



**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**SINGLE AUDIT**

**JULY 1, 1998 THROUGH JUNE 30, 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



## TABLE OF CONTENTS

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types and Similar Fiduciary Funds - For the Year Ended June 30, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Proprietary Fund Types and Similar Fiduciary Funds - For the Year Ended June 30, 1999	4
Combined Statement of Receipts - Budget and Actual - For the Year Ended June 30, 1999	5
Combined Statement of Disbursements and Encumbrances Compared with Expenditure Authority - For the Year Ended June 30, 1999	6
Notes to the Financial Statements - For the Fiscal Year Ended June 30, 1999	9
Schedule of Federal Awards Expenditures	22
Notes to Schedule of Federal Awards Expenditures	23
Independent Accountants Report on Compliance and on Internal Control Required by <i>Governmental Auditing Standards</i>	25
Independent Accountants Report on Compliance with Requirements Applicable to Each Federal Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	27
Schedule of Findings	29





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

One First National Plaza  
130 West Second Street  
Suite 2040  
Dayton, Ohio 45402  
Telephone 937-285-6677  
800-443-9274  
Facsimile 937-285-6688  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying financial statements of the West Carrollton City School District, Montgomery County (the District), as of and for the year ended June 30, 1999. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 opinion.

Ohio Administrative Code Section 117-2-01 requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, as discussed in Note 2, the District prepares its financial statements on the basis of accounting formerly prescribed or permitted for school districts by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material cannot be determined at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash, investments, and combined fund cash balances of the West Carrollton City School District, Montgomery County, as of June 30, 1999, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the year then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 1999 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was performed for the purpose of forming an opinion on the financial statements of the District, taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the officials authorized to receive this report under Section 117.26, Ohio Revised Code. However, this report is a public record, and is available upon specific request.

**JIM PETRO**  
Auditor of State

December 16, 1999

**COMBINED STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 1999**

	Governmental Fund Types				Fiduciary	Totals
	General	Special Revenue	Debt Service	Capital Projects	Fund Expendable Trust	(Memorandum Only)
<b>RECEIPTS:</b>						
Taxes	\$14,313,475	\$0	\$816,454	\$962,436	\$0	\$16,092,365
Tuition	525,395	0	0	0	0	525,395
Transportation Fees	98,501	0	0	0	0	98,501
Earnings on Investments	345,425	0	0	15,855	0	361,280
Extracurricular Activities	0	86,903	0	0	0	86,903
Classroom Materials and Fees	7,313	152,129	0	0	1,730	161,172
Miscellaneous Receipts	32,606	111,979	0	0	23,463	168,048
<b>Total Local Receipts</b>	<b>15,322,715</b>	<b>351,011</b>	<b>816,454</b>	<b>978,291</b>	<b>25,193</b>	<b>17,493,664</b>
Unrestricted Grants-In-Aid	9,183,948	0	77,668	89,230	0	9,350,846
Restricted Grants-In-Aid	88,685	242,634	0	0	0	331,319
<b>Total State Receipts</b>	<b>9,272,633</b>	<b>242,634</b>	<b>77,668</b>	<b>89,230</b>	<b>0</b>	<b>9,682,165</b>
Unrestricted Grants-In-Aid	1,477	0	0	0	0	1,477
Restricted Grants-In-Aid	0	504,947	0	0	0	504,947
<b>Total Federal Receipts</b>	<b>1,477</b>	<b>504,947</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>506,424</b>
<b>Total Receipts</b>	<b>24,596,825</b>	<b>1,098,592</b>	<b>894,122</b>	<b>1,067,521</b>	<b>25,193</b>	<b>27,682,253</b>
<b>DISBURSEMENTS:</b>						
Current:						
Instruction:						
Regular	11,557,544	408,934	0	733,061	9,116	12,708,655
Special	2,330,612	242,695	0	0	0	2,573,307
Vocational	394,637	0	0	0	0	394,637
Other	38,803	0	0	0	0	38,803
<b>Total Instruction</b>	<b>14,321,596</b>	<b>651,629</b>	<b>0</b>	<b>733,061</b>	<b>9,116</b>	<b>15,715,402</b>
Support Services:						
Pupil	1,266,130	109,262	0	0	0	1,375,392
Instructional Staff	1,082,528	195,634	0	0	0	1,278,162
Board of Education	26,602	0	0	0	0	26,602
Administration	1,932,753	0	0	0	0	1,932,753
Fiscal	468,341	0	8,881	11,302	0	488,524
Business	521,488	0	0	0	0	521,488
Operations and Maintenance	2,304,867	0	0	675,667	0	2,980,534
Pupil Transportation	1,336,663	22,395	0	229,300	0	1,588,358
Central	45,666	52,168	0	0	0	97,834
<b>Total Support Services</b>	<b>8,985,038</b>	<b>379,459</b>	<b>8,881</b>	<b>916,269</b>	<b>0</b>	<b>10,289,647</b>
Operation of Non-Instructional Service:						
Community Services	56,263	682	0	0	5,550	62,495
Extracurricular Activities:						
Academic & Subject Oriented	65,121	13,939	0	0	0	79,060
Sports Oriented	273,781	79,523	0	0	0	353,304
Co-Curricular Activities	5,978	0	0	0	0	5,978
<b>Total Extracurricular Activities</b>	<b>344,880</b>	<b>93,462</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>438,342</b>
Facilities Acquisition & Construction Services:						
Site Improvement	54,762	0	0	186,927	0	241,689
Building Acquisition & Construction	3,677	0	0	0	0	3,677
Building Improvement	220	0	0	1,145,607	0	1,145,827
<b>Total Facilities Acquisition &amp; Construction</b>	<b>58,659</b>	<b>0</b>	<b>0</b>	<b>1,332,534</b>	<b>0</b>	<b>1,391,193</b>
Debt Service:						
Principal Payment	191,947	0	445,000	0	0	636,947
Interest Payment	95,118	0	197,018	0	0	292,136
<b>Total Repayment of Debt</b>	<b>287,065</b>	<b>0</b>	<b>642,018</b>	<b>0</b>	<b>0</b>	<b>929,083</b>
<b>Total Expenditure Disbursements</b>	<b>24,053,501</b>	<b>1,125,232</b>	<b>650,899</b>	<b>2,981,864</b>	<b>14,666</b>	<b>28,826,162</b>
Excess of Revenues Over (Under) Expenditures:	543,324	(26,640)	243,223	(1,914,343)	10,527	(1,143,909)
Other Financing Sources (Uses):						
Refund of Prior Year Expenditures	40	0	0	0	0	40
Refund of Prior Year Receipts	29	0	0	0	0	29
<b>Total Other Financing Sources (Uses)</b>	<b>69</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>69</b>
Excess of Revenues and Other Sources Over/ (Under)Expenditures and Other Uses	543,393	(26,640)	243,223	(1,914,343)	10,527	(1,143,840)
Beginning Fund Balance, July 1, 1998	2,774,499	290,710	734,348	2,966,456	38,528	6,804,541
<b>Ending Fund Balance, June 30, 1999</b>	<b>\$3,317,892</b>	<b>\$264,070</b>	<b>\$977,571</b>	<b>\$1,052,113</b>	<b>\$49,055</b>	<b>\$5,660,701</b>

The notes to the financial statements are an integral part of this statement.

COMBINED STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 1999

	Proprietary Fund Types		Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	Non- Expendable Trust	Agency	
<b>OPERATING RECEIPTS:</b>					
Earnings on Investments	\$0	\$807	\$4,111	\$0	\$4,918
Food Services	610,044	0	0	0	610,044
Extracurricular Activities	0	0	0	67,024	67,024
Classroom Materials and Fees	6,915	0	0	0	6,915
Miscellaneous Receipts	24,730	192,448	0	0	217,178
<b>Total Operating Receipts</b>	<b>641,689</b>	<b>193,255</b>	<b>4,111</b>	<b>67,024</b>	<b>906,079</b>
<b>OPERATING EXPENSES:</b>					
Personal Services - Salaries	348,954	0	0	0	348,954
Employees Retirement & Insurance	93,991	0	0	0	93,991
Purchased Services	2,723	176,845	0	0	179,568
Supplies and Materials	332,119	0	0	71,251	403,370
Capital Outlay	32,181	0	0	0	32,181
Other Objects	0	251	8,000	0	8,251
<b>Total Operating Expenses</b>	<b>809,968</b>	<b>177,096</b>	<b>8,000</b>	<b>71,251</b>	<b>1,066,315</b>
Excess of Operating Revenues Over/(Under) Operating Expenses	(168,279)	16,159	(3,889)	(4,227)	(160,236)
<b>NON-OPERATING RECEIPTS</b>					
State Sources	10,242	0	0	0	10,242
Federal Sources	165,328	0	0	0	165,328
<b>Total Non-Operating Revenues</b>	<b>175,570</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>175,570</b>
Excess of Receipts Over/(Under) Expenses	7,291	16,159	(3,889)	(4,227)	15,334
Beginning Fund Balance, July 1, 1998	62,516	58,371	94,966	64,469	280,322
<b>Ending Fund Balance, June 30, 1999</b>	<b>\$69,807</b>	<b>\$74,530</b>	<b>\$91,077</b>	<b>\$60,242</b>	<b>\$295,656</b>

*The notes to the financial statements are an integral part of this statement.*



COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 1999

---

Fund Types/Funds	<u>Budget</u>	<u>Actual</u>	<b>Variance Favorable (Unfavorable)</b>
<b>Governmental</b>			
General	\$21,193,068	\$24,596,894	\$3,403,826
Special Revenue Funds	287,180	1,098,592	811,412
Debt Service Funds	815,905	894,122	78,217
Capital Project Funds	972,388	1,067,521	95,133
<b>Proprietary</b>			
Enterprise Funds	816,100	817,259	1,159
Internal Service Funds	148,200	193,255	45,055
<b>Fiduciary</b>			
Expendable Trust Fund	21,000	25,193	4,193
Non-Expendable Trust Fund	3,675	4,111	436
Agency	35,664	67,024	31,360
<b>Total (Memorandum Only)</b>	<b><u>\$24,293,180</u></b>	<b><u>\$28,763,971</u></b>	<b><u>\$4,470,791</u></b>

*The notes to the financial statements are an integral part of this statement.*

**COMBINED STATEMENT OF DISBURSEMENTS AND  
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY  
FOR THE YEAR ENDED JUNE 30, 1999**

---

<b>Fund Types/Funds</b>	<b>Prior Year Carryover Appropriations</b>	<b>1999 Appropriations</b>	<b>Total</b>
<b>Governmental</b>			
General Fund	\$247,991	\$24,493,573	\$24,741,564
Special Revenue Funds	77,710	1,499,095	1,576,805
Debt Service Funds	0	660,000	660,000
Capital Project Funds	580,688	3,020,063	3,600,751
<b>Proprietary</b>			
Enterprise Funds	6,045	864,378	870,423
Internal Service Funds	0	176,800	176,800
<b>Fiduciary</b>			
Expendable Trust Funds	423	29,350	29,773
Non-Expendable Trust Funds	4,000	11,000	15,000
Agency Fund	1,703	90,892	92,595
Total All Funds (Memorandum Only)	<u>\$918,560</u>	<u>\$30,845,151</u>	<u>\$31,763,711</u>

The notes to the financial statements are an integral part of this statement.

---

<u>Actual 1998 Disbursements</u>	<u>Encumbrances Outstanding at 6/30/99</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
\$24,053,501	\$478,578	24,532,079	\$209,485
1,125,232	58,580	1,183,812	392,993
650,899	0	650,899	9,101
2,981,864	382,194	3,364,058	236,693
809,968	17,705	827,673	42,750
177,096	0	177,096	(296)
14,666	126	14,792	14,981
8,000	0	8,000	7,000
<u>71,251</u>	<u>425</u>	<u>71,676</u>	<u>20,919</u>
<u><u>\$29,892,477</u></u>	<u><u>\$937,608</u></u>	<u><u>\$30,830,085</u></u>	<u><u>\$933,626</u></u>

**THIS PAGE LEFT BLANK INTENTIONALLY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

---

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

The West Carrollton City School District, Montgomery County, (the School 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 West Carrollton City School District is a city district as defined by Ohio Rev. Code Section 3311.02. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. Average daily membership (ADM) for FY 1999 was 3,955. The District employed 287 certificated employees and 176 non-certificated employees.

Management believes the financial statements included in this report represent all of the funds of the District over which the Board of Education has the ability to exercise direct operating control.

**Reporting Entity:**

The reporting entity is comprised of the primary government and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds and departments that are not legally separated from the School District. For West Carrollton City School District, this includes general operations, food service, and student related activities of the School District.

West Carrollton City School District does not have any component units.

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

Although required by the Ohio Administrative Code Section 117-2-01 to prepare its annual financial report in accordance with generally accepted accounting principles, the District chooses to prepare its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as formerly prescribed or permitted by the Auditor of State.

The more significant of the School District's accounting policies are described below.

**A. Basis of Presentation - Fund Accounting**

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash receipts and disbursements and other financial resources and uses which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories: governmental, proprietary, and fiduciary.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

---

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

**A. Basis of Presentation - Fund Accounting (Continued)**

**Governmental Fund Types:**

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

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

**Special Revenue Funds** - Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

**Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

**Capital Projects Funds** - The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

**Proprietary Fund Types:**

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following are the School District's proprietary fund types:

**Enterprise Funds** - Enterprise Funds are used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Internal Service Fund** - Internal Service Fund accounts for the financing services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

**Fiduciary Fund Types:**

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include expendable trust, nonexpendable trust, and agency funds.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

---

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

**B. Basis of Accounting**

The District prepares its financial statements on a basis of accounting formerly permitted by the Auditor of State. Consequently, receipts are recognized when received rather than when earned, and disbursements are recognized when paid rather than when the obligation is incurred. A general fixed asset group and long-term debt group of accounts are not recorded on the financial statements by the District under the basis of accounting used. By virtue of Ohio Law, the District is required to maintain the encumbrance method of accounting and to make appropriations.

**C. Budgetary Process**

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Advances in and Advances out are not required to be budgeted since they represent a temporary cash flow of resource and are intended to be repaid.

**Tax Budget:**

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Montgomery County Budget Commission for rate determination.

**Estimated Resources:**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected receipts of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in receipts are identified by the School District Treasurer. The amounts reported in the combined statement of receipts - budget and actual reflect the amounts in the final amended certificate issued during fiscal year 1999.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

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

**C. Budgetary Process (Continued)**

**Appropriations:**

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of disbursements and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts, set forth in the most recent certificate of estimated resources.

The budget figures which appear in the combined statement of disbursements and encumbrances compared with expenditure authority, represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

**Encumbrances:**

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts, and other commitments for the expenditures of funds are recorded in order to reserve the portion of the applicable appropriation.

**Lapsing of Appropriations:**

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

**Statutory Reserves**

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 1999, the reserve activity was as follows:

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>	<u>Total</u>
Balance, 7/1/1998	\$0	\$0	\$92,333	\$92,333
Required Set-Aside	401,779	401,779	0	803,558
Offset Credits	(59,906)	(401,779)	0	(461,685)
Qualifying Expenditures	<u>(341,873)</u>	<u>0</u>	<u>0</u>	<u>(341,873)</u>
Balance, 6/30/1999	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 92,333</u>	<u>\$ 92,333</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

---

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

**C. Budgetary Process (Continued)**

**Statutory Reserves (Continued)**

Total expenditures for textbook activity during the year were \$769,263, which exceeded the required set-aside and reserve balance. Total offset credits and total expenditures for capital activity during the year were \$405,354 and \$1,102,388, respectively, which exceeded the required set-asides and reserve balances.

**D. POOLED CASH AND INVESTMENTS**

To improve cash management, the School District maintains a cash and investment pool used by all funds. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through School District records. Each fund type's portion of this pool is displayed on the "Combined Statement of Cash, Investments and Fund Cash Balances". During fiscal year 1998, investments were limited to repurchase agreements. All investments of the School District had a maturity of two years or less. Investment earnings are allocated as authorized by State statute.

**E. PROPERTY, PLANT, AND EQUIPMENT**

Fixed assets acquired or constructed for general government service are recorded as disbursements. Depreciation is not recorded for these fixed assets.

**F. TOTAL COLUMNS ON FINANCIAL STATEMENTS**

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the School 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 School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or money market deposit accounts.

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

---

**NOTE 3 - DEPOSITS AND INVESTMENTS**

Protection of School 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.

Interim monies can 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 division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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 School 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.

During fiscal year 1999, the School District's investments were limited to overnight repurchase agreements. During the fiscal year, all investments of the School District had a maturity of two years or less.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments, and Reverse Repurchase Agreements."

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

**Deposits:** At fiscal year end, the carrying amount of the District's deposits was \$3,759,088 and the bank balance was \$4,408,140. The bank balance included a payroll account balance of \$933,900. Of the bank balance \$477,892 was covered by federal depository insurance and \$3,929,948 was covered by collateral held by third party trustees pursuant to Ohio Rev. Code Section 135.181, in specific institutions.

**Investments:** The District's investments are categorized on the following page to give an indication of the level of risk assumed by the entity at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department but not in the District's name.

	<b>Category 3</b>	<b>Carrying Value</b>	<b>Market Value</b>
Repurchase Agreement	<u>\$2,207,582</u>	<u>\$2,207,592</u>	<u>\$2,207,592</u>

**NOTE 4 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true 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.

Tangible personal property taxes paid by multi-county taxpayers are due December 16. 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 December 16.

The assessed values upon which fiscal year 1999 taxes were collected are:

	<b>1998 Second- Half Collections</b>		<b>1999 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential and Other Real Estate	\$ 319,516,850	77.97%	\$ 323,302,460	76.2%
Public Utility	15,020,980	3.7%	15,353,020	3.6%
Tangible Personal Property	<u>75,675,939</u>	<u>18.4%</u>	<u>86,136,061</u>	<u>20.2%</u>
Total Assessed Value	<u>\$ 410,213,769</u>	<u>100%</u>	<u>\$ 424,791,541</u>	<u>100%</u>
Tax rate per \$1,000 of Assessed valuation	\$ 55.84		\$ 55.84	

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

---

**NOTE 5 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the School District contracted with Nationwide Mutual Fire Insurance Company for property, commercial crime, mechanical, electrical and pressure equipment coverage, commercial inland coverage, and fleet insurance, Nationwide Mutual Insurance Company for liability and boiler and machinery insurance. Coverages provided by insurance companies are as follows:

Building and Contents-replacement cost (\$ 1,000 deductible)	\$ 67,277,100
Inland marine Coverage (\$ 100 deductible)	322,570
Boiler and Machinery (\$ 1,000 deductible)	18,177,500
Crime Insurance	10,000 to 20,000
Automobile Liability (\$ 1,000 deductible)	1,000,000
Uninsured Motorists (\$ 250 deductible)	1,000,000
General Liability	
Per occurrence	1,000,000
Total per year	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years.

**NOTE 6 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The West Carrollton City School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries.

Benefits are established by Ohio Rev. Code Chapter 3309. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System at 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the West Carrollton City School District is required to contribute 14 percent. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$536,027, \$491,872, and \$478,214.

**B. State Teachers Retirement System**

The West Carrollton City School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Ohio Rev. Code Chapter 3307. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers retirement System at 275 East Broad Street, Columbus, Ohio 43215-3771.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

---

**NOTE 6 - DEFINED BENEFIT PENSION PLANS (Continued)**

**B. State Teachers Retirement System (Continued)**

Plan members are required to contribute 9.3 percent of their annual covered salary and West Carrollton City School District is required to contribute 14 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$1,836,756, \$1,748,464, and \$1,544,556 respectively.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1999, one member of the Board of Education has elected social security. The Board's liability is 6.2 percent of wages paid.

**NOTE 7 - POSTEMPLOYMENT BENEFITS**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certificated 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.

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the School District, this amount equaled \$459,189 for the fiscal year 1999. As of July 1, 1998, eligible benefit recipients totaled **86,132**.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to maximum of 75 percent of the premium.

For the fiscal year, employer contributions to fund health care benefits were 4.55 percent of covered payroll. 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 1999, the minimum pay has been established at \$12,400. The surcharge rate added to the unallocated portion of the 14 percent employer contribution rate results in a total health care contribution rate of 8.42 percent. For the School District, this amount equaled \$174,209 during the 1999 fiscal year. The number of participants currently receiving health care benefits is **46,300**. For the fiscal year ended June 30, 1999, net health care costs by SERS were \$161,191

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**NOTE 8 - 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 do not earn vacation time. 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 300 days for classified personnel and 435 days for certificated personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 30 days for classified employees and 120 days for certificated employees plus one-fourth time of his/her accumulated sick leave in excess of two hundred (200) days up to a maximum of four hundred thirty-five (435) days.

The liability related to unpaid compensated absences is not reflected on the financial statements under the basis of accounting utilized by the School District.

**B. Life Insurance**

The School District provides life insurance to all employees through Anthem Life Insurance Company of Indiana.

**NOTE 9 - LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 1998 were as follows:

	<b>Principal Outstanding 6/30/98</b>	<b>Additions</b>	<b>Deductions</b>	<b>Principal Outstanding 6/30/99</b>
Junior High Remodeling - 1977 5.25%	\$740,000	\$0	\$185,000	\$555,000
Auditorium/Stadium - 1989 6.86%	2,220,000	0	185,000	2,035,000
School Energy Conservation Note 1991 - 7.05%	240,000	0	75,000	165,000
School Energy Conservation Note 1995 - 5.05%	1,218,592	0	146,101	1,072,491
School Energy Conservation Note 1998 - 4.75%	<u>832,872</u>	<u>0</u>	<u>44,909</u>	<u>787,963</u>
Total Long-Term Obligations	<u>\$5,251,464</u>	<u>\$0</u>	<u>\$636,010</u>	<u>\$4,615,454</u>

In 1977, Junior High Addition general obligation bonds were issued for improving and adding to the Junior High school buildings and providing for equipment, furnishings, and site improvements.

During 1989, general obligation School improvement bonds were issued for renovating, improving, and adding furnishings and site improvements. In 1991, Energy Conservation general obligation notes were issued for the purpose of remodeling schools in the District, and thereby improving energy consumption.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

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

Energy Conservation general obligation notes were issued in June 1995 in the amount of \$1,560,000, and in June 1998 in the amount of \$832,872 for the purpose of remodeling schools in the District, and thereby improving energy consumption.

Outstanding general obligation bonds and notes are direct obligations of the District for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the District.

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 1999 are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds	General Obligation Notes	Total
2000	528,360	376,669	905,029
2001	506,438	376,136	882,574
2002	484,330	285,144	769,474
2003	281,894	285,144	567,038
2004	269,129	285,144	554,273
2005-2009	1,177,525	598,504	1,776,029
2010-2013	<u>191,475</u>	<u>300,303</u>	<u>491,778</u>
Total	<u>\$3,439,151</u>	<u>\$2,507,044</u>	<u>\$5,946,195</u>

**NOTE 10 - JOINTLY GOVERNED ORGANIZATIONS**

**Miami Valley Career Technical Center** - The Miami Valley Career Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Miami Valley Career Technical Center at 6800 Hoke Road, Clayton, Ohio 45315.

**Southwestern Ohio Educational Purchasing Cooperative** - The School District is a member of the Southwestern Ohio Educational Purchasing Cooperative (SOEPC). The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools within geographical boundaries as defined by the SOEPC and to serve as a resource to member districts on matters related to business operations. The SOEPC elects one of its members as Chairperson and another as Vice-Chairperson. An executive committee is comprised of eleven members which include the Chairperson and Vice-Chairperson and a representative from the Fiscal Agent. Each new member pays an initiation fee in addition to the annual membership fee and other appropriate assessments.

**NOTE 11 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

---

**NOTE 11 - CONTINGENCIES (Continued)**

**B. Litigation**

The School District is party to legal proceedings. The School District is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

**C. State School Funding Decision**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program" which provides significant amounts of monetary support to the School District. For the fiscal year ended June 30, 1999, the School District received \$9,183,948 in school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the States legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County is currently reviewing the new laws to determine whether they are constitutional under the "thorough and efficient" clause of the Ohio Constitution. According to the Ohio Attorney General's office, a decision is expected from the Perry County Court sometime in early calendar 1999; either party then has the right to appeal that decision directly to the Ohio Supreme Court. Any decision made by the Court of Common Pleas is likely to be appealed.

As of the date of these financial statements, the School District is unable to determine what effect, is any, this ongoing litigation will have on its future State funding under this program (these programs) and on its financial operations.

**NOTE 12 - ACCOUNTABILITY**

The School District is required to disclose all instances of violations of finance related legal provisions. During the audit period the School District was found to be in violation of the following provisions.

The School District is prohibited from having appropriations in excess of total estimated resources for a fund. Appropriations exceeded estimated resources for a number of funds during the year.

The School District is only allow to amend appropriations through the approval of the Board of Education. The District amended appropriations without obtaining the necessary approval.

The School District is prohibited from expending money unless it has been appropriated. The School District was found to have expenditures in excess of appropriations at the fund and legal level of control during the fiscal year.

**NOTE 13 - YEAR 2000 COMPLIANCE**

In the past, there have been shortcomings in many electronic data processing systems and software due to the fact that they were not capable of correctly designating the new century at 12:00 01 a.m. on January 1, 2000. This may cause problems to process data inaccurately or to stop processing data altogether. In many cases, much time and expense was necessary to convert existing software to accommodate the year 2000 and subsequent years.

Prior to December 1, 1999, the District used Pentamation, Inc., for their accounting and reporting and educational information system (EMIS) accounting services. However, beginning December 1, 1999, these services were provided by the Metropolitan Dayton Educational Cooperative Association (MDECA). The State is responsible for remediating these systems and any associated costs.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

---

**NOTE 13 - YEAR 2000 COMPLIANCE** (Continued)

Montgomery County collects property taxes for distribution to the School District. Montgomery County is responsible for remediation of the tax collection system.

The State of Ohio distributes a substantial sum of money to the district in the form of "Foundation" payments. Further, the State processes a significant amount of financial and non-financial information about the District through the State's Education Management and Information system (EMIS). The State is responsible for remediating these systems.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the district is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that the parties with whom the district does business will be year 2000 ready.

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 1999**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. Department of Agriculture</b>						
(Passed through State Dept. of Education)						
<i>Nutrition Cluster:</i>						
Commodities	N/A	10.550	\$0	\$38,485	\$0	\$38,485
National School Lunch Program	03-PU-98	10.555	14,521	0	14,521	0
	03-PU-99		29,170	0	29,170	0
	04-PU-98		37,310	0	37,310	0
	04-PU-99		<u>84,327</u>	<u>0</u>	<u>84,327</u>	<u>0</u>
Total National School Lunch Program			<u>165,328</u>	<u>0</u>	<u>165,328</u>	<u>0</u>
Total U.S. Department of Agriculture-Nutrition Cluster			<u>165,328</u>	<u>38,485</u>	<u>165,328</u>	<u>38,485</u>
<b>U.S. Department of Education</b>						
(Passed through State Dept. of Education)						
<i>Special Education Cluster:</i>						
Title VI-B	6B-SF-97	84.027	15,444	0	15,634	0
	6B-SF-98		<u>168,347</u>	<u>0</u>	<u>165,874</u>	<u>0</u>
Total Title VI-B			<u>183,791</u>	<u>0</u>	<u>181,508</u>	<u>0</u>
Preschool Grants	PG-S1-98	84.173	25,857	0	146	0
				<u>0</u>	<u>0</u>	<u>0</u>
Total Preschool Grants			<u>25,857</u>	<u>0</u>	<u>146</u>	<u>0</u>
Total Special Education Cluster			<u>209,648</u>	<u>0</u>	<u>181,653</u>	<u>0</u>
Title I	C1-S1-98	84.010	23,066	0	25,353	0
	C1-S1-99		203,774	0	201,463	0
	C1-S1-98		0	0	9,767	0
	C1-SD-99		<u>8,806</u>	<u>0</u>	<u>284</u>	<u>0</u>
Total Title I			<u>235,646</u>	<u>0</u>	<u>236,867</u>	<u>0</u>
Drug Free Schools	DR-S1-98	84.186	0	0	11,159	0
	DR-S1-99		<u>6,390</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Drug Free Schools			<u>6,390</u>	<u>0</u>	<u>11,159</u>	<u>0</u>
Eisenhower Grant	MS-S1-98	84.281	0	0	3,207	0
	MS-S1-99		<u>14,199</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Eisenhower Grant			<u>14,199</u>	<u>0</u>	<u>3,207</u>	<u>0</u>
Career Development program (ICP) & Occupational Develop. (OISG)	N/A	84.048	0	0	5,685	0
	N/A	84.048	<u>5,876</u>	<u>0</u>	<u>4,474</u>	<u>0</u>
Total ICP & OISG			<u>5,876</u>	<u>0</u>	<u>10,159</u>	<u>0</u>
Innovative Education Program	C2-S1-98	84.296	0	0	15,455	0
	C2-S1-99		<u>15,546</u>	<u>0</u>	<u>11,250</u>	<u>0</u>
Total Innovative Education Program			<u>15,546</u>	<u>0</u>	<u>26,705</u>	<u>0</u>
Emergency Immigration Act	EI-SI-99	84.162	2,412	0	201	0
(Passed through Miami Valley Career Technology Center)						
Vocational Education	N/A	84.049	<u>1,476</u>	<u>0</u>	<u>1,476</u>	<u>0</u>
Total U.S. Department of Education			<u>491,193</u>	<u>0</u>	<u>471,427</u>	<u>0</u>
U.S. Department of Labor (Passed through State Dept. of Education)						
School to work	WK-SE-98	17.249	<u>15,230</u>	<u>0</u>	<u>12,497</u>	<u>0</u>
<b>Total Federal Financial Assistance</b>			<b><u>\$671,752</u></b>	<b><u>\$38,485</u></b>	<b><u>\$649,252</u></b>	<b><u>\$38,485</u></b>

The notes to the schedule of federal awards expenditures are an integral part of this statement.

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 1999**

---

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - NUTRITION CLUSTER**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair 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, 1999, the School District had no significant food commodities in inventory.

**THIS PAGE LEFT BLANK INTENTIONALLY**



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

One First National Plaza  
130 West Second Street  
Suite 2040  
Dayton, Ohio 45402  
Telephone 937-285-6677  
800-443-9274  
Facsimile 937-285-6688  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Education:

We have audited the financial statements of the West Carrollton City School District, Montgomery County (the District), as of and for the year ended June 30, 1999, and have issued our report thereon dated December 16, 1999, wherein we noted that the District prepares its financial statements on the basis of accounting formerly prescribed by the Auditor of State which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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 grants, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-10357-001 through 1998-10357-004. We also noted immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 16, 1999.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 16, 1999.

This report is intended for the information of the Board of Education, management, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

**JIM PETRO**  
Auditor of State

December 16, 1999



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

One First National Plaza  
130 West Second Street  
Suite 2040  
Dayton, Ohio 45402  
Telephone 937-285-6677  
800-443-9274  
Facsimile 937-285-6688  
www.auditor.state.oh.us

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

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

To the Board of Education:

**Compliance**

We have audited the compliance of West Carrollton City School District, Montgomery County (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

**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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management, Board of Education, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

**JIM PETRO**  
Auditor of State

December 16, 1999



**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions 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):	Title I CFDA #84.010
(d)(1)(viii)	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**

Finding Number	1999-10357-001
----------------	----------------

**GAAP Reporting Requirement**

Ohio Admin. Code Section 117-2-01 requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepares its financial statements on the basis of accounting formerly prescribed or permitted for school districts by the Auditor of State, a basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material can not be determined at this time. The District can be fined and various other legal administrative remedies may be taken against the District.

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

<b>Finding Number</b>	<b>1999-10357-002</b>
-----------------------	-----------------------

Ohio Rev. Code Section 5705.39 requires that the total appropriations from each fund should not exceed the total estimated revenue. The District was found to have appropriations in excess of estimated resources for the Special Revenue funds in total:

Fund	Estimated Resources	Appropriations	Appropriations in Excess of Estimated Resources
Special Revenue Funds	543,007	1,231,134	475,129

To help ensure compliance with the above referenced Code Section, the District should monitor their appropriations and any amendments to ensure they do not exceed the estimated resources certified by the County Budget Commission. If amended appropriations will exceed the estimated resources the District should obtain a new Certificate of Estimated Resources prior to passing the appropriation resolution.

<b>Finding Number</b>	<b>1999-10357-003</b>
-----------------------	-----------------------

Ohio Rev. Code Section 5705.40, requires that appropriations may only be amended or supplemented as long as the entity complies with the same provisions of the law as are used in making the original appropriation. The Board is the body legally established to approve, and therefore to amend appropriations. The District amended appropriations as presented in their general ledger accounting system without the approval of the Board during the fiscal year. This occurred not only at the legal level of control (fund/second digit function/first digit object), but also at the fund level.

To help ensure compliance with the Ohio Revised Code, all budgetary amendments should be approved by the Board prior to being posted to the general ledger. Failure to obtain these approvals could result in the district running a deficit balance or having expenditures in excess of amount appropriated by the Board.

<b>Finding Number</b>	<b>1999-10357-004</b>
-----------------------	-----------------------

Section 5705.41 (D), Revised Code states that no orders or contracts involving the expenditure of money are to be unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificates: This exception provides that, if the fiscal officer can certify that at both the time that the contract or order was made and at the time he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$1,000 may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority. Out of 30 transactions selected for testing during the audit period tested, the District made 14 expenditures without proper certification, in violation of this section of the Ohio Revised Code.

To help ensure compliance with the above referenced section of code, the District should monitor financial reports to ensure expenditures are properly certified.

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

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

**NONE**





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**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  
FEBRUARY 1, 2000**