<b>29,610,069</b>	<b>2,388,060</b>	<b>31,998,129</b>
<b>Liabilities:</b>			
Accounts payable	35,885	2,926	38,811
Contracts payable		300,503	300,503
Retainage payable		14,271	14,271
Accrued wages and benefits payable	3,389,067	397,359	3,786,426
Compensated absences payable	313,080		313,080
Intergovernmental payable	116,596	12,546	129,142
Pension obligation payable	725,381	81,251	806,632
Claims payable	84,675		84,675
<b>Total liabilities</b>	<b>4,664,684</b>	<b>808,856</b>	<b>5,473,540</b>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year	15,154,600	641,098	15,795,698
Delinquent property tax revenue not available	1,182,915	51,195	1,234,110
Accrued interest not available	17,494		17,494
Miscellaneous revenue not available	58,328	9,094	67,422
Intergovernmental revenue not available	237,326		237,326
Payments in lieu of taxes levied for the next fiscal year	74,224		74,224
<b>Total deferred inflows of resources</b>	<b>16,724,887</b>	<b>701,387</b>	<b>17,426,274</b>
<b>Fund balances:</b>			
<b>Nonspendable:</b>			
Materials and supplies inventory		15,814	15,814
Prepays	273,845	3,940	277,785
<b>Restricted:</b>			
Capital improvements		95,869	95,869
Food service operations		696,563	696,563
Special education		132	132
Targeted academic assistance		28,990	28,990
Other purposes		17,222	17,222
Extracurricular activities		12,954	12,954
<b>Committed:</b>			
Capital improvements		12,479	12,479
<b>Assigned:</b>			
Student instruction	185,114		185,114
Student and staff support	502,218		502,218
Subsequent year's appropriations	1,250,872		1,250,872
School supplies	21,552		21,552
Unassigned (deficit)	5,986,897	(6,146)	5,980,751
<b>Total fund balances</b>	<b>8,220,498</b>	<b>877,817</b>	<b>9,098,315</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$29,610,069</b>	<b>\$2,388,060</b>	<b>\$31,998,129</b>

*See accompanying notes to the basic financial statements.*

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2013**

Total governmental fund balances		\$9,098,315
 <i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		15,369,946
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$1,234,110	
Accounts receivable	67,422	
Accrued interest receivable	17,494	
Intergovernmental receivable	<u>237,326</u>	
Total		1,556,352
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		1,248,339
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(22,050)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(1,680,000)	
Compensated absences	<u>(1,303,111)</u>	
Total		<u>(2,983,111)</u>
Net position of governmental activities		<u><u>\$24,267,791</u></u>

*See accompanying notes to the basic financial statements.*

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>General</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
<b>From local sources:</b>			
Property taxes	\$15,301,637	\$657,759	\$15,959,396
Payment in lieu of taxes	26,926		26,926
Tuition	345,155		345,155
Transportation fees	20,582		20,582
Earnings on investments	88,276	1,290	89,566
Charges for services	3,930	394,961	398,891
Extracurricular	57,042	90,904	147,946
Classroom materials and fees	104,674		104,674
Rental income	79,905		79,905
Contributions and donations	57,473		57,473
Contract services	70,000		70,000
Other local revenues	191,504	54,825	246,329
Intergovernmental - state	18,238,489	323,281	18,561,770
Intergovernmental - federal	207,918	3,451,596	3,659,514
Total revenues	<u>34,793,511</u>	<u>4,974,616</u>	<u>39,768,127</u>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular	15,338,284	12,239	15,350,523
Special	3,978,768	1,920,854	5,899,622
Vocational	195,576		195,576
Other	2,445,193	159,438	2,604,631
<b>Support services:</b>			
Pupil	2,695,143	4,420	2,699,563
Instructional staff	2,286,303	56,670	2,342,973
Board of education	31,439		31,439
Administration	2,766,634		2,766,634
Fiscal	687,742	8,771	696,513
Business	473,923		473,923
Operations and maintenance	3,250,824	5,910	3,256,734
Pupil transportation	2,276,276	145,590	2,421,866
Central	231,991		231,991
<b>Operation of non-instructional services:</b>			
Other non-instructional services	79,697		79,697
Food service operations		1,815,694	1,815,694
Extracurricular activities	587,804	98,079	685,883
Facilities acquisition and construction	2,800	1,163,396	1,166,196
<b>Debt service:</b>			
Principal retirement	140,000		140,000
Interest and fiscal charges	91,875		91,875
Total expenditures	<u>37,560,272</u>	<u>5,391,061</u>	<u>42,951,333</u>
Net change in fund balances	(2,766,761)	(416,445)	(3,183,206)
Fund balances at beginning of year	10,987,259	1,294,262	12,281,521
Fund balances at end of year	<u>\$8,220,498</u>	<u>\$877,817</u>	<u>\$9,098,315</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, 2013**

Net change in fund balances - total governmental funds (\$3,183,206)

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.

Capital asset additions	\$977,914	
Current year depreciation	<u>(1,315,281)</u>	
Total		(337,367)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position. (6,505)

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

Property taxes	266,845	
Other local revenues	57,899	
Earnings on investments	(4,293)	
Intergovernmental	<u>126,837</u>	
Total		447,288

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were: 140,000

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

Decrease in accrued interest payable	<u>1,838</u>	
Total		1,838

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. 147,635

An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. 358,101

Change in net position of governmental activities (\$2,432,216)

*See accompanying notes to the basic financial statements.*



**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
<b>From local sources:</b>				
Property taxes	\$15,917,000	\$15,819,000	\$15,825,841	\$6,841
Tuition	292,000	292,000	344,597	52,597
Transportation fees	18,700	18,700	21,000	2,300
Earnings on investments	200,000	180,000	182,946	2,946
Charges for services	4,400	4,400	3,930	(470)
Extracurricular	22,500	22,500	19,506	(2,994)
Rental income	108,000	70,000	79,801	9,801
Contract services		75,000	70,000	(5,000)
Other local revenues	133,200	130,400	131,515	1,115
Intergovernmental - state	18,351,000	18,154,043	18,227,791	73,748
Intergovernmental - federal	162,200	130,000	135,370	5,370
Total revenues	<u>35,209,000</u>	<u>34,896,043</u>	<u>35,042,297</u>	<u>146,254</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	15,333,986	15,013,526	15,150,520	(136,994)
Special	3,965,054	3,946,548	3,904,859	41,689
Vocational	210,965	210,435	208,113	2,322
Other	2,330,108	2,514,691	2,455,385	59,306
<b>Support services:</b>				
Pupil	2,687,603	2,722,347	2,651,686	70,661
Instructional staff	1,990,979	2,162,504	2,249,800	(87,296)
Board of education	37,450	37,168	31,827	5,341
Administration	2,894,133	2,770,735	2,722,929	47,806
Fiscal	704,570	702,216	692,333	9,883
Business	507,214	494,590	500,912	(6,322)
Operations and maintenance	3,454,926	3,442,468	3,417,440	25,028
Pupil transportation	2,220,121	2,266,519	2,233,873	32,646
Central	245,117	244,796	251,076	(6,280)
Other operation of non-instructional services	80,354	80,249	75,214	5,035
Extracurricular activities	614,887	632,183	584,683	47,500
<b>Debt service:</b>				
Principal	140,000	140,000	140,000	
Total expenditures	<u>37,417,467</u>	<u>37,380,975</u>	<u>37,270,650</u>	<u>110,325</u>
Excess of expenditures over revenues	<u>(2,208,467)</u>	<u>(2,484,932)</u>	<u>(2,228,353)</u>	<u>256,579</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures	10,000	54,000	60,440	6,440
Refund of prior year's receipts	(1,200)	(1,400)	(1,329)	71
Total other financing sources (uses)	<u>8,800</u>	<u>52,600</u>	<u>59,111</u>	<u>6,511</u>
Net change in fund balance	(2,199,667)	(2,432,332)	(2,169,242)	263,090
Fund balance at beginning of year	12,599,602	12,599,602	12,599,602	
Prior year encumbrances appropriated	559,741	559,741	559,741	
Fund balance at end of year	<u>\$10,959,676</u>	<u>\$10,727,011</u>	<u>\$10,990,101</u>	<u>\$263,090</u>

See accompanying notes to the basic financial statements.

WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY

STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2013

	<b>Governmental Activities - Internal Service Funds</b>
<b>Assets:</b>	
Equity in pooled cash and investments	\$1,697,037
Total assets	<u>1,697,037</u>
<b>Liabilities:</b>	
Claims payable	448,698
Total liabilities	<u>448,698</u>
<b>Net position:</b>	
Unrestricted	1,248,339
Total net position	<u><u>\$1,248,339</u></u>

*See accompanying notes to the basic financial statements.*

WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<b>Governmental Activities - Internal Service Funds</b>
<b>Operating revenues:</b>	
Sales/charges for services	\$4,532,846
Total operating revenues	<u>4,532,846</u>
<b>Operating expenses:</b>	
Purchased services	538,079
Claims	3,636,666
Total operating expenses	<u>4,174,745</u>
Operating income	<u>358,101</u>
Net position at beginning of year	<u>890,238</u>
Net position at end of year	<u><u>\$1,248,339</u></u>

*See accompanying notes to the basic financial statements.*

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Governmental Activities - Internal Service Funds</b>
<b>Cash flows from operating activities:</b>	
Cash received from sales/charges for services	\$4,532,846
Cash payments for purchased services	(538,079)
Cash payments for claims	(3,513,464)
	481,303
Net cash provided by operating activities	481,303
Cash and cash equivalents at beginning of year	1,215,734
Cash and cash equivalents at end of year	1,697,037
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	358,101
<b>Changes in liabilities:</b>	
Increase in claims payable	123,202
	123,202
Net cash provided by operating activities	\$481,303

*See accompanying notes to the basic financial statements.*

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2013**

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
<b>Assets:</b>		
Equity in pooled cash and investments	\$71,915	\$29,013
<b>Receivables:</b>		
Accounts		485
Total assets	<u>71,915</u>	<u>29,498</u>
<b>Liabilities:</b>		
Due to students		29,498
Total liabilities		<u>\$29,498</u>
<b>Net position:</b>		
Held in trust for scholarships	<u>71,915</u>	
Total net position	<u>\$71,915</u>	

*See accompanying notes to the basic financial statements.*

WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Private Purpose Trust</u>
	<u>Scholarship</u>
<b>Additions:</b>	
Interest	\$39
Total additions	<u>39</u>
<b>Deductions:</b>	
Scholarships awarded	<u>15,135</u>
Change in net position	(15,096)
Net position at beginning of year	<u>87,011</u>
Net position at end of year	<u><u>\$71,915</u></u>

*See accompanying notes to the basic financial statements.*

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

**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 employs 197 non-certified and 305 certified employees to provide services to 3,828 students in grades K through 12 and various community groups.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". 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 government's financial statements incomplete or misleading. Based upon the application of these criteria, the District does not have a component unit.

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

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

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

**1. Related Organization**

**West Carrollton Secondary Academy**

The West Carrollton Secondary Academy (the "Academy") is a non-profit 501(c)(3) corporation established pursuant to Ohio Revised Code Chapters 3314 and 3314.03 to establish a conversion school in West Carrollton City School District addressing the needs of students aged sixteen to twenty-two in grades eleven through twelfth. The Academy is designed for at-risk students who have previously dropped out of high school or who are at risk of dropping out. The curriculum and instruction are tied to the state standards, with the goal of identifying current levels of academic achievement and moving forward from this point. The Academy operates under the direction of a three-member Board of Directors. Separately issued financial statements can be obtained from the Treasurer of the Academy, Ryan Slone at 430 E. Pease Ave., West Carrollton, Ohio 45449.

**2. Jointly Governed Organizations**

**Miami Valley Career Technology Center**

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

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

SOEPC is a purchasing cooperative made up of over 130 school districts in 18 counties. The purpose of the cooperative is to obtain lower prices for supplies and materials commonly used by the member districts. The members are obligated to pay all fees, charges and assessments as established by SOEPC. Each member district has one voting representative. Title to any and all equipment and supplies purchased by SOEPC is held in trust for the member districts by the fiscal agent. Any district withdrawing from SOEPC shall forfeit its claim to any and all SOEPC assets. One year of prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the District's general fund. During fiscal year 2013, the District paid \$1,881 to SOEPC. Financial information is available from SOEPC by contacting Ken Swink, Director, at 303 Corporate Center Dr., Suite 208, Vandalia, Ohio 45377.



**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

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

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

The District is a participant in MDECA, which is a computer consortium of 34 public school districts within the boundaries of Darke, Greene, Miami and Montgomery Counties. The organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions among member school districts. The governing board of MDECA consists of seven Superintendents of member Districts, with six of the Superintendents elected by majority vote of all member Districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The District pays MDECA an enrollment based fee for services provided during the year. Financial information is available from Dean A. Reineke, 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.

**1. Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following is the District's only major governmental fund:

**General fund** -The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

**2. Proprietary Fund**

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 enterprise funds. The following is a description of the District's internal service fund:

**Internal service fund** - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides medical and dental insurance to employees.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

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

**3. Fiduciary Funds**

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

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

**1. Government-Wide Financial Statements**

The statement of net position 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. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

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.

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

**2. Fund Financial Statements**

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all non-major funds are aggregated into one column. The internal service fund is presented in a single column on the face of the proprietary fund statements. 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, current deferred outflows of resources, current liabilities and current deferred inflows of resources 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.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of this fund are included on the statement of fund net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenue of the District's internal service fund is charges for sales and services. Operating expenses for internal service funds include claims and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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. Proprietary and fiduciary funds also use the accrual basis of accounting.

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

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, payment in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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, payment in lieu of taxes, interest, tuition, grants, student fees and rentals.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

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

**2. Deferred Inflows of Resources and Deferred Outflows of Resources**

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows. Payment in lieu of taxes and grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2013, are recorded as deferred inflows on the governmental fund financial statements.

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

**3. Expenses/Expenditures**

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

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

**E. Budgets**

All funds, except agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource and are 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**

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

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

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

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

**F. Cash and Investments**

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

During fiscal year 2013, investments were limited to Federal National Mortgage Association (FNMA) 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 2013 amounted to \$88,276 which includes \$15,967 assigned from other District funds.

For purposes of presentation on the statement of net position, 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 expenditures in the governmental funds when consumed.

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

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

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

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

**H. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and 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:

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

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivables/payables". These amounts are eliminated in the governmental activities column on the statement of net position. There were no interfund loans outstanding at June 30, 2013.

**J. Compensated Absences**

The District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the "vesting method". A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for this future severance eligibility, all employees at least 50 years of age with at least 10 years of service or 20 years of service at any age were included. The entire compensated absence liability is reported on the government-wide financial statements.

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

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

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

**K. Accrued Liabilities and Long-Term Obligations**

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

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

**L. Fund Balance**

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

**Non-spendable** - The non-spendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

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

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

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

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

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

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

**M. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for food service operations.

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

**N. Prepayments**

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

**O. Estimates**

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

**P. Interfund Activity**

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



**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

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

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2013.

**3. ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2013, the District has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", and GASB Statement No. 66, "Technical Corrections-2012".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the District's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

**3. ACCOUNTABILITY AND COMPLIANCE (Continued)**

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The implementation of GASB Statement No. 65 has changed the classification of certain items previously reported as assets and liabilities to deferred outflows of resources and deferred inflows of resources, respectively.

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

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

<u>Non-major funds</u>	<u>Deficit</u>
Public school preschool	\$5,411
IDEA, Part-B	735

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

**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 five years from the date of deposit or by savings or deposit accounts including passbook accounts.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

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

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

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

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.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

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

**A. Deposits with Financial Institutions**

At June 30, 2013, the carrying amount of all District deposits, including \$100,000 in nonnegotiable certificates of deposits, was \$4,967,426. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2013, \$5,458,422 of the District's bank balance of \$5,955,215 was exposed to custodial risk as discussed below, while \$496,793 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits not covered by FDIC are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds that are not covered by FDIC 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, 2013, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
FNMA	\$3,277,765					\$3,277,765
Negotiable CD's	6,546,123	\$148,363	\$200,827			6,196,933
Total	\$9,823,888	\$148,363	\$200,827			\$9,474,698

The weighted average maturity of investments is 3.61 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 AA+ 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 negotiable CD's are fully insured by the FDIC. 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  
MONTGOMERY COUNTY**

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

**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, 2013:

Investment type	Fair Value	% to Total
FNMA	\$3,277,765	33.37
Negotiable CD's	6,546,123	66.63
Total	\$9,823,888	100.00

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

The following is a reconciliation of pooled cash and investments as reported in the note above to cash and pooled cash and investments as reported on the statement of net position as of June 30, 2013:

**Cash and investments per note:**

Carrying amount of deposits	\$4,967,426
Investments	9,823,888
Total	\$14,791,314

**Cash and investments per statement of net position:**

Governmental activities	\$14,690,386
Private-purpose trust funds	71,915
Agency fund	29,013
Total	\$14,791,314

**5. PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Public utility real and personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

**5. PROPERTY TAXES (Continued)**

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, 2013, are available to finance fiscal year 2013 operations. The amount available as an advance at June 30, 2013 was \$721,400 in the general fund and \$31,290 in the permanent improvement fund (a non-major governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2012 was \$1,245,604 in the general fund and \$53,698 in the permanent improvement fund (a non-major governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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

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

	<b>2012 Second Half Collections</b>		<b>2013 First Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/residential and other real estate	\$394,589,480	98.24	\$389,336,740	98.10
Public utility personal	7,080,970	1.76	7,525,390	1.90
Total	<u>\$401,670,450</u>	<u>100.00</u>	<u>\$396,862,130</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$72.05		\$72.13	

**6. RECEIVABLES**

Receivables at June 30, 2013 consisted of property taxes, payment in lieu of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

A summary of the principal items of receivables reported on the statement of net position follows:

<b>Governmental activities:</b>	
Property taxes	\$17,782,498
Payment in lieu of taxes	74,224
Accounts	102,722
Accrued interest	26,451
Intergovernmental	725,286
Total	<u>\$18,711,181</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**

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

**7. CAPITAL ASSETS**

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

	<b>Balance 06/30/12</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance 06/30/13</b>
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$572,938			\$572,938
Construction in progress	237,524	\$318,175	(\$384,863)	170,836
Total capital assets, not being depreciated	<u>810,462</u>	<u>318,175</u>	<u>(384,863)</u>	<u>743,774</u>
<b>Capital assets, being depreciated:</b>				
Land improvements	3,112,669	226,109		3,338,778
Buildings and improvements	34,135,814	581,566		34,717,380
Furniture and equipment	5,560,598	76,848	(37,226)	5,600,220
Vehicles	2,403,502	160,079	(78,100)	2,485,481
Total capital assets, being depreciated	<u>45,212,583</u>	<u>1,044,602</u>	<u>(115,326)</u>	<u>46,141,859</u>
<b>Less: accumulated depreciation:</b>				
Land improvements	(2,430,510)	(66,814)		(2,497,324)
Buildings and improvements	(21,348,835)	(962,797)		(22,311,632)
Furniture and equipment	(4,473,582)	(168,143)	30,721	(4,611,004)
Vehicles	(2,056,300)	(117,527)	78,100	(2,095,727)
Total accumulated depreciation	<u>(30,309,227)</u>	<u>(1,315,281)</u>	<u>108,821</u>	<u>(31,515,687)</u>
Governmental activities capital assets, net	<u>\$15,713,818</u>	<u>\$47,496</u>	<u>(\$391,368)</u>	<u>\$15,369,946</u>

Depreciation expense was charged to governmental functions as follows:

<b>Instruction:</b>	
Regular	\$380,438
Special	44,693
Vocational	2,101
Other	18,380
<b>Support services:</b>	
Pupil	22,692
Instructional staff	23,584
Board of education	300
Administration	27,785
Fiscal	7,105
Business	4,685
Operations and maintenance	71,424
Pupil transportation	441,956
Central	1,873
Other Non-instructional services	877
Extracurricular activities	192,573
Food service operations	74,815
Total depreciation expense	<u>\$1,315,281</u>

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

**8. LONG-TERM OBLIGATIONS**

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

	<u>Issued</u>	<u>Due</u>	<u>Interest Rate</u>	<u>Balance 06/30/12</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 06/30/13</u>	<u>Amount Due in One Year</u>
Qualified school construction bonds	2010	2025	5.25%	\$1,820,000		(\$140,000)	\$1,680,000	\$140,000
Compensated absences				<u>1,777,771</u>	<u>\$381,463</u>	<u>(543,043)</u>	<u>1,616,191</u>	<u>487,650</u>
Total governmental activities				<u>\$3,597,771</u>	<u>\$381,463</u>	<u>(\$683,043)</u>	<u>\$3,296,191</u>	<u>\$627,650</u>

**Qualified School Construction Bonds - Series 2010**

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

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

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

For QSCBs, the District receives a direct payment subsidy from the United States Treasury equal to 100% of the lesser of the interest payments on the bonds or the federal tax credits that would otherwise have been available to the holders of the bonds. The District recorded this subsidy from the federal government in the amount of \$91,875 in the general fund.

**Compensated Absences**

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

Principal and interest requirements for the qualified school construction bonds outstanding at June 30, 2013, are as follows:

<u>Fiscal year Ending June 30,</u>	<u>Qualified School Construction Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$140,000	\$84,525	\$224,525
2015	140,000	77,175	217,175
2016	140,000	69,825	209,825
2017	140,000	62,475	202,475
2018	140,000	55,125	195,125
2019 - 2023	700,000	165,375	865,375
2024 - 2025	<u>280,000</u>	<u>14,700</u>	<u>294,700</u>
Total	<u>\$1,680,000</u>	<u>\$529,200</u>	<u>\$2,209,200</u>



**WEST CARROLLTON CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

**B. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that un-voted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that un-voted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2013, are a voted debt margin of \$34,037,592 and an un-voted debt margin of \$396,862.

**9. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

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

The District provides a retirement incentive for State Teacher's Retirement System of Ohio (STRS Ohio) employees who have 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 the calendar year of the retirement date. Six employees took advantage of the early retirement incentive in fiscal year 2013. These one-time cash payments will be made in fiscal year 2014. A liability for the retirement incentive payments has been recorded in the fund financial statements and the statement of net position as a component of "compensated absences payable".

**WEST CARROLLTON CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

**B. Insurance Benefits**

The District provides life insurance and accidental death and dismemberment insurance to all employees through Sun Life Assurance Company.

**10. RISK MANAGEMENT**

**A. Comprehensive**

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

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal 2012.

**B. Workers' Compensation**

The District participates in the Ohio Bureau of Workers' Compensation retrospective rating plan. The alternative rating program requires the District to pay only administrative charges to the Bureau and in turn the district assumes the responsibility of paying all claims incurred during the policy period for up to ten years. After the tenth year, the Bureau will assume any existing claim for its duration. The District will be charged an actuarial amount for the claims transferred to the Bureau. The District's stop-loss coverage through the plan is limited to \$200,000 per claim stop-loss coverage with an annual aggregate. A claims liability of \$84,675 has been recorded in the general fund based on an actuarial determination of future claims, review of prior year claims and claim payment trends.

**C. Employee Health and Dental Benefits**

The District offers health insurance to employees through a self-insurance internal service fund. The District maintained its self-insurance program for insurance benefits with Anthem (a third-party administrator). The District has elected to maintain the funds within the District; however, monthly premiums (both employee and employer) portions are paid out of the respective employee funds and paid into the self-insurance fund. The third-party administrator processes the claims which are approved by the District Treasurer. Monies are then transferred to a clearing account and claims are paid.

The claims liability of \$448,698 reported in the internal service fund at June 30, 2013, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2013	\$325,496	\$3,636,666	(\$3,513,464)	\$448,698
2012		1,496,647	(1,171,151)	325,496

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

**11. PENSION PLANS**

**A. School Employees Retirement System**

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

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2013, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$778,588, \$770,829 and \$731,301, respectively; 70.44 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

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

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

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.

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

**11. PENSION PLANS (Continued)**

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

**Funding Policy** - For fiscal year 2013, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$2,305,151, \$2,423,648 and \$2,522,511, respectively; 84.16 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$152,172 made by the District and \$108,694 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, 2013, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**12. POST-EMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

**Plan Description** - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

**WEST CARROLLTON CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**12. POST-EMPLOYMENT BENEFITS (Continued)**

**Funding Policy** - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2013, 0.16 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the actuarially determined amount was \$20,525.

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012 and 2011 were \$99,565, \$126,011 and \$176,879, respectively; 70.44 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$43,981, \$45,521 and \$47,061, respectively; 70.44 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

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

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

**Funding Policy** - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$177,319, \$186,434 and \$194,039, respectively; 84.16 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

**13. BUDGETARY BASIS OF ACCOUNTING**

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

<b>Net Change in Fund Balance</b>	
	<b>General fund</b>
Budget basis	(\$2,169,242)
Net adjustment for revenue accruals	(517,031)
Net adjustment for expenditure accruals	(557,786)
Net adjustment for other sources/uses	(59,111)
Funds budgeted elsewhere	(23,332)
Adjustment for encumbrances	559,741
GAAP basis	(\$2,766,761)

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

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

**14. CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

The District is not party to legal proceedings at June 30, 2013.

**15. SET-ASIDES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<b>Capital Improvements</b>
Set-aside balance June 30, 2012	
Current year set-aside requirement	\$637,860
Current year qualifying expenditures	(884,479)
Current year offsets	(857,841)
Total	(\$1,104,460)
Balance carried forward to fiscal year 2014	\$0
 Set-aside balance June 30, 2013	 \$0

**16. OTHER COMMITMENTS**

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

<b>Fund Type</b>	<b>Year-End Encumbrances</b>
General fund	\$520,180

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**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

<b>FEDERAL GRANTOR Pass Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
<i>Passed Through Ohio Department of Education</i>					
Child Nutrition Cluster:					
Non-Cash Assistance (Food Distribution):					
National School Lunch Program	10.555		\$94,167		\$94,167
Cash Assistance:					
School Breakfast Program	10.553	\$408,406		\$408,406	
National School Lunch Program	10.555	875,735		875,735	
Total Child Nutrition Cluster		<u>1,284,141</u>	<u>94,167</u>	<u>1,284,141</u>	<u>94,167</u>
Fresh Fruit and Vegetable Program	10.582	36,866		36,866	
Total U.S. Department of Agriculture		<u>1,321,007</u>	<u>94,167</u>	<u>1,321,007</u>	<u>94,167</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>					
<i>Passed Through Ohio Department of Education</i>					
Title I Grants to Local Educational Agencies	84.010	1,032,022		1,050,081	
Special Education Cluster:					
Special Education Grants to States	84.027	717,393		719,722	
Special Education Preschool Grants	84.173	<u>30,845</u>		<u>31,135</u>	
Total Special Education Cluster		<u>748,238</u>		<u>750,857</u>	
Education Technology State Grants	84.318			3,523	
English Language Acquisition State Grants	84.365	43,668		43,842	
Improving Teacher Quality State Grants	84.367	91,168		92,174	
Education Jobs Fund	84.410	<u>8,957</u>		<u>24,615</u>	
Total U.S. Department of Education		<u>1,924,053</u>		<u>1,965,092</u>	
Total		<u>\$3,245,060</u>	<u>\$94,167</u>	<u>\$3,286,099</u>	<u>\$94,167</u>

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

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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

**NOTE D - MATCHING REQUIREMENTS**

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



# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of West Carrollton City School District, Montgomery County, (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 21, 2014, wherein we noted that the District implemented provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*.

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

March 21, 2014



# Dave Yost • Auditor of State

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

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

To the Board of Education:

### ***Report on Compliance for Each Major Federal Program***

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

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

### ***Opinion on Each Major Federal Program***

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

**Report on Internal Control Over Compliance**

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

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

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

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



**Dave Yost**  
Auditor of State

Columbus, Ohio

March 21, 2014

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Child Nutrition Cluster: School Breakfast Program CFDA # 10.553 National School Lunch Program CFDA # 10.555  Title I Grants to Local Educational Agencies CFDA 84.010
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.





# Dave Yost • Auditor of State

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

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

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on March 20, 2013 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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.

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

March 21, 2014

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# Dave Yost • Auditor of State

**WEST CARROLLTON CITY SCHOOL DISTRICT**

**MONTGOMERY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 8, 2014**