



**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2000**



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

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**STATE OF OHIO**



**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

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## 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, 2000. 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.

Except as discussed in the following paragraph, 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.

We were unable to obtain documentation supporting the financial activities of the Extracurricular Activities function, nor were we able to satisfy ourselves as to those financial activities by other auditing procedures. Those financial activities are included in the Special Revenue and Agency fund types and represent 14 percent and 100 percent of the revenues, respectively, of Special Revenue and Agency fund types.

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, except for the effects, if any, of the matter discussed in the third paragraph, 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, 2000, 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 27, 2000 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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 stated, 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, management, Board of Education and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

December 27, 2000

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**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**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, 2000**

	Governmental Fund Types			Fiduciary Fund	Totals
	General	Special Revenue	Debt Service	Expendable Trust	(Memorandum Only)
<b>REVENUES:</b>					
Taxes	\$13,294,581		\$799,795	\$909,803	\$15,004,179
Tuition	66,344				66,344
Transportation Fees	63,700				63,700
Earnings on Investments	256,666		11,733	260	268,659
Extracurricular Activities		\$152,986			152,986
Classroom Materials and Fees	1,420	101,814		\$7,346	110,580
Miscellaneous Receipts	61,433	73,737			135,170
Total Local Receipts	13,744,144	328,537	811,528	910,063	15,801,618
Unrestricted Grants-In-Aid	9,780,680		81,391	89,937	9,952,008
Restricted Grants-In-Aid	86,631	346,847			433,478
Total State Receipts	9,867,311	346,847	81,391	89,937	10,385,486
Federal - Restricted Grants-In-Aid		310,723			310,723
Total Receipts	23,611,455	986,107	892,919	1,000,000	26,497,827
<b>DISBURSEMENTS:</b>					
Current:					
Instruction:					
Regular	13,671,583	370,411		24,466	14,088,915
Special	2,490,779	239,316			2,730,095
Vocational	361,536				361,536
Other	82,654				82,654
Total Instruction	16,606,552	609,727	0	24,466	17,263,200
Support Services:					
Pupil	1,285,017	123,581			1,408,598
Instructional Staff	1,035,167	120,075			1,155,242
Board of Education	45,302				45,302
Administration	1,876,431	3,974			1,880,405
Fiscal	489,574		12,024	13,340	514,938
Business	455,826				455,826
Operations and Maintenance	2,230,590			454,050	2,684,640
Pupil Transportation	1,361,984			162,750	1,524,734
Central	121,478	5,885			127,363
Total Support Services	8,901,369	253,515	12,024	630,140	9,797,048
Operation of Non-Instructional Service:					
Community Services	52,279	373		107	52,759
Extracurricular Activities:					
Academic & Subject Oriented	70,136	5,666			75,802
Sports Oriented	242,531	66,409			308,940
Co-Curricular Activities	5,284				5,284
Total Extracurricular Activities	317,951	72,075	0	0	390,026
Facilities Acquisition & Construction Services:					
Site Acquisition				216,107	216,107
Site Improvement	45,770			714,726	760,496
Building Acquisition & Construction	1,655				1,655
Building Improvement	280			120,358	120,638
Total Facilities Acquisition & Construction	47,705	0	0	1,051,191	1,098,896
Debt Service:					
Principal Payment	265,261		2,249,341		2,514,602
Interest Payment	102,990		270,017		373,007
Other Debt Service payment			42,470		42,470
Total Repayment of Debt	368,251	0	2,561,828	0	2,930,079
Total Expenditures	26,294,107	935,690	2,573,852	1,705,797	31,532,008
Excess of Revenues Over (Under) Expenditures:	(2,682,652)	50,417	(1,680,933)	(705,797)	(15,216)



**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**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, 2000  
(CONTINUED)**

	<b>Governmental Fund Types</b>				<b>Fiduciary Fund</b>	<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Expendable Trust</b>	
Other Financing Sources/(Uses)						
Premium on Accrued Interest on Bonds			78,765			
Proceeds from Sale of Bonds			1,795,000			
Transfers-In		70,096				70,096
Transfers-Out		(70,096)				(70,096)
Refund of Prior Year Receipts		(265)				(265)
Pass-Through		(18,984)				(18,984)
Other Miscellaneous Use of Funds	(19,842)					(19,842)
<b>Total Other Financing Sources (Uses)</b>	<b>(19,842)</b>	<b>(19,249)</b>	<b>1,873,765</b>	<b>0</b>	<b>0</b>	<b>(39,091)</b>
Excess of Revenues and Other Sources Over/ (Under)Expenditures and Other Uses	(2,702,494)	31,168	192,832	(705,797)	(15,216)	(3,199,507)
Beginning Fund Balance, July 1, 1999	3,317,892	264,069	977,571	1,059,561	49,055	5,668,148
<b>Ending Fund Balance, June 30, 2000</b>	<b>\$615,398</b>	<b>\$295,237</b>	<b>\$1,170,403</b>	<b>\$353,764</b>	<b>\$33,839</b>	<b>\$2,468,641</b>

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

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**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, 2000**

	Proprietary Fund Types		Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	Non- Expendable Trust	Agency	
<b>OPERATING RECEIPTS:</b>					
Charges for Services		\$177,225			177,225
Earnings on Investments			\$4,702		4,702
Food Services	\$680,951				680,951
Extracurricular Activities				\$44,120	44,120
Classroom Materials and Fees	2,544				2,544
Miscellaneous Receipts					0
<b>Total Operating Receipts</b>	<b>683,495</b>	<b>177,225</b>	<b>4,702</b>	<b>44,120</b>	<b>909,542</b>
<b>OPERATING EXPENSES:</b>					
Personal Services - Salaries	370,321				370,321
Employees Retirement & Insurance	78,579				78,579
Purchased Services	2,218	184,072			186,290
Supplies and Materials	349,632			32,010	381,642
Capital Outlay	32,446				32,446
Other Objects		190	4,500		4,690
<b>Total Operating Expenses</b>	<b>833,196</b>	<b>184,262</b>	<b>4,500</b>	<b>32,010</b>	<b>1,053,968</b>
Excess of Operating Revenues Over/(Under) Operating Expenses	(149,701)	(7,037)	202	12,110	(144,426)
<b>NON-OPERATING RECEIPTS</b>					
Earnings on Investments		671			671
Miscellaneous Receipts	99				99
State Sources	11,279				11,279
Federal Sources	203,927				203,927
<b>Total Non-Operating Revenues</b>	<b>215,305</b>	<b>671</b>	<b>0</b>	<b>0</b>	<b>215,976</b>
Excess of Receipts Over/(Under) Expenses	65,604	(6,366)	202	12,110	71,550
Beginning Fund Balance, July 1, 1999	69,807	74,531	91,077	60,242	295,657
<b>Ending Fund Balance, June 30, 2000</b>	<b>\$135,411</b>	<b>\$68,165</b>	<b>\$91,279</b>	<b>\$72,352</b>	<b>\$367,207</b>

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

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2000

Fund Types/Funds	Budget	Actual	Variance Favorable (Unfavorable)
<b>Governmental</b>			
General	\$23,076,625	\$23,611,455	\$534,830
Special Revenue Funds	310,399	1,056,203	745,804
Debt Service Funds	844,727	2,766,684	1,921,957
Capital Project Funds	989,819	1,000,000	10,181
<b>Proprietary</b>			
Enterprise Funds	821,500	898,800	77,300
Internal Service Funds	153,000	177,896	24,896
<b>Fiduciary</b>			
Expendable Trust Fund	21,500	7,346	(14,154)
Non-Expendable Trust Fund	3,675	4,702	1,027
Agency	41,400	44,120	2,720
<b>Total (Memorandum Only)</b>	<b>\$26,262,645</b>	<b>\$29,567,206</b>	<b>\$3,304,561</b>

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

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF DISBURSEMENTS AND  
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY  
FOR THE YEAR ENDED JUNE 30, 2000**

<b>Fund Types/Funds</b>	<b>Prior Year Carryover Appropriations</b>	<b>FY 2000 Appropriations</b>	<b>Total</b>
<b>Governmental</b>			
General Fund	\$478,578	\$26,791,904	\$27,270,482
Special Revenue Funds	58,575	1,102,713	1,161,288
Debt Service Funds		695,320	695,320
Capital Project Funds	382,194	1,826,281	2,208,475
<b>Proprietary</b>			
Enterprise Funds	17,705	875,044	892,749
Internal Service Funds			
<b>Fiduciary</b>			
Expendable Trust Funds	126	24,282	24,408
Non-Expendable Trust Funds		4,500	4,500
Agency Fund	425	33,916	34,341
Total All Funds (Memorandum Only)	<u>\$937,603</u>	<u>\$31,353,960</u>	<u>\$32,291,563</u>

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

<b>Actual FY 2000 Disbursements</b>	<b>Encumbrances Outstanding at June 30, 2000</b>	<b>Total</b>	<b>Variance Favorable (Unfavorable)</b>
\$26,313,949	\$349,958	26,663,907	\$606,575
1,025,035	75,423	1,100,458	60,830
2,573,852		2,573,852	(1,878,532)
1,705,797	120,483	1,826,280	382,195
833,196	40,567	873,763	18,986
184,262		184,262	(184,262)
22,562	1,719	24,281	127
4,500		4,500	0
32,010	1,906	33,916	425
<b>\$32,695,163</b>	<b>\$590,056</b>	<b>\$33,285,219</b>	<b>(\$993,656)</b>

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**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**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 2000 was 3,928. The District employed 306 certificated employees and 139 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.

**A. 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.

**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.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

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.

**1. 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).

**2. 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.



**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

**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.

**3. 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.

**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.

**1. 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.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

**2. 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 2000.

**3. 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.

**4. 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.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

**5. 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.

**6. 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, 2000, the reserve activity was as follows:

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>	<u>Total</u>
Balance, July 1, 1999	\$ 0	\$ 0	\$ 92,333	\$ 92,333
Required Set-Aside	613,469	613,469	207,606	1,434,544
Offset Credits	0	(391,779)	(98,369)	(490,148)
Qualifying Expenditures	<u>(613,469)</u>	<u>( 221,690)</u>	<u>0</u>	<u>(835,159)</u>
Balance, June 30, 2000	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$201,570</u>	<u>\$ 201,570</u>

Total expenditures for textbook activity during the year were \$615,107, which exceeded the required set-aside and reserve balance. Total offset credits and total expenditures for capital activity during the year were \$221,690 and \$3,256,541, 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 2000, 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.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

**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.

**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.

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;

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

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 2000, 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."

**Deposits:** At fiscal year end, the carrying amount of the District's deposits was (\$218,025) and the bank balance was \$3,595,332. The bank balance included a payroll account balance of \$454,343. Of the bank balance \$187,116 was covered by federal depository insurance and \$354,343 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>\$3,053,873</u>	<u>\$3,053,873</u>	<u>\$3,119,346</u>

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**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 2000 taxes were collected are:

	<b>1999 Second- Half Collections</b>		<b>2000 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential and Other Real Estate	\$323,302,460	76.2%	\$351,248,790	77.4%
Public Utility	15,353,020	3.6%	14,453,240	3.2%
Tangible Personal Property	<u>86,136,061</u>	<u>20.2%</u>	<u>88,436,107</u>	<u>19.5%</u>
Total Assessed Value	<u>\$424,791,541</u>	<u>100%</u>	<u>\$454,138,137</u>	<u>100%</u>
Tax rate per \$1,000 of Assessed valuation	\$ 55.84		\$ 55.84	

**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 2000, 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:

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**5. RISK MANAGEMENT (Continued)**

Building and Contents-replacement cost (\$ 1,000 deductible)	\$70,469,800
Inland marine Coverage (\$ 100 deductible)	404,694
Boiler and Machinery (\$ 1,000 deductible)	18,904,600
Crime Insurance	10,000 to 20,000
Automobile Liability (\$ 1,000 deductible)	1,000,000
Uninsured Motorists (\$ 250 deductible)	1,000,000
Hired-Excess	1,000,000
Non-Owned-Primary	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.

**6. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (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, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.5 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 a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$242,092, \$536,027, and \$491,872.

**B. State Teachers Retirement System**

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**6. DEFINED BENEFIT PENSION PLANS (Continued)**

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations 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, 2000, 1999, and 1998 were \$826,755, \$1,836,756, and \$1,748,464.

**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-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 on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$1,102,340 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 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. 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 a maximum of 75 percent of the premium.

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, 2000, employer contributions to fund health care benefits were 8.50 percent of covered payroll, an increase from 6.30 percent for fiscal year 1999. 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 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$374,143.

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 the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.



**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**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.

**9. LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	<b>Restated Principal Outstanding 6/30/99</b>	<b>Additions</b>	<b>Deductions</b>	<b>Principal Outstanding 6/30/00</b>
Junior High Remodeling - 1977 5.25%	\$555,000	\$0	\$185,000	\$370,000
Auditorium/Stadium - 1989 6.86%	2,035,000	0	2,035,000	0
School Energy Conservation Note 1991 - 7.05%	165,000	0	80,000	85,000
School Energy Conservation Note 1995 - 5.05%	1,072,491	0	155,190	917,301
School Energy Conservation Note 1998 - 4.75%	787,963	0	41,611	746,352
School Improvement Refunding Bonds - 2000, 5.60% thru 6.25%	0	1,795,000	0	1,795,000
BankOne Computer Lease - 1999, 5.32%	<u>297,146</u>	<u>0</u>	<u>68,459</u>	<u>228,687</u>
<b>Total Long-Term Obligations</b>	<b><u>\$4,912,600</u></b>	<b><u>\$1,795,000</u></b>	<b><u>\$2,565,260</u></b>	<b><u>\$4,142,340</u></b>

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

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 2000, \$1,795,000 school improvement refunding bonds were issued to refund the remaining outstanding \$2,035,000 of 1989 general obligation school improvement bonds. The refunding will reduce the net debt service charges payable to the District.

In 1991, Energy Conservation general obligation notes were issued for the purpose of remodeling schools in the District, and thereby improving energy consumption.

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.

In 1999, the District entered into a capital lease with Bank One for computer hardware and software. The June 30, 1999 balance was restated to reflect the capital lease that was entered into in fiscal year 1999 but was not recorded.

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, 2000 are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>General Obligation Bonds</b>	<b>General Obligation Notes</b>	<b>Capital lease</b>	<b>Total</b>
2001	\$510,171	\$376,136	\$ 82,632	\$ 968,939
2002	489,159	285,144	82,632	856,935
2003	468,146	285,144	75,746	829,036
2004	266,740	285,144	0	551,884
2005	265,040	285,144	0	550,184
2006-2010	903,510	391,700	0	1,295,210
2011-2013	<u>0</u>	<u>235,020</u>	<u>0</u>	<u>235,020</u>
Total	<u>\$2,902,766</u>	<u>\$2,143,432</u>	<u>\$241,010</u>	<u>\$5,287,208</u>

**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.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**10. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**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.

**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, 2000.

**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. School Funding Court 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 the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$8,625,937 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**11. CONTINGENCIES (Continued)**

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

**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:

Ohio Rev. Code § 5705.36 states that the principal of a nonexpendable trust fund and any addition to the principal arising from sources other than the reinvestment of investment earnings to the fund that has been established for receiving donations and/or contributions pursuant to Ohio Rev. Code § 5705.131 must also be excluded from the amount of unencumbered balances that are certified. The District did not remove the fiscal year end 1999 principal balance of the nonexpendable trust fund from the amount of unencumbered balances that were certified for fiscal year 2000.

Ohio Rev. Code Section 5705.41 (D) states that no orders or contracts involving the expenditure of money are to be made 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. During the period tested 43.3% (26/60) of expenditures selected for testing and 100% of the expenditures made to CoreSource for dental insurance claims, were not certified prior to incurring obligations, in violation of the abovementioned section of the Ohio Revised Code.

Ohio Rev. Code Section 5747.06 requires governments, that reside in the State of Ohio, to remit state income taxes withheld from their employees' wages, to Ohio Department of Taxation, by the 15<sup>th</sup> day of the month following the payroll. The District failed to remit \$19,064.96 in state income taxes withheld from employees' wages in January 2000, to Ohio Department of Taxation, by February 15<sup>th</sup> 2000, the required date due. The withholdings were paid on October 4, 2000.

Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. At June 30, 2000, actual expenditures plus outstanding encumbrances exceeded appropriations at the legal level of control, in the following funds:

<b>Fund</b>	<b>Actual Expenditures plus Outstanding Encumbrances</b>	<b>Appropriations</b>	<b>Variance</b>
Bond Retirement Fund	\$2,573,852	\$695,320	(\$1,878,532)
Permanent Improvement	\$184,262	\$0	(\$184,262)

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**12. ACCOUNTABILITY (Continued)**

Ohio Admin. Code Section 117-2-1 requires, as of the fiscal year that ended June 30, 1996, all school districts to prepare their annual financial report (but not necessarily account) in accordance with generally accepted accounting principles (unless a waiver has been granted by the Auditor of State).

The District did not prepare its annual financial report in accordance with generally accepted accounting principles. Nor did the District receive a waiver from Auditor of State granting permission to prepare its annual financial report on a cash basis.

Ohio Rev. Code Section 9.833 requires self-insurance programs that provide health care benefits to reserve amounts to cover potential costs of those health care benefits. It also requires that the programs prepare a report, to be issued within ninety days after the program's fiscal year-end, reflecting those reserves and the disbursements made from the reserved funds during the preceding fiscal year. During the period tested, the District did not prepare the required report nor did it establish the required reserve.

Ohio Rev. Code Section 3307.26 requires that school districts withhold from employees' wages, or pay on behalf of the employees, a certain percentage of earned wages as defined by State Teachers Retirement System (STRS) and to pay over to STRS the amounts withheld, matched with an appropriate percentage of employer matching contributions. During the period tested, the District's total STRS contributions due exceeded total monthly contributions paid by \$317,826.

Ohio Rev. Code Section 5705.39 states that the total appropriations from each fund should not exceed the total estimated revenue. At June 30, 2000, the following funds had appropriations in excess of the amount certified as available by the budget commission:

<b>Fund</b>	<b>Total Estimated Resources</b>	<b>Appropriations</b>	<b>Variances</b>
<b>GENERAL FUND</b>			
General Fund	\$25,915,939	26,791,904	(875,965)
<b>SPECIAL REVENUE FUNDS:</b>			
District Management Student Activity Funds	90,185	150,024	(59,839)
Public School Preschool Fund	15,903	177,916	(162,013)
Net Connectivity Fund	0	18,984	(18,984)
Ohio Read Classroom Grant Fund	500	52,180	(51,680)
Title VI-B Fund	2,473	151,194	(148,721)
Title VI Fund	7,713	230,401	(222,688)
Preschool Disability Fund	1,091	33,987	(32,896)
<b>Capital Project:</b>			
Permanent Improvement Fund	1,517,454	1,681,457	(164,003)

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**12. ACCOUNTABILITY (Continued)**

Ohio Rev. Code Section 5705.29(H) requires the following to satisfy the budget reserve set-aside requirements:

(A) Annual contributions of 1% of the base are required until the 5% level is reached. A special contribution to the budget reserve is required to be made from any refunds received during calendar 1998 from the Ohio Bureau of Workers' Compensation.

(B) The set-aside amount not spent in one year, must be carried forward to the next year.

(C) The reserve must be represented by (restricted) cash at year-end.

The District established a budget stabilization reserve in accordance with Ohio Rev. Code Section 5705.29(H). For FY 2000, the District included reserve amounts totaling \$92,333 in the amount of unencumbered balances certified to the county budget commission as available for appropriation. However, these amounts did not meet the criteria for appropriation and should have been excluded from FY 2000 appropriations.

With respect to the budget stabilization reserve, which is to be established under Ohio Rev. Code Section 5705.29(H), Ohio Administrative Code 3301-92 requires the reserves to be accounted for within the school district's general fund using a reasonable accounting method. The District did not account for the budget stabilization reserve in the accounting system.

Fund balances at June 30, 2000, included the following individual fund deficits:

<b>Special Revenue Funds</b>	<b>Deficit Fund Balance</b>
Title 6B	\$68,363.00
Title I	\$17,662.00

These deficit fund balances resulted from disbursements in grant funds.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2000**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education</i>						
Nutritional Cluster:						
Food Distribution	10.550	N/A		\$37,370		\$35,593
National School Lunch Program	10.555	03-PU-1999	\$13,130		\$13,130	
		03-PU-2000	39,640		39,640	
		04-PU-1999	32,534		32,534	
		04-PU-2000	118,623		118,623	
Total United States Department of Agriculture - Nutrition Cluster			<u>203,927</u>	<u>37,370</u>	<u>203,927</u>	<u>35,593</u>
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education</i>						
Special Education Cluster:						
Special Education Grants to States	84.027	6B-SF-1998			2,473	
		6B-SF-1999	80,358		80,358	
Total Special Education Grants to States			<u>80,358</u>	<u>0</u>	<u>82,831</u>	<u>0</u>
Special Education Preschool Grants	84.173	PG-S1-1998			25,711	
		PG-S1-1999	8,009		6,627	
Total Special Education Preschool Grants			<u>8,009</u>	<u>0</u>	<u>32,338</u>	<u>0</u>
Total Special Education Cluster			<u>88,367</u>	<u>0</u>	<u>115,169</u>	<u>0</u>
Vocational Education – Basic Grants to States	84.048	20-C1-1999			1,317	
Title I Grants to Local Education Agencies	84.010	C1-S1-1999			2,311	
		C1-SD-1999			8,522	
		C1-S1-2000	201,905		201,905	
Total Title I Grants to Local Education Agencies			<u>201,905</u>	<u>0</u>	<u>212,738</u>	<u>0</u>
Safe and Drug Free Schools and Communities – State Grants	84.186	DR-S1-1999	14,910		4,406	
		DR-S1-1998			11,134	
Total Safe and Drug Free Schools and Communities – State Grants			<u>14,910</u>	<u>0</u>	<u>15,540</u>	<u>0</u>
Eisenhower Professional Development State Grants	84.281	MS-S1-1998	(111)		1,379	
		MS-S1-1999			4,033	
Total Eisenhower Professional Development State Grants			<u>(111)</u>	<u>0</u>	<u>5,412</u>	<u>0</u>
Innovative Education Program Strategies	84.298	C2-S1-1999	2,741			
Immigration Education Act	84.162	EI-SI-1999			1,315	
		EI-SI-2000	2,082			
Total Immigration Education Act			<u>2,082</u>	<u>0</u>	<u>1,315</u>	<u>0</u>
Total United States Department of Education			<u>309,894</u>	<u>0</u>	<u>351,491</u>	<u>0</u>
<b>UNITED STATES DEPARTMENT OF LABOR</b>						
<i>Passed Through Ohio Department of Education</i>						
Employment Services and Job Training Pilot	17.249	WK-SE-1998	452		3,185	
<b>Total Federal Financial Assistance</b>			<u>\$514,273</u>	<u>\$37,370</u>	<u>\$558,603</u>	<u>\$35,593</u>

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

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
JUNE 30, 2000**

**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, 2000, the School District had \$3,673 in its food commodities inventory.





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**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 West Carrollton City School District, Montgomery County (the District), as of and for the year ended June 30, 2000, and have issued our report thereon dated December 27, 2000, 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 also noted that we were unable to obtain documentation supporting the financial activities of the Extracurricular Activities function, nor were we able to satisfy ourselves as to those financial activities by other auditing procedures. Except for the matter referred to in the preceding sentence, 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 2000-10357-001 through 2000-10357-009. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 27, 2000.

**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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2000-10357-10 through 2000-10357-14.

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.

**Internal Control Over Financial Reporting  
(Continued)**

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2000-10357-10, 2000-10357-11, 2000-10357-13, and 2000-10357-14 to be material weaknesses. We also 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 December 27, 2000.

This report is intended for the information and use of the, 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.

**Jim Petro**  
Auditor of State

December 27, 2000



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**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, 2000. 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, 2000. We noted a certain instance of noncompliance that does not require inclusion in this report that we have reported to the management of the District in a separate letter dated December 27, 2000.

**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.

**Internal Control Over Compliance  
(Continued)**

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 and use of the management, Board of Education, 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.

**Jim Petro**  
Auditor of State

December 27, 2000

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2000**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Qualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Nutrition Cluster: CFDA #'s 10.550 & 10.555
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2000  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2000-10357-001**

Ohio Rev. Code § 5705.36 states that the principal of a nonexpendable trust fund and any addition to the principal arising from sources other than the reinvestment of investment earnings to the fund that has been established for receiving donations and/or contributions pursuant to Ohio Rev. Code § 5705.131 must also be excluded from the amount of unencumbered balances that are certified. The District did not remove the fiscal year end 1999 principal balance of the nonexpendable trust fund from the amount of unencumbered balances that were certified for fiscal year 2000. This resulted in cash available for appropriations in fiscal year 2000, in the nonexpendable trust fund, being overstated by \$12,335.

The District should remove the principal of the nonexpendable trust fund from the Certificate of Available Revenue prior to certification so that this amount is not appropriated.

**FINDING NUMBER 2000-10357-002**

Ohio Rev. Code Section 5705.41 (D) states that no orders or contracts involving the expenditure of money are to be made 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 an otherwise applicable requirement for approval of expenditures by the taxing authority.

During the period tested 43.3% (26/60) of expenditures selected for testing and 100% of the expenditures made to CoreSource for dental insurance claims, were not certified prior to incurring obligations, in violation of the abovementioned section of the Ohio Revised Code.

The District should assure that the fiscal officer's certificate is properly executed prior to incurring obligations.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2000  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2000-10357-003**

Ohio Rev. Code Section 5747.07 requires governments that reside in the State of Ohio, to remit state income taxes withheld from their employees' wages, to the Ohio Department of Taxation, in accordance with the Department's remittance schedule. The District failed to remit \$19,064.96 in state income taxes withheld from employees' wages in January 2000, to the Ohio Department of Taxation, by February 15<sup>th</sup> 2000, the required due date for the District. The withholdings were paid on October 4, 2000.

To comply with state tax law and reduce the risk of incurring late payment penalties and interest, the District should remit state income taxes withheld from employees' wages, to the Ohio Department of Taxation, in accordance with the Department's remittance schedule, which is currently by the 15<sup>th</sup> day of the following month for the District.

**FINDING NUMBER 2000-10357-004**

Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. At June 30, 2000, actual expenditures plus outstanding encumbrances exceeded appropriations at the legal level of control, in the following funds:

<b>Fund</b>	<b>Actual Expenditures plus Outstanding Encumbrances</b>	<b>Appropriations</b>	<b>Variance</b>
Bond Retirement Fund	\$2,573,852	\$695,320	(\$1,878,532)
Permanent Improvement	\$184,262	\$0	(\$184,262)

The District should monitor appropriations and expenditures throughout the fiscal year, making amendments to its appropriations as needed to be in compliance with this section of Ohio Revised Code. Implementing these procedures will also reduce the risk that the District expends and encumbers more than what was legally appropriated by the Board.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2000  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2000-10357-005**

Ohio Admin. Code Section 117-2-03 (B) requires, as of the fiscal year that ended June 30, 1996, all school districts to prepare their annual financial report (but not necessarily account) in accordance with generally accepted accounting principles(unless a waiver has been granted by the Auditor of State). The District did not prepare its annual financial report in accordance with generally accepted accounting principles. Nor did the District receive a waiver from Auditor of State granting permission to prepare its annual financial report on a cash basis. Failure to prepare the annual financial report in accordance with generally accepted accounting principles could result in significant assets, liabilities, and fund equities not being disclosed to the reader of the annual financial report.

To comply with abovementioned section of code and to allow significant assets, liabilities, and fund equities to be disclosed to the reader of the annual financial report, it is recommended that the District prepare its annual financial report in accordance with generally accepted accounting principles.

**FINDING NUMBER 2000-10357-006**

Ohio Rev. Code Section 9.833 requires self-insurance programs that provide health care benefits to reserve amounts to cover potential costs of those health care benefits. It also requires that the programs prepare a report, to be issued within ninety days after the program's fiscal year-end, reflecting those reserves and the disbursements made from the reserved funds during the preceding fiscal year. During the period tested, the District did not prepare the required report nor did it establish the required reserve.

To comply with the abovementioned section of code, and to make adequate resources available to pay for future health care costs, the District should prepare the required report within ninety days after the program's fiscal year-end, and establish a reserve to cover potential costs of health care benefits.

**FINDING NUMBER 2000-10357-007**

Ohio Rev. Code Section 3307.26 requires that school districts withhold from employees' wages, or pay on behalf of the employees, a certain percentage of earned wages as defined by State Teachers Retirement System (STRS) and to pay over to STRS the amounts withheld, matched with an appropriate percentage of employer matching contributions. During the period tested, the District's total STRS contributions due exceeded total monthly contributions paid by \$317,826. The difference represented an unpaid balance at fiscal year end, that was due to STRS by July 15, 2000.

On October 3, 2000, the District paid all but \$157 of the amount due to STRS, however, STRS has assessed a late payment penalty in the amount of \$25,177. To comply with the abovementioned section of code and to reduce risk of incurring late payment penalties, the District should remit to STRS, the amounts withheld, matched with an appropriate percentage of employer matching contributions and adhere to the monthly payment schedule established for payment of STRS contributions.



**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2000  
(Continued)**

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

**FINDING NUMBER 2000-10357-008**

Ohio Rev. Code Section 5705.29(H) requires the following to satisfy the budget reserve set-aside requirements:

(A) Annual contributions of 1% of the base are required until the 5% level is reached. A special contribution to the budget reserve is required to be made from any refunds received during calendar 1998 from the Ohio Bureau of Workers' Compensation

(B) The reserve must be represented by (restricted) cash at year-end.

The set-aside for budget stabilization should be treated like an encumbrance. Beginning in March 2000, set-aside amounts are not available for appropriation without prior approval from the Superintendent of Public Instruction and a two-thirds vote of the Board. Additionally, reserve funds can be spent only under certain circumstances. Those set-aside amounts that do not meet the criteria for appropriation are to be excluded from the amount of encumbered balances certified to the county budget commission as available for appropriation.

The District established a budget stabilization reserve in accordance with Ohio Rev. Code Section 5705.29(H). For FY 2000, the District included reserve amounts totaling \$92,333 in the amount of unencumbered balances certified to the county budget commission as available for appropriation. However, these amounts did not meet the criteria for appropriation and should have been excluded from FY 2000 appropriations. The District should not include in the Certificate of Available Revenue reserve balances not meeting criteria for appropriation to prevent these balances from being appropriated. This would reduce the risk of reserve balances being improperly appropriated and spent.

With respect to the budget stabilization reserve, which is to be established under Ohio Rev. Code Section 5705.29(H), Ohio Administrative Code 3301-92 requires the reserves to be accounted for within the school district's general fund using a reasonable accounting method. The District did not account for the budget stabilization reserve in the accounting system.

This resulted in the amount available for expenditure, as recorded in the accounting system, being overstated by \$201,570. The District should consider recording the set aside amount, in a separate cost center, in the general fund of the accounting system.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2000  
(Continued)**

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

**FINDING NUMBER 2000-10357-009**

Ohio Rev. Code Section 5705.39 states that the total appropriations from each fund should not exceed the total estimated revenue. At June 30, 2000, the following funds had appropriations in excess of the amount certified as available by the budget commission:

Fund	Total Estimated Resources	Appropriations	Variances
<b>GENERAL FUND</b>			
General Fund	\$25,915,939	26,791,904	(875,965)
<b>SPECIAL REVENUE FUNDS:</b>			
District Management Student Activity Funds	90,185	150,024	(59,839)
Public School Preschool Fund	15,903	177,916	(162,013)
Net Connectivity Fund	0	18,984	(18,984)
Ohio Read Classroom Grant Fund	500	52,180	(51,680)
Title VI-B Fund	2,473	151,194	(148,721)
Title VI Fund	7,713	230,401	(222,688)
Preschool Disability Fund	1,091	33,987	(32,896)
<b>Capital Project:</b>			
Permanent Improvement Fund	1,517,454	1,681,457	(164,003)

The District should monitor appropriations and estimated revenue throughout the fiscal year, making budgetary amendments as needed to be in compliance with this section of Ohio Revised Code. Implementing these procedures will reduce the risk that expenditures will exceed available resources.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2000  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2000-10357-010**

The District uses the Internal Service fund to record employee deductions and claims payments for their self-insurance dental plan. During the audit period tested, the District failed to record, in the accounting ledgers, \$177,225.33 in dental premium receipts, which reflect charges to other funds, that are employee deductions for dental insurance premiums. The District also failed to record, in the accounting ledgers, \$184,262 in dental claims payments, instead preferring to account for the self-insurance program's disbursements through debits reflected in the self-insurance program's monthly bank statements, rather than through existing accounts in the Internal Service Fund. Failure to record dental premium receipts and claims disbursements in the Internal Service Fund materially understated operating revenue and disbursements in the Internal Service Fund.

The District should record on a timely basis, the dental premium costs charged to other funds as dental premium receipts and the claims paid as disbursements, in the Internal Service Fund. This would properly reflect charges to other funds for the cost of the premiums and the claims paid with respect to the self-insurance program.

**FINDING NUMBER 2000-10357-011**

The District refinanced \$1,878,531 in bonds to retire debt. The proceeds from the bond refunding, as well as the related expenditures incurred to retire the bonds refunded, were not recorded in the District's accounting records. The District instead preferred to account for the bond refunding through deposits (proceeds ) and disbursements (debt repayments) reflected in the monthly bank statements, rather than through existing accounts in the Debt Service Fund. Failure to record the proceeds from the bond refunding, as well as the related expenditures incurred to retired the bonds refunded, resulted in the sale of bonds and the related premium and accrued interest accounts being understated by a total of \$1,878,532.68, and the repayment of debt accounts being understated by \$1,878,532.68.

The District should record the proceeds received from bond refunding, as well as the related expenditures incurred to retired the bonds refunded, in existing accounts within the Debt Service Fund. This will allow proceeds from the bond refunding, as well as the related expenditures incurred to retire the bonds refunded, to be properly reflected in the financial statements.

**FINDING NUMBER 2000-10357-012**

Bond Resolution 98-23 requires that funds derived from tax levies, that are used to pay the principal and interest of the 1998 Energy Conservation Improvement Installment Notes, be placed in a separate and distinct fund irrevocably pledged for the payment of the Notes. During the period tested, funds that were derived from the general tax levy, that were used to pay the principal and interest on the 1998 Energy Conservation Improvement Installment Notes, were receipted in and disbursed out of the General Fund. Since the use of general tax levy receipts recorded in the general fund was not restricted to the payment of the principal and interest on the 1998 Energy Conservation Improvement Installment Notes, this violated the note covenant in Bond Resolution 98-23.

To comply with the note covenant requirement in Bond Resolution 98-23, the District should transfer the necessary tax levy monies from the General Fund to the Debt Service Fund to pay the principal and interest for the 1998 Energy Conservation Improvement Installment Notes.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2000  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2000-10357-013**

During the period tested, the District was unable to reconcile the general depository and payroll accounts at year end resulting in the following conditions:

- The unadjusted June 30, 2000 bank balance exceeded the book balance by \$141,186;
- Several checks were listed as outstanding for over 18 months;
- A check in the amount of \$118,569 listed on the June 30, 2000 outstanding check list had not been issued;
- A failed electronic fund transfer resulted in failure to remit \$19,064.96 in state income taxes;
- \$3,550 in deposits and overpayments were not recorded;
- \$9,629 in disbursements were not posted;
- \$21,690 in unreconcilable differences, of which a \$19,842 memo adjustment was made to correct the book balances after year end.

Failure to reconcile depository and payroll accounts at year end resulted in errors and discrepancies being undetected. The District should develop and implement procedures including but not limited to the following:

- Perform monthly reconciliations of all depository accounts, including the payroll account, and document proper supervisory reviews of these reconciliations;
- Develop a policy which includes the length of time a check will remain outstanding before it is canceled and reissued, or the amount is moved to unclaimed funds.

Implementation of these procedures will provide the District with accurate and timely financial information needed for decision-making purposes.

**FINDING NUMBER 2000-10357-014**

During the period tested, the District was unable to provide source documentation for 47% of the extracurricular activity receipts recorded in the Special Revenue Fund and 73.4% of the extracurricular activity receipts recorded in the Agency Fund. Failure to properly account for extracurricular activity receipts could result in extracurricular revenue being understated in the financial statements and funds being misappropriated and not detected by the District.

The District should create and implement an extracurricular events cash management policy, to include, the use of "sales project potential forms" to document receipts collected. The District should also require all source documentation used to support monies collected at extracurricular events be maintained and made available for inspection by the Treasurer. These procedures will help establish proper accountability over monies collected at extracurricular events.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None.

**WEST CARROLLTON CITY SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2000**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
1999-10357-001	Ohio Admin Code Sec. 117-2-01 - Failure to report in accordance with generally accepted accounting principles	No	Repeated in current audit
1999-10357-002	Ohio Rev. Code Sec. 5705.39 - Expenditures exceeded estimated resources	No	Repeated in current audit
1999-10357-003	Ohio Rev. Code Sec. 5705.40 - Appropriations amended without Board approval	Yes	
1999-10357-004	Ohio Rev. Code Sec. 5705.41(D) - Failure to obtain fiscal officer's certificate of funds prior to expenditure of funds	No	Repeated in current audit





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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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  
SEPTEMBER 20, 2001**