

WEST CARROLLTON CITY SCHOOL DISTRICT

Basic Financial Statements

June 30, 2007

with

Independent Auditors' Report



Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the West Carrollton City School District, Montgomery County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2006 through June 30, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 2, 2008

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WEST CARROLLTON CITY SCHOOL DISTRICT

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Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Carrollton City School District (the District) as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the West Carrollton City School District, as of June 30, 2007, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, in fiscal year 2007, the District presented its basic financial statements in accordance with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2008, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
February 25, 2008

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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, 2007. 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 2007 are as follows:

- In total, net assets of governmental activities increased \$1,554,395 which represents a 7.93% increase from 2006.
- General revenues accounted for \$33,099,495 in revenue or 86.35% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,230,283 or 13.65% of total revenues of \$38,329,778.
- The District had \$36,775,383 in expenses related to governmental activities; only \$5,230,283 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 \$33,099,495 were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$34,097,698 in revenues and other financing sources and \$31,925,601 in expenditures. During fiscal 2007, the general fund's fund balance increased \$2,172,097 from \$5,565,483 to \$7,737,580.

Using these Basic Financial Statements

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

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

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2007?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental fund begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the general fund.

Governmental Funds

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

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 20 and 21. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22-46 of this report.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

The District as a Whole

Recall that the Statement of Net Assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets for 2007 and 2006.

	Net Assets	
	Governmental Activities <u>2007</u>	(Restated) Governmental Activities <u>2006</u>
<u>Assets</u>		
Current and other assets	\$ 34,511,700	\$ 30,102,956
Capital assets, net	<u>13,009,599</u>	<u>13,248,737</u>
Total assets	<u>47,521,299</u>	<u>43,351,693</u>
<u>Liabilities</u>		
Current liabilities	21,670,645	21,718,273
Long-term liabilities	<u>4,701,993</u>	<u>2,039,154</u>
Total liabilities	<u>26,372,638</u>	<u>23,757,427</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	12,295,921	12,653,737
Restricted	1,084,502	1,101,530
Unrestricted	<u>7,768,238</u>	<u>5,838,999</u>
Total net assets	<u>\$ 21,148,661</u>	<u>\$ 19,594,266</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2007, the District's assets exceeded liabilities by \$21,148,661. Of this total, \$7,768,238 is unrestricted in use.

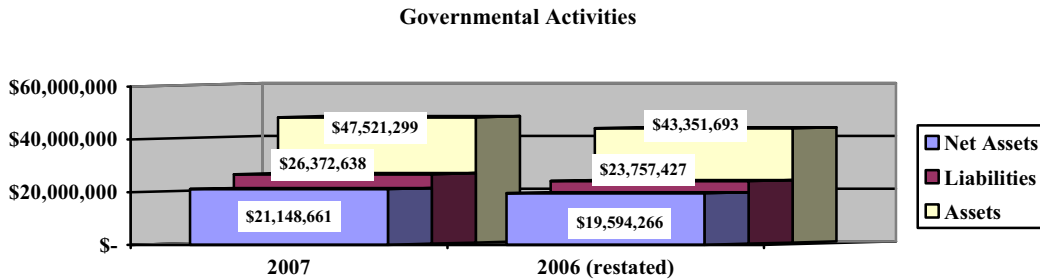
At year-end, capital assets represented 27.38% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2007, were \$12,295,921. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$1,084,502, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$7,768,238 may be used to meet the District's ongoing obligations to the students and creditors.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

The graph below illustrates the District's governmental activities assets, liabilities and net assets at June 30, 2007 and June 30, 2006.



The table below shows the change in net assets for fiscal year 2007. Since this is the first year the District has prepared government-wide financial statements using the full accrual basis of accounting, revenue and expense comparisons to fiscal year 2006 are not available. A comparative analysis will be provided in future years when prior year information is available.

Change in Net Assets

	Governmental Activities 2007
Revenues	
Program revenues:	
Charges for services and sales	\$ 1,377,747
Operating grants and contributions	3,798,294
Capital grants and contributions	54,242
General revenues:	
Property taxes	17,684,460
Grants and entitlements	14,548,419
Investment earnings	722,371
Miscellaneous	144,245
 Total revenues	 \$ 38,329,778

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Change in Net Assets

	Governmental Activities <u>2007</u>
<u>Expenses</u>	
Program expenses:	
Instruction:	
Regular	\$ 14,634,421
Special	4,083,505
Vocational	364,131
Other	1,704,998
Support services:	
Pupil	2,233,692
Instructional staff	2,371,644
Board of education	36,078
Administration	2,835,647
Fiscal	642,677
Business	495,633
Operations and maintenance	3,084,642
Pupil transportation	2,206,852
Central	150,981
Food service operations	1,118,473
Operations of non-instructional services	107,601
Extracurricular activities	667,779
Interest and fiscal charges	<u>36,629</u>
Total expenses	<u>36,775,383</u>
Increase in net assets	1,554,395
Net assets at beginning of year (restated)	<u>19,594,266</u>
Net assets at end of year	<u>\$ 21,148,661</u>

Governmental Activities

Net assets of the District's governmental activities increased \$1,554,395. Total governmental expenses of \$36,775,383 were offset by program revenues of \$5,230,283 and general revenues of \$33,099,495. Program revenues supported 14.22% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 84.09% of total governmental revenue.

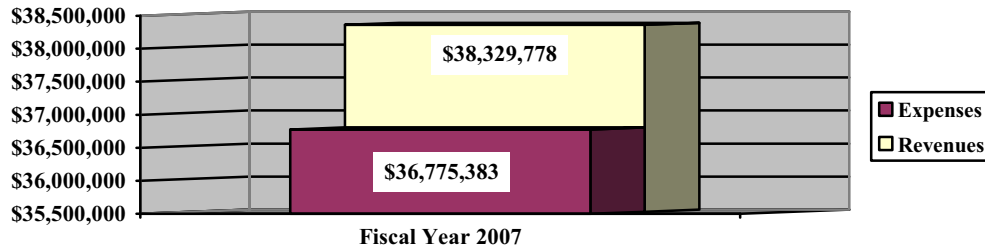
The largest expense of the District is for instructional programs. Instruction expenses totaled \$20,787,055 or 56.52% of total governmental expenses for fiscal 2007.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2007.

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. Comparisons to 2006 have not been presented since they are not available.

Governmental Activities

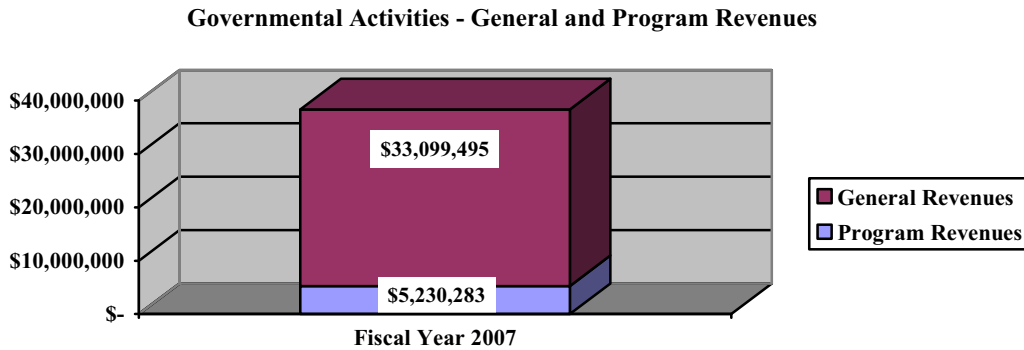
	Total Cost of Services 2007	Net Cost of Services 2007
Program expenses		
Instruction:		
Regular	\$ 14,634,421	\$ 14,228,578
Special	4,083,505	2,313,684
Vocational	364,131	330,191
Other	1,704,998	1,545,773
Support services:		
Pupil	2,233,692	1,673,803
Instructional staff	2,371,644	1,810,394
Board of education	36,078	36,078
Administration	2,835,647	2,763,574
Fiscal	642,677	642,677
Business	495,633	495,633
Operations and maintenance	3,084,642	3,012,394
Pupil transportation	2,206,852	1,740,267
Central	150,981	150,981
Food service operations	1,118,473	(77,154)
Operations of non-instructional services	107,601	94,713
Extracurricular activities	667,779	546,885
Interest and fiscal charges	36,629	36,629
Total expenses	<u>\$ 36,775,383</u>	<u>\$ 31,345,100</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

The dependence upon tax and other general revenues for governmental activities is apparent, 88.60% of instruction activities are supported through taxes, grants and entitlements and other general revenues. For all governmental activities, general revenue support is 85.78%. Grants and entitlements, as a whole, are by far the primary support for the District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2007.



The District's Funds

The District's governmental funds (as presented on page 15) reported a combined fund balance of \$11,707,384, which is higher than last year's total of \$6,964,921. The June 30, 2006 fund balances have been restated as described in Note 3.A to the basic financial statements. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2007 and 2006.

	Fund Balance <u>June 30, 2007</u>	(Restated) Fund Balance <u>June 30, 2006</u>	<u>Increase</u>
General	\$ 7,737,580	\$ 5,565,483	\$ 2,172,097
Other Governmental	<u>3,969,804</u>	<u>1,399,438</u>	<u>2,570,366</u>
Total	<u>\$ 11,707,384</u>	<u>\$ 6,964,921</u>	<u>\$ 4,742,463</u>

The fund balance of the general fund increased primarily due to increased State reimbursements for tangible personal property taxes lost due to the phase-out of the tangible personal property tax and increased investment earnings due to increasing interest rates during the year. In addition, expenditures in the areas of instruction and support services, the District's largest expenditure line items, decreased slightly from the prior year

The fund balance of the other governmental funds increased primarily due to the proceeds of a lease-purchase agreement entered into by the District in fiscal year 2007. Proceeds of \$2,845,500 were received in the H.B. 264 capital projects fund (a nonmajor governmental fund).

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

General Fund

The District's general fund balance increased \$2,172,097 (after a restatement to the June 30, 2006, fund balance which is detailed in Note 3.A. to the basic financial statements). The table that follows assists in illustrating the financial activities of the general fund. Since this is the first year the District has prepared governmental fund financial statements using the modified accrual basis of accounting, revenue and expenditure comparisons to fiscal year 2006 are not available. A comparative analysis will be provided in future years when prior year information is available.

The table below illustrates the financial activity of the general fund for fiscal year 2007.

	2007 Amount
<u>Revenues</u>	
Taxes	\$ 17,169,904
Tuition	362,600
Earnings on investments	722,371
Intergovernmental	15,502,257
Other revenues	340,566
Total	\$ 34,097,698
<u>Expenditures</u>	
Instruction	\$ 18,886,910
Support services	12,482,081
Other non-instructional services	87,891
Extracurricular activities	441,808
Interest and fiscal charges	26,911
Total	\$ 31,925,601

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 2007, the District amended its general fund budget several times. For the general fund, final budgeted revenues and other financing sources were \$33,800,713, which is higher than the original budgeted revenues and other financing sources of \$32,497,200. Actual revenues and other financing sources for fiscal 2007 were \$33,800,713.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$32,404,415 were decreased to \$31,514,136 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2007 totaled \$31,514,136, which were the same as the final budget appropriations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2007, the District had \$13,009,599 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 2007 balances compared to 2006:

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

	Governmental Activities	
	2007	2006
Land	\$ 572,938	\$ 572,938
Construction in progress	334,502	-
Land improvements	498,698	531,513
Building and improvements	9,829,935	10,264,838
Furniture and equipment	1,273,022	1,371,605
Vehicles	500,504	507,843
Total	\$ 13,009,599	\$ 13,248,737

The overall decrease in capital assets of \$239,138 is primarily due to depreciation expense of \$1,246,256 exceeding capital outlays of \$1,007,118 during the fiscal year.

Debt Administration

At June 30, 2007 the District had \$3,224,676 in general obligation bonds and lease purchase agreements outstanding. Of this total, \$403,392 is due within one year and \$2,821,284 is due within greater than one year. The following table summarizes the bonds and lease purchase agreements outstanding.

Outstanding Debt, at Year End

	Governmental Activities	Governmental Activities
	2007	2006
Current interest bonds	\$ 400,000	\$ 595,000
Lease purchase agreement	2,824,676	-
Total	\$ 3,224,676	\$ 595,000

See Note 8 to the basic financial statements for detail.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Current Financial Related Activities

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

In May 2007 voters of the District passed a 6.5 mill operating levy. The District does not plan for another levy to be on the ballot until 2010.

Contacting the District's Financial Management

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

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

STATEMENT OF NET ASSETS
JUNE 30, 2007

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents. . .	\$ 12,380,480
Cash and cash equivalents with escrow agent. . .	2,510,998
Receivables:	
Taxes	18,839,717
Accounts	42,973
Intergovernmental	566,215
Accrued interest	8,581
Prepayments	146,371
Materials and supplies inventory	16,365
Capital assets:	
Land	572,938
Construction in progress	334,502
Depreciable capital assets, net	12,102,159
Capital assets, net.	<u>13,009,599</u>
 Total assets.	 <u>47,521,299</u>
Liabilities:	
Accounts payable.	93,580
Accrued wages and benefits	3,360,799
Intergovernmental payable	304,482
Pension obligation payable	856,684
Accrued interest payable	1,042
Unearned revenue	17,054,058
Long-term liabilities:	
Due within one year.	686,329
Due in more than one year	4,015,664
 Total liabilities	 <u>26,372,638</u>
Net Assets:	
Invested in capital assets, net of related debt.	12,295,921
Restricted for:	
Capital projects	360,499
Debt service.	433,333
State funded programs	19,328
Federally funded programs	30,752
Extracurricular activities	44,446
Public school support.	196,144
Unrestricted	<u>7,768,238</u>
 Total net assets	 <u>\$ 21,148,661</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:					
Instruction:					
Regular	\$ 14,634,421	\$ 172,537	\$ 207,312	\$ 25,994	\$ (14,228,578)
Special	4,083,505	237,003	1,532,818	-	(2,313,684)
Vocational	364,131	-	33,940	-	(330,191)
Other	1,704,998	-	159,225	-	(1,545,773)
Support services:					
Pupil	2,233,692	7,827	552,062	-	(1,673,803)
Instructional staff	2,371,644	43,000	518,250	-	(1,810,394)
Board of education	36,078	-	-	-	(36,078)
Administration	2,835,647	1,438	70,635	-	(2,763,574)
Fiscal	642,677	-	-	-	(642,677)
Business	495,633	-	-	-	(495,633)
Operations and maintenance	3,084,642	72,248	-	-	(3,012,394)
Pupil transportation	2,206,852	87,163	151,174	28,248	(1,940,267)
Central	150,981	-	-	-	(150,981)
Operation of non-instructional services:					
Food service operations	1,118,473	635,170	560,457	-	77,154
Other non-instructional services	107,601	467	12,421	-	(94,713)
Extracurricular activities	667,779	120,894	-	-	(546,885)
Interest and fiscal charges	36,629	-	-	-	(36,629)
Total governmental activities	<u>\$ 36,775,383</u>	<u>\$ 1,377,747</u>	<u>\$ 3,798,294</u>	<u>\$ 54,242</u>	<u>(31,545,100)</u>
General Revenues:					
Property taxes levied for:					
					16,877,513
					806,947
Grants and entitlements not restricted to specific programs					
					14,548,419
					722,371
					144,245
					<u>33,099,495</u>
					1,554,395
					<u>19,594,266</u>
					<u>\$ 21,148,661</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 10,770,104	\$ 1,610,376	\$ 12,380,480
Cash and cash equivalents with escrow agent. .	-	2,510,998	2,510,998
Receivables:			
Taxes.	18,079,537	760,180	18,839,717
Accounts	25,019	17,954	42,973
Intergovernmental	315,450	250,765	566,215
Accrued interest	8,581	-	8,581
Prepayments	145,395	976	146,371
Materials and supplies inventory	-	16,365	16,365
 Total assets	 <u>\$ 29,344,086</u>	 <u>\$ 5,167,614</u>	 <u>\$ 34,511,700</u>
Liabilities:			
Accounts payable	\$ 57,896	\$ 35,684	\$ 93,580
Accrued wages and benefits	3,022,236	338,563	3,360,799
Compensated absences payable	146,590	-	146,590
Pension obligation payable.	773,978	82,706	856,684
Intergovernmental payable.	276,221	28,261	304,482
Deferred revenue.	954,407	33,716	988,123
Unearned revenue.	16,375,178	678,880	17,054,058
 Total liabilities	 <u>21,606,506</u>	 <u>1,197,810</u>	 <u>22,804,316</u>
Fund Balances:			
Reserved for encumbrances	295,103	307,184	602,287
Reserved for materials and supplies inventory.	-	16,365	16,365
Reserved for prepayments	145,395	976	146,371
Reserved for property tax unavailable for appropriation	949,583	47,584	997,167
Reserved for debt service	-	434,375	434,375
Unreserved, undesignated, reported in:			
General fund	6,347,499	-	6,347,499
Special revenue funds.	-	513,431	513,431
Capital projects funds.	-	2,649,889	2,649,889
 Total fund balances	 <u>7,737,580</u>	 <u>3,969,804</u>	 <u>11,707,384</u>
 Total liabilities and fund balances	 <u>\$ 29,344,086</u>	 <u>\$ 5,167,614</u>	 <u>\$ 34,511,700</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2007

Total governmental fund balances		\$ 11,707,384
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		13,009,599
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes	\$ 788,492	
Intergovernmental revenue	199,631	
Total		988,123
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(1,042)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	1,330,727	
General obligation bond payable	400,000	
Lease purchase agreement payable	2,824,676	
Total		(4,555,403)
Net assets of governmental activities		<u>\$ 21,148,661</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Taxes	\$ 17,169,904	\$ 818,540	\$ 17,988,444
Tuition.	362,600	-	362,600
Transportation fees	114,849	-	114,849
Charges for services.	3,020	616,008	619,028
Earnings on investments.	722,371	19,866	742,237
Extracurricular.	23,305	101,428	124,733
Classroom materials and fees	-	121,402	121,402
Other local revenues.	199,392	316,315	515,707
Intergovernmental - State.	15,502,257	550,849	16,053,106
Intergovernmental - Federal	-	2,120,856	2,120,856
Total revenues.	<u>34,097,698</u>	<u>4,665,264</u>	<u>38,762,962</u>
Expenditures:			
Current:			
Instruction:			
Regular	13,648,282	456,910	14,105,192
Special.	3,364,362	647,392	4,011,754
Vocational.	362,741	-	362,741
Other.	1,511,525	159,418	1,670,943
Support services:			
Pupil.	1,630,049	554,098	2,184,147
Instructional staff	1,793,422	540,578	2,334,000
Board of education	35,357	-	35,357
Administration.	2,800,866	32,675	2,833,541
Fiscal	616,388	10,131	626,519
Business	484,396	-	484,396
Operations and maintenance.	2,974,332	16,616	2,990,948
Pupil transportation	2,011,750	135,090	2,146,840
Central.	135,521	12,444	147,965
Operation of non-instructional services:			
Food service operations	-	1,121,164	1,121,164
Other non-instructional services	87,891	516	88,407
Extracurricular activities.	441,808	130,722	572,530
Facilities acquisition and construction	-	896,599	896,599
Debt service:			
Principal retirement	20,824	195,000	215,824
Interest and fiscal charges	6,087	31,045	37,132
Total expenditures	<u>31,925,601</u>	<u>4,940,398</u>	<u>36,865,999</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,172,097</u>	<u>(275,134)</u>	<u>1,896,963</u>
Other financing sources:			
Proceeds of lease purchase agreement	-	2,845,500	2,845,500
Total other financing sources	-	2,845,500	2,845,500
Net change in fund balances	2,172,097	2,570,366	4,742,463
Fund balances at beginning of year (restated)	<u>5,565,483</u>	<u>1,399,438</u>	<u>6,964,921</u>
Fund balances at end of year	<u>\$ 7,737,580</u>	<u>\$ 3,969,804</u>	<u>\$ 11,707,384</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, 2007

Net change in fund balances - total governmental funds \$ 4,742,463

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.

Capital asset additions	\$	1,007,118	
Current year depreciation		<u>(1,246,256)</u>	
Total			(239,138)

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

Property taxes		(303,984)	
Intergovernmental revenue		<u>(129,200)</u>	
Total			(433,184)

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

Decrease in accrued interest payable		<u>503</u>	
Total			503

Proceeds of lease purchase agreements are recorded as revenue in the funds, however, on the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net assets. (2,845,500)

Repayment of bond and lease purchase agreements are an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. Principal payments during the year were:

Bonds		195,000	
Capital lease		<u>20,824</u>	
Total			215,824

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

		<u>113,427</u>	
Change in net assets of governmental activities	\$		<u>1,554,395</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 16,241,946	\$ 16,890,380	\$ 16,890,380	\$ -
Tuition.	298,017	310,976	310,976	-
Transportation fees	123,780	128,722	128,722	-
Earnings on investments.	685,373	713,790	713,790	-
Charges for services.	2,904	3,020	3,020	-
Extracurricular.	22,410	23,305	23,305	-
Other local revenues	145,072	150,864	150,864	-
Intergovernmental - State	14,876,349	15,470,267	15,470,267	-
Total revenues.	<u>32,395,851</u>	<u>33,691,324</u>	<u>33,691,324</u>	<u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	13,656,287	13,299,100	13,299,100	-
Special.	3,409,559	3,320,380	3,320,380	-
Vocational.	364,311	354,782	354,782	-
Other.	1,649,217	1,563,355	1,563,355	-
Support services:				
Pupil.	1,633,239	1,590,521	1,590,521	-
Instructional staff	1,774,569	1,728,154	1,728,154	-
Board of education	36,556	35,600	35,600	-
Administration.	2,813,384	2,739,799	2,739,799	-
Fiscal	635,349	618,731	618,731	-
Business	485,733	473,028	473,028	-
Operations and maintenance.	3,179,476	3,096,315	3,096,315	-
Pupil transportation	2,062,144	2,008,208	2,008,208	-
Central.	140,225	136,557	136,557	-
Operation of non-instructional services	86,992	84,717	84,717	-
Extracurricular activities.	449,741	437,978	437,978	-
Debt service:				
Principal retirement	21,383	20,824	20,824	-
Interest and fiscal charges	6,250	6,087	6,087	-
Total expenditures	<u>32,404,415</u>	<u>31,514,136</u>	<u>31,514,136</u>	<u>-</u>
Excess (deficiency) of revenues (under) over expenditures	<u>(8,564)</u>	<u>2,177,188</u>	<u>2,177,188</u>	<u>-</u>
Other financing sources (uses):				
Refund of prior year expenditure.	83,899	87,249	87,249	-
Advances in	3,084	7,200	7,200	-
Proceeds from sale of capital assets.	14,366	14,940	14,940	-
Total other financing sources (uses)	<u>101,349</u>	<u>109,389</u>	<u>109,389</u>	<u>-</u>
Net change in fund balance	92,785	2,286,577	2,286,577	-
Fund balance at beginning of year.	7,859,329	7,859,329	7,859,329	-
Prior year encumbrances appropriated	293,312	293,312	293,312	-
Fund balance at end of year	<u>\$ 8,245,426</u>	<u>\$ 10,439,218</u>	<u>\$ 10,439,218</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents	\$ 106,438	\$ 35,373
Total assets.	106,438	\$ 35,373
Liabilities:		
Accounts payable.	\$ -	\$ 60
Due to students	-	35,313
Total liabilities	-	\$ 35,373
Net Assets:		
Held in trust for scholarships	\$ 106,438	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	
Additions:		
Interest	\$	5,211
Change in net assets		5,211
Net assets at beginning of year.		<u>101,227</u>
Net assets at end of year	\$	<u>106,438</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District ranks as the 120th largest by enrollment among the 876 public and community schools in the State. The District employs 200 non-certified and 277 certified employees to provide services to 3,538 students in grades K through 12 and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity", and as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is comprised of the primary government, component units and other organization's that are included to ensure that the basic financial statements of the District are not misleading. 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, foods 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. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

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

JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Career Technical Center

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

Southwestern Ohio Educational Purchasing Cooperative (SOEPC)

SOEPC is a purchasing cooperative made up of nearly 100 school districts in Montgomery and surrounding counties. The Montgomery County Educational Service Center acts as fiscal agent for the group. The purpose of the cooperative is to obtain lower prices for supplies and materials commonly used by the member districts. The members are obligated to pay all fees, charges, and assessments as established by SOEPC. Each member district has one voting representative. Title to any and all equipment and supplies purchased by SOEPC is held in trust for the member districts by the fiscal agent. Any district withdrawing from SOEPC shall forfeit its claim to any and all SOEPC assets. One year of prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the District's General fund. During fiscal year 2007, the District paid \$2,592 to SOEPC. Financial information is available from SOEPC by contacting Ken Swink, Director, at 303 Corporate Center Dr., Suite 208, Vandalia, Ohio 45377.

Metropolitan Dayton Educational Cooperative Association (MDECA)

The District is a participant in MDECA, which is a computer consortium of 25 public school districts within the boundaries of Darke, Greene, Miami, and Montgomery Counties. The organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions among member school districts. The governing board of MDECA consists of one representative from each district plus one representative from the fiscal agent. The District pays MDECA an enrollment based fee for services provided during the year. Financial information is available from Jerry C. Woodyard, Executive Director, at 225 Linwood Street, Dayton, Ohio 45405.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

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.

GOVERNMENTAL FUNDS

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

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

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

PROPRIETARY FUNDS

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

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 and all liabilities associated with the operation of the District are included on the statement of net assets.

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

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

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

D. Basis of Accounting

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 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 nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2007 are recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair 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, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation 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 Montgomery County Budget Commissioners waived this requirement for the submission of a tax budget for fiscal year 2007. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

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.

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

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

F. Cash and Investments

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

The District did not have any investments at June 30, 2007.

Under existing Ohio statutes all investment earning are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2007 amounted to \$722,371 which includes \$155,576 assigned from other District funds.

G. Inventory

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements 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	Governmental Activities Estimated Lives
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." The District had no interfund loans receivables/payables at June 30, 2007.

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 fifty (50) years of age with at least ten (10) years of service or twenty (20) years of service at any age were included.

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 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 contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and the lease-purchase agreement are recognized on the fund financial statements when due.

L. Fund Balance Reserves

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

M. Net Assets

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

N. Prepayments

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

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 are eliminated in the statement of activities.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2007.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Changes in Accounting Principles

For the fiscal year ended June 30, 2007, the District has presented its basic financial statements in accordance with generally accepted accounting principles (GAAP). In conjunction with this presentation, the District has recorded fund reclassifications and has converted its governmental funds to the modified accrual basis of accounting. This conversion required certain adjustments be recorded at June 30, 2006 cash fund balances as previously reported to reflect the prior years effect of the fund reclassifications and adopting these new accounting principles. The restatement to the opening balances is as follows:

	Cash Fund Balance at June 30, 2006	Adjustments	Restated Fund Balance at July 1, 2006
Governmental Funds:			
General	\$ 8,066,143	\$ (2,500,660)	\$ 5,565,483
Debt Service	660,420	-	660,420
Other Governmental Funds	<u>746,653</u>	<u>(7,635)</u>	<u>739,018</u>
Total governmental funds	<u>9,473,216</u>	<u>(2,508,295)</u>	<u>6,964,921</u>
Proprietary Funds:			
Enterprise	359,440	(359,440)	-
Internal Service	<u>86,498</u>	<u>(86,498)</u>	<u>-</u>
Total proprietary funds	<u>445,938</u>	<u>(445,938)</u>	<u>-</u>
Fiduciary Funds:			
Private-purpose trust	-	101,227	101,227
Agency	<u>35,177</u>	<u>-</u>	<u>35,177</u>
Total fiduciary funds	<u>35,177</u>	<u>101,227</u>	<u>136,404</u>
Grand Total	<u>\$ 9,954,331</u>	<u>\$ (2,853,006)</u>	<u>\$ 7,101,325</u>

GAAP creates new basic financial statements for reporting on the District's financial activities. The basic financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The government-wide financial statements show the District's programs for governmental activities. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at June 30, 2006, caused by the conversion to the accrual basis of accounting.

The transition from governmental fund balance to net assets of the governmental activities is presented as follows:

	Total
Adjusted fund balance, June 30, 2006	\$ 6,964,921
GASB 34 adjustments:	
Long-term, (deferred) assets	1,421,307
Capital assets	13,248,737
Accrued interest payable	(1,545)
Long-term liabilities	(2,039,154)
Governmental activities net assets, June 30, 2006	\$ 19,594,266

B. Deficit Fund Balances

Fund balances at June 30, 2007 included the following individual fund deficits:

	Deficit
<u>Nonmajor Governmental Funds</u>	
Management Information System	\$ 23
Public School Preschool	18,370
Ohio Reads	93
Poverty Aid	15,965
IDEA Part B	12,864
Limited English Proficiency	298
Title I	7,298
Drug Free Schools	160
Preschool Grant	77

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Cash with Escrow Agent

At fiscal year-end, \$2,510,998 was on deposit in an escrow account with Old National Bank related to the District's lease-purchase agreement entered into during fiscal year 2007 (see Note 8). The amount on deposit with the escrow agent has been excluded from the total amount of deposits reported below as it is not part of the District's internal investment pool. The June 30, 2007 balance of the escrow account is reported on the financial statements as "Cash and Cash Equivalents with Escrow Agent".

B. Deposits with Financial Institutions

At June 30, 2007, the carrying amount of all District deposits was \$12,522,291. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2007, \$13,157,635 of the District's bank balance of \$13,357,635 was exposed to custodial risk as discussed below, while \$200,000 was covered by the Federal Deposit Insurance Corporation.

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

C. Investments

The District's investment policy restricts investments to those authorized by State law. The District had no investments at June 30, 2007.

D. Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets

The following is a reconciliation of cash and cash equivalents as reported in the footnote above to cash and cash and cash equivalents as reported on the statement of net assets as of June 30, 2007:

<u>Cash and Cash Equivalents per footnote</u>	
Carrying amount of deposits	\$ 12,522,291
Cash with escrow agent	<u>2,510,998</u>
Total	<u>\$ 15,033,289</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

<u>Cash and Cash Equivalents per Statement of Net Assets</u>	
Governmental activities	\$ 14,891,478
Private-purpose trust funds	106,438
Agency funds	<u>35,373</u>
Total	<u>\$ 15,033,289</u>

NOTE 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, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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 revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2007 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. For 2006, tangible personal property was assessed at 18.75% for property including inventory. This percentage was reduced to 12.5% for 2007 and will be reduced to 6.25% for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 5 - PROPERTY TAXES - (Continued)

The District receives property taxes from Montgomery County. The County Auditor periodically advances to the District the portion of the taxes collected. Second-half real property tax payments collected by the County Auditor by June 30, 2007, are available to finance fiscal year 2007 operations. The amount available as an advance at June 30, 2007 was \$949,583 in the general fund and \$47,584 in the Permanent Improvement fund (a nonmajor governmental fund). This amount has been recorded as revenue. The amount that was available as an advance at June 30, 2006 was \$670,059 in the general fund and \$33,577 in the Permanent Improvement fund (a nonmajor governmental fund).

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2007 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 revenue.

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

The assessed values upon which the fiscal year 2007 taxes were collected are:

	2006 Second Half Collections		2007 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 412,859,180	86.20	\$ 412,613,090	89.24
Public Utility Personal	9,482,160	1.90	8,877,860	1.92
Tangible Personal Property	<u>56,557,932</u>	<u>11.90</u>	<u>40,881,592</u>	<u>8.84</u>
Total	<u>\$ 478,899,272</u>	<u>100.00</u>	<u>\$ 462,372,542</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 68.13		\$ 68.13	

NOTE 6 - RECEIVABLES

Receivables at June 30, 2007 consisted of taxes (both property taxes and income taxes), accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental Activities:

Taxes	\$ 18,839,717
Accounts	42,973
Accrued interest	8,581
Intergovernmental	<u>566,215</u>
Total	<u>\$ 19,457,486</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 6 - RECEIVABLES - (Continued)

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

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007 was as follows:

	<u>Balance</u> <u>06/30/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/07</u>
Governmental Activities				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 572,938	\$ -	\$ -	\$ 572,938
Construction in progress	<u>-</u>	<u>334,502</u>	<u>-</u>	<u>334,502</u>
Total capital assets, not being depreciated	<u>572,938</u>	<u>334,502</u>	<u>-</u>	<u>907,440</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	2,446,233	90,317	-	2,536,550
Buildings and improvements	26,750,614	251,842	-	27,002,456
Furniture and equipment	4,476,599	213,057	-	4,689,656
Vehicles	<u>1,853,768</u>	<u>117,400</u>	<u>-</u>	<u>1,971,168</u>
Total capital assets, being depreciated	<u>35,527,214</u>	<u>672,616</u>	<u>-</u>	<u>36,199,830</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(1,914,720)	(123,132)	-	(2,037,852)
Buildings and improvements	(16,485,776)	(686,745)	-	(17,172,521)
Furniture and equipment	(3,104,994)	(311,640)	-	(3,416,634)
Vehicles	<u>(1,345,925)</u>	<u>(124,739)</u>	<u>-</u>	<u>(1,470,664)</u>
Total accumulated depreciation	<u>(22,851,415)</u>	<u>(1,246,256)</u>	<u>-</u>	<u>(24,097,671)</u>
Governmental activities capital assets, net	<u>\$ 13,248,737</u>	<u>\$ (239,138)</u>	<u>\$ -</u>	<u>\$ 13,009,599</u>

The construction in progress consists of cost incurred by June 30, 2007 on the Districts lease-purchase agreement which was entered into to finance energy system improvement, including boilers, lighting, and related equipment.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 7 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 541,278
Special	81,763
Vocational	7,393
Other	34,055
 <u>Support Services:</u>	
Pupil	44,515
Instructional staff	47,569
Board of education	721
Administration	57,750
Fiscal	12,769
Business	9,872
Operations and maintenance	81,740
Pupil transportation	168,569
Central	3,016
Non-instructional services	18,852
Extracurricular activities	113,544
Food service operations	<u>22,850</u>
Total depreciation expense	<u>\$ 1,246,256</u>

NOTE 8 - LONG-TERM OBLIGATIONS

During the fiscal year 2007, the following activity occurred in governmental activities long-term obligations:

	<u>Issued</u>	<u>Due</u>	<u>Interest Rate</u>	<u>Balance 06/30/06</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 06/30/07</u>	<u>Amount Due in One Year</u>
School Improvement Refunding Bonds	2000	2010	5.60%-6.25%	\$ 595,000	\$ -	\$ (195,000)	\$ 400,000	\$ 150,000
Lease-Purchase Agreement Payable	2007	2017	2.57%-4.19%	-	2,845,500	(20,824)	2,824,676	253,392
Compensated absences				<u>1,444,154</u>	<u>168,240</u>	<u>(135,077)</u>	<u>1,477,317</u>	<u>282,937</u>
Total governmental activities				<u>\$ 2,039,154</u>	<u>\$3,013,740</u>	<u>\$ (350,901)</u>	<u>\$ 4,701,993</u>	<u>\$ 686,329</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

School Improvement Refunding Bonds

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

Lease-Purchase Agreement Payable

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

In conjunction with the lease-purchase agreement, the District entered into an escrow agreement with Old National Bank whereby Old National Bank will act as the escrow agent for the proceeds of the lease-purchase agreement. At June 30, 2007, the amount held in escrow was \$2,510,998.

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 to for general obligation bond and lease-purchase agreement outstanding at June 30, 2007, are as follows:

Fiscal Year Ending June 30	<u>School Improvement Refunding Bonds</u>			<u>Lease-Purchase Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 150,000	\$ 20,313	\$ 170,313	\$ 253,392	\$ 69,542	\$ 322,934
2009	150,000	10,938	160,938	259,974	62,960	322,934
2010	100,000	3,125	103,125	266,726	56,208	322,934
2011	-	-	-	273,654	49,280	322,934
2012	-	-	-	279,813	44,219	324,032
2013 - 2017	-	-	-	1,491,117	161,454	1,652,571
Total	<u>\$ 400,000</u>	<u>\$ 34,376</u>	<u>\$ 434,376</u>	<u>\$ 2,824,676</u>	<u>\$ 443,663</u>	<u>\$3,268,339</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation use 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, 2007, are a voted debt margin of \$37,716,490 (including available funds of \$434,375) and an unvoted debt margin of \$418,690.

NOTE 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.

B. Insurance Benefits

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

NOTE 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 2006.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 10 - RISK MANAGEMENT - (Continued)

B. Workers' Compensation

The District obtains Workers' Compensation coverage directly through the State of Ohio Bureau of Workers' Compensation. Sheakley Uniserve, Inc. is utilized as an administrator to assist in the monitoring and processing of claims filed.

C. Employee Health Benefits

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

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

NOTE 11 - PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

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 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's required contribution for pension obligations to SERS for fiscal years ended 2007, 2006, and 2005 were \$529,426, \$569,594, and \$483,470, respectively; 43.54 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$298,887 represents the unpaid pension contribution for fiscal year 2007 and is recorded as a liability within the respective funds. Contributions to the DC and Combined Plans for fiscal year 2007 were \$14,369 made by the District and \$32,992 made by the plan members.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 11 - PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. 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 43215-3371 or by calling (614) 227-4090, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times 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 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. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2007, 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. For fiscal years 2006 and 2005, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation 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 fund pension obligations to STRS Ohio for the fiscal years ended June 30, 2007, 2006, and 2005 were \$2,059,386, \$2,124,330, and \$2,169,368; respectively, 83.50 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$339,853 represents the unpaid pension contribution for fiscal year 2007 and is recorded as a liability within the respective funds.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 11 - PENSION PLANS - (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2007, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

NOTE 12 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$158,414 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2007, the balance in the Health Care Stabilization Fund was \$4.1 billion. For the fiscal year ended June 30, 2007, net health care costs paid by STRS Ohio were \$265.558 million and STRS Ohio had 122,934 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, a decrease of .10 percent from fiscal year 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. Total surcharge is capped at 2 percent of each employer's SERS salaries. For the 2007 fiscal year, District paid \$240,622 to fund health care benefits, including the surcharge.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 12 - POSTEMPLOYMENT BENEFITS – (Continued)

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of percent of the projected claims less premium contributions for the next year. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available) were \$158.751 million. At June 30, 2006 (the latest information available), SERS had net assets available for payment of health care benefits of \$295.6 million. At June 30, 2006 (the latest information available), SERS had 59,492 participants currently receiving health care benefits.

NOTE 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 a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

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

Net Change in Fund Balance

	<u>General Fund</u>
Budget basis	\$ 2,286,577
Net adjustment for revenue accruals	406,374
Net adjustment for expenditure accruals	(742,351)
Net adjustment for other sources/uses	(109,389)
Adjustment for encumbrances	330,886
GAAP basis	\$ 2,172,097

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 14 - CONTINGENCIES

A. Grants

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

B. Litigation

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

NOTE 15 - STATUTORY RESERVES

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

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

	<u>Textbooks/ Instructional Materials</u>	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2006	\$ (2,053,081)	\$ -
Current year set-aside requirement	561,023	561,023
Current year offsets	-	(804,533)
Qualifying disbursements	<u>(973,474)</u>	<u>(2,024,730)</u>
Total	<u>\$ (2,465,532)</u>	<u>\$ (2,268,240)</u>
Balance carried forward to FY 2008	<u>\$ (2,465,532)</u>	<u>\$ -</u>

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 16 - CONTRACTUAL COMMITMENTS

As of June 30, 2007, the District had contractual commitments as follows:

<u>Vendor</u>	<u>Contract Amounts</u>	<u>Amount Paid</u>	<u>Remaining Commitment</u>
Dayton Trane-Waibel Energy	\$ 2,395,500	\$ 334,502	\$ 2,060,998
Hemm's Glass Shop	<u>450,000</u>	<u>-</u>	<u>450,000</u>
Total Contractual Commitments	<u>\$ 2,845,500</u>	<u>\$ 334,502</u>	<u>\$ 2,510,998</u>

West Carrollton City School District, Montgomery County
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2007

<u>Federal Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Award Receipts</u>	<u>Award Disbursements</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education</i>				
Nutritional Cluster:				
National School Breakfast Program	05-PU	10.553	85,366	85,366
National School Lunch Program	04-PU	10.555	<u>398,515</u>	<u>398,515</u>
Total Nutrition Cluster			<u>483,881</u>	<u>483,881</u>
Food Distribution Program	NN-N1	10.550	60,147	60,147
Total U.S. Department of Agriculture			<u>544,028</u>	<u>544,028</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education</i>				
Title I Grant	C1-S1	84.010	434,863	420,705
Special Education Cluster:				
Title VI-B Grant	6B-SF	84.027	768,636	756,500
Preschool Disabilities Grant	PG-S1	84.173	<u>28,527</u>	<u>28,646</u>
Total Special Education Cluster			<u>797,163</u>	<u>785,146</u>
Drug Free Schools and Communities	DR-S1	84.186	15,710	18,457
21st Century Community Living Centers	T1-S1	84.287	139,576	136,454
Title VI - Innovative Education Grant	C2-S1	84.298	5,265	5,265
Title II-D - Technology	TJ-S1	84.318	4,353	4,353
Title III - Immigrant	T3-S2	84.365	32,854	28,926
Improving Teacher Quality	TR-S1	84.367	<u>116,149</u>	<u>108,416</u>
Total U.S. Department of Education			<u>1,545,933</u>	<u>1,507,722</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Direct Award</i>				
TANF Afterschool & School Readiness	N/A	93.558	<u>14,992</u>	<u>14,992</u>
TOTAL FEDERAL AWARD EXPENDITURES			<u>2,104,953</u>	<u>2,066,742</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

West Carrollton City School District
Montgomery County
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007

1. SIGNIFICANT ACCOUNTING POLICES

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

2. U.S. DEPARTMENT OF AGRICULTURE PROGRAMS

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported on the schedule of expenditures of federal awards at the market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2007, the District had no significant food commodities in inventory.



Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Carrollton City School District (the District), as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 25, 2008, in which we noted the District changed the method of preparing its financial statements to generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

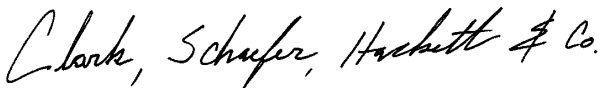
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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

Compliance and Other Matters

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

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



Springfield, Ohio
February 25, 2008



Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Report on Compliance with Requirements Applicable to Each
Major Program and on Internal Control Over Compliance in
Accordance with OMB Circular A-133.

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

Compliance

We have audited the compliance of West Carrollton City School District, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the West Carrollton City School District, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

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

Springfield, Ohio
February 25, 2008

WEST CARROLLTON CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
JUNE 30, 2007

1. SUMMARY OF AUDITORS' RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510?	No
(d)(1)(vii)	Major Programs (list):	<i>Special Education Cluster:</i> Title VI-B Grant – CFDA #84.027 Preschool Disabilities Grant – CFDA #84.173
	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None noted

3. FINDINGS RELATED TO THE DISTRICT'S FEDERAL AWARDS

None noted

**WEST CARROLLTON CITY SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2007**

Finding Number	Finding Summary	Fully Corrected	Not corrected; partially corrected; significantly different correction action taken; or finding no longer valid. Explain:
2006-001	OAC Sec. 117-2-03(B) – Preparation of annual financial report not in accordance with GAAP.	Yes	Finding no longer valid. District presented fiscal year 2007 annual financial report in accordance with GAAP.



Mary Taylor, CPA
Auditor of State

WEST CARROLLTON CITY SCHOOL DISTRICT

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 15, 2008**