



Dave Yost • Auditor of State

**WEST CARROLLTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets – June 30, 2010	13
Statement of Activities – for the Fiscal Year ended June 30, 2010	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds - June 30, 2010.....	15
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities - June 30, 2010	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds – for the Fiscal Year ended June 30, 2010	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities for the Fiscal Year ended June 30, 2010	18
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non GAAP Budgetary Basis) - General Fund For the Fiscal Year ended June 30, 2010.....	19
Statement of Fiduciary Net Assets - Fiduciary Funds - June 30, 2010	20
Statement of Changes in Fiduciary Net Assets - Fiduciary Fund – For the Fiscal Year Ended June 30, 2010	21
Notes to the Basic Financial Statements	23
Federal Awards Receipts and Expenditures Schedule For the Fiscal Year Ended June 30, 2010.....	47
Notes to Federal Awards Receipts and Expenditures Schedule	48
Independent Accountants' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Required by <i>Government Auditing Standards</i>	49
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133.....	51
Schedule of Findings.....	53

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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 governmental activities, the major fund, and the aggregate remaining fund information of West Carrollton City School District, Montgomery County, Ohio (the District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of West Carrollton City School District, Montgomery County, as of June 30, 2010, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule provides additional information required by the 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 basic financial statements. The Federal Awards Receipts and Expenditures Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

April 13, 2011

**WEST CARROLLTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

The discussion and analysis of the West Carrollton City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2010 are as follows:

- In total, net assets of governmental activities increased \$1,767,637 which represents a 7.04% increase from 2009.
- General revenues accounted for \$36,192,870 in revenue or 85.37% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$6,201,737 or 14.63% of total revenues of \$42,394,607.
- The District had \$40,626,970 in expenses related to governmental activities; only \$6,201,737 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$36,192,870 were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$35,876,643 in revenues and \$34,703,866 in expenditures. During fiscal year 2010, the general fund's fund balance increased \$1,172,777 from \$12,342,562 to \$13,515,339.

Using these Basic Financial Statements

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

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

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010?" The Statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**WEST CARROLLTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)
(Continued)**

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Reporting the District's Fiduciary Responsibilities

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 23-46 of this report.

**WEST CARROLLTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)
(Continued)**

The District as a Whole

Recall that the statement of net assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets at June 30 2010 and June 30, 2009.

	Net Assets	
	Governmental Activities 2010	Governmental Activities 2009
Assets:		
Current and other assets	\$37,987,445	\$34,432,676
Capital assets, net	17,011,286	14,907,401
Total assets	54,998,731	49,340,077
Liabilities:		
Current liabilities	22,185,371	20,385,432
Long-term liabilities	5,936,611	3,845,533
Total liabilities	28,121,982	24,230,965
Net Assets:		
Invested in capital assets, net of related debt	13,305,150	12,496,091
Restricted	828,299	810,162
Unrestricted	12,743,300	11,802,859
Total net assets	\$26,876,749	\$25,109,112

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2010, the District's assets exceeded liabilities by \$26,876,749. Of this total, \$12,743,300 is unrestricted in use.

At year-end, capital assets represented 30.93% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2010, were \$13,305,150. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

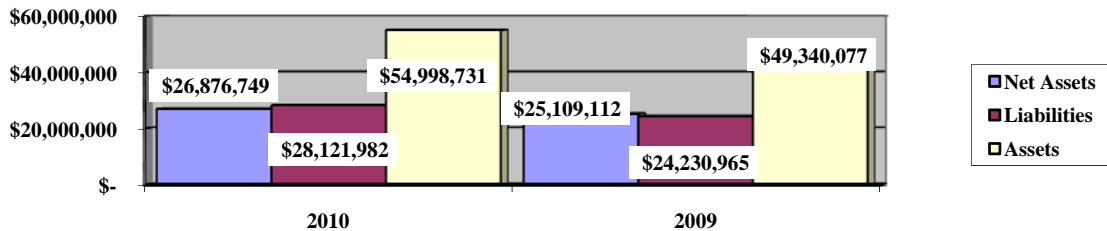
A portion of the District's net assets, \$828,299, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$12,743,300 may be used to meet the District's ongoing obligations to the students and creditors.

The graph below illustrates the District's governmental activities assets, liabilities and net assets at June 30, 2010 and June 30, 2009.

**WEST CARROLLTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)
(Continued)**

Governmental Activities



The table below shows the change in net assets for fiscal year 2010 and 2009.

Change in Net Assets		
	Governmental Activities 2010	Governmental Activities 2009
Revenues:		
Program revenues:		
Charges for services and sales	\$ 1,374,692	\$ 1,258,950
Operating grants and contributions	4,827,045	4,371,895
Capital grants and contributions		34,435
General revenues:		
Property taxes	16,700,037	17,300,663
Grants and entitlements	18,872,944	17,765,317
Investment earnings	532,718	810,854
Miscellaneous	87,171	90,445
Total revenues	<u>42,394,607</u>	<u>41,632,559</u>
Expenses:		
Program Expenses:		
Instruction:		
Regular	14,983,570	15,460,740
Special	5,708,513	4,651,779
Vocational	210,580	171,687
Other	2,390,763	1,907,192
Support Services:		
Pupil	2,673,088	2,370,212
Instructional staff	2,125,159	2,447,863
Board of education	32,019	31,139
Administration	3,121,199	2,834,601
Fiscal	694,935	749,907
Business	500,534	487,641
Operations and maintenance	3,378,909	3,628,249
Pupil transportation	2,455,550	2,286,319
Central	220,455	205,441
Operation of non-instructional services:		
Food service operations	1,337,930	1,268,018
Other non-instructional services	102,120	91,298
Extracurricular activities	632,573	702,915
Interest and fiscal charges	59,073	73,507
Total expenses	<u>40,626,970</u>	<u>39,368,508</u>
Increase in net assets	1,767,637	2,264,051
Net assets at beginning of year	25,109,112	22,845,061
Net assets at the end of year	<u>\$26,876,749</u>	<u>\$25,109,112</u>

**WEST CARROLLTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)
(Continued)**

Governmental Activities

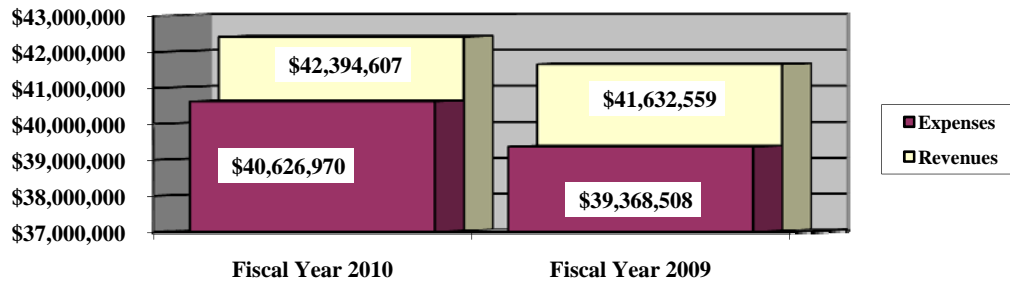
Net assets of the District's governmental activities increased \$1,767,637. Total governmental expenses of \$40,626,970 were offset by program revenues of \$6,201,737 and general revenues of \$36,192,870. Program revenues supported 15.27% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 83.91% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$23,293,426 or 57.33% of total governmental expenses for fiscal year 2010.

The graph below presents the District's governmental activities revenues and expenses for fiscal year 2010 and 2009.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities				
	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
Program expenses				
Instruction:				
Regular	\$14,983,570	\$13,667,470	\$15,460,740	\$14,994,646
Special	5,708,513	3,842,497	4,651,779	2,120,532
Vocational	210,580	164,716	171,687	125,732
Other	2,390,763	1,908,895	1,907,192	1,772,925

(Continued)

**WEST CARROLLTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)
(Continued)**

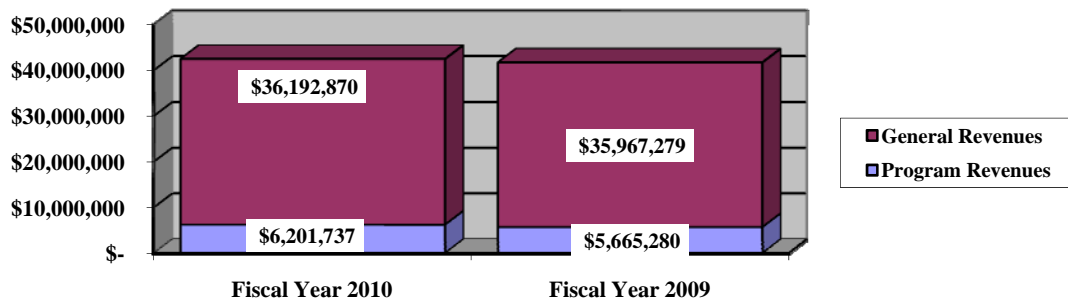
**Governmental Activities
(Continued)**

	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
Support services:				
Pupil	2,673,088	2,581,631	2,370,212	2,234,945
Instructional staff	2,125,159	1,569,689	2,447,863	1,968,358
Board of education	32,019	32,019	31,139	31,139
Administration	3,121,199	3,061,713	2,834,601	2,733,234
Fiscal	694,935	694,935	749,907	749,907
Business	500,534	500,534	487,641	487,641
Operations and maintenance	3,378,909	3,274,534	3,628,249	3,547,490
Pupil transportation	2,455,550	2,301,557	2,286,319	2,065,897
Central	220,455	214,033	205,441	194,291
Operation of non-instructional services:				
Food service operations	1,337,930	(66,003)	1,268,018	(67,205)
Other non-instructional services	102,120	101,647	91,298	91,032
Extracurricular activities	632,573	516,293	702,915	579,157
Interest and fiscal charges	59,073	59,073	73,507	73,507
Total expenses	<u>\$40,626,970</u>	<u>\$34,425,233</u>	<u>\$39,368,508</u>	<u>\$33,703,228</u>

The dependence upon tax and other general revenues for governmental activities is apparent, 84.07% of instruction activities are supported through taxes, grants and entitlements and other general revenues. For all governmental activities, general revenue support is 84.73%. Grants and entitlements, and unrestricted grants and entitlements from the State, are by far the primary support for the District's students.

The graph below presents the District's governmental activities revenues for fiscal year 2010 and 2009.

Governmental Activities - General and Program Revenues



**WEST CARROLLTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)
(Continued)**

The District's Funds

The District's governmental funds (as presented on page 15) reported a combined fund balance of \$14,690,843, which is higher than last year's total of \$13,076,361. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2010 and 2009.

	<u>Fund Balance June 30, 2010</u>	<u>Fund Balance June 30, 2009</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
General	\$13,515,339	\$12,342,562	\$1,172,777	9.50 %
Other Governmental	1,175,504	733,799	441,705	60.19 %
Total	<u>\$14,690,843</u>	<u>\$13,076,361</u>	<u>\$1,614,482</u>	12.35 %

General Fund

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

	<u>2010 Amount</u>	<u>2009 Amount</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenues:				
Taxes	\$15,918,731	\$16,643,626	(\$724,895)	(4.36) %
Tuition	371,483	341,587	29,896	8.75 %
Earnings on investments	535,296	775,793	(240,497)	(31.00) %
Intergovernmental	18,805,876	18,811,518	(5,642)	(0.03) %
Other revenues	245,257	232,229	13,028	5.61 %
Total	<u>35,876,643</u>	<u>36,804,753</u>	<u>(928,110)</u>	(2.52) %
Expenditures:				
Instruction	19,487,399	19,634,418	(147,019)	(0.75) %
Support services	14,214,502	13,523,899	690,603	5.11 %
Other non-instructional services	108,314	88,183	20,131	22.83 %
Extracurricular activities	570,717	487,462	83,255	17.08 %
Debt service	322,934	322,934		%
Total	<u>\$34,703,866</u>	<u>\$34,056,896</u>	<u>\$646,970</u>	1.90 %

Overall revenues decreased \$928,110 or 2.52% from the prior year due to the phase out of tangible personal property taxes. The decrease in earnings on investments of \$240,497 or 31.00% can be attributed to a decrease in interest rates as well as a decrease in the amount of investments from fiscal year 2009.

Expenditures increased \$646,970 primarily due to the increase in support services which increased due to inflation in utility and fuel costs as well as the rise of salaries. Extracurricular activities increase due to an increase in the costs of student activities during the fiscal year. All other expenditure line items shown are deemed immaterial amounts relative to total expenditures or were consistent with 2009 and they do not warrant further analysis.

**WEST CARROLLTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)
(Continued)**

General Fund Budgeting Highlights

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

During the course of fiscal year 2010, the District amended its general fund budget several times. For the general fund, final budgeted revenues and other financing sources were \$36,137,000, which is higher than the original budgeted revenues and other financing sources of \$34,645,518. Actual revenues and other financing sources for fiscal year 2010 were \$36,095,544.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$34,132,195 were increased to \$35,227,700 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2010 totaled \$35,101,507.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2010, the District had \$17,011,286 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. See Note 7 to the basic financial statements for detail. The following table shows fiscal year 2010 balances compared to 2009:

Capital Assets at June 30 (Net of Depreciation)		
	Governmental Activities	
	2010	2009
Land	\$ 572,938	\$ 572,938
Construction in progress	2,595,085	98,124
Land improvements	567,050	421,909
Building and improvements	11,503,415	11,958,592
Furniture and equipment	1,157,982	1,242,890
Vehicles	614,816	612,948
Total	\$17,011,286	\$14,907,401

The overall increase in capital assets of \$2,103,885 is primarily due to capital outlays of \$3,221,686 exceeding depreciation expense of \$1,117,801 during the fiscal year.

Debt Administration

At June 30, 2010 the District had \$4,144,584 in general obligation bonds and lease purchase agreements outstanding. Of this total, \$413,654 is due within one year and \$3,730,930 is due within greater than one year. The following table summarizes the bonds and lease purchase agreements outstanding.

Outstanding Debt, at Year End		
	Governmental Activities 2010	Governmental Activities 2009
Current interest bonds	\$2,100,000	\$100,000
Lease purchase agreement	2,044,584	2,311,310
Total	\$4,144,584	\$2,411,310

See Note 8 to the basic financial statements for detail.

**WEST CARROLLTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)
(Continued)**

Current Financial Related Activities

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

In May 2010, the voters approved the renewal of a three-year 6.5 mill operating levy that was originally passed in May 2007. In May 2010 and November 2010, the voters did not approve a new operating levy request.

Contacting the District's Financial Management

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

This page intentionally left blank.

**WEST CARROLLTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2010**

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$19,583,210
Receivables:	
Taxes	17,494,720
Accounts	70,920
Accrued interest	94,330
Intergovernmental	483,579
Pre-payments	233,621
Materials and supplies inventory	27,065
Capital assets:	
Land	572,938
Construction in progress	2,595,085
Depreciable capital assets, net	13,843,263
Capital assets, net	17,011,286
Total assets	54,998,731
 Liabilities:	
Accounts payable	99,371
Contracts payable	1,287,892
Accrued wages and benefits	3,842,827
Intergovernmental payable	177,262
Pension obligation payable	1,060,001
Unearned revenue	15,646,143
Claims payable	71,875
Long-term liabilities:	
Due within one year	728,105
Due in more than one year	5,208,506
Total liabilities	28,121,982
 Net Assets:	
Invested in capital assets, net of related debt	13,305,150
Restricted for:	
Locally funded programs	3,496
Federally funded programs	56,586
Public school support	274,907
Student activities	3,856
Other purposes	489,454
Unrestricted	12,743,300
Total net assets	\$26,876,749

See accompanying notes to the basic financial statements.

**WEST CARROLLTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Program Revenues</u>		<u>Net (Expense)</u>	
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	
			<u>Revenue and Changes in Net Assets</u>	
			<u>Governmental Activities</u>	
Governmental activities:				
Instruction:				
Regular	\$14,983,570	\$384,050	\$932,050	(\$13,667,470)
Special	5,708,513	135,697	1,730,319	(3,842,497)
Vocational	210,580		45,864	(164,716)
Other	2,390,763		481,868	(1,908,895)
Support services:				
Pupil	2,673,088	13,753	77,704	(2,581,631)
Instructional staff	2,125,159	62,717	492,753	(1,569,689)
Board of education	32,019			(32,019)
Administration	3,121,199		59,486	(3,061,713)
Fiscal	694,935			(694,935)
Business	500,534			(500,534)
Operations and maintenance	3,378,909	104,375		(3,274,534)
Pupil transportation	2,455,550	28,201	125,792	(2,301,557)
Central	220,455		6,422	(214,033)
Operation of non-instructional services:				
Food service operations	1,337,930	529,305	874,628	66,003
Other non-instructional services	102,120	314	159	(101,647)
Extracurricular activities	632,573	116,280		(516,293)
Interest and fiscal charges	59,073			(59,073)
Total governmental activities	<u>\$40,626,970</u>	<u>\$1,374,692</u>	<u>\$4,827,045</u>	<u>(34,425,233)</u>

General Revenues:

Property taxes levied for:

General purposes	16,027,816
Capital projects	672,221
Grants and entitlements not restricted to specific programs	18,872,944
Investment earnings	532,718
Miscellaneous	87,171
Total general revenues	<u>36,192,870</u>

Change in net assets 1,767,637

Net assets at beginning of year 25,109,112

Net assets at end of year \$26,876,749

See accompanying notes to the basic financial statements.

**WEST CARROLLTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and investments	\$16,873,345	\$2,709,865	\$19,583,210
Receivables:			
Taxes	16,789,941	704,779	17,494,720
Accounts	68,687	2,233	70,920
Intergovernmental	67,335	416,244	483,579
Accrued interest	94,330		94,330
Prepayments	228,046	5,575	233,621
Materials and supplies inventory		27,065	27,065
Total assets	<u>34,121,684</u>	<u>3,865,761</u>	<u>37,987,445</u>
Liabilities:			
Accounts payable	93,382	5,989	99,371
Contracts payable		1,287,892	1,287,892
Accrued wages and benefits	3,316,592	526,235	3,842,827
Compensated absences payable	159,965	4,345	164,310
Pension obligation payable	879,079	180,922	1,060,001
Intergovernmental payable	157,382	19,880	177,262
Deferred revenue	912,442	34,479	946,921
Unearned revenue	15,015,628	630,515	15,646,143
Claims payable	71,875		71,875
Total liabilities	<u>20,606,345</u>	<u>2,690,257</u>	<u>23,296,602</u>
Fund Balances:			
Reserved for encumbrances	542,227	551,692	1,093,919
Reserved for materials and supplies inventory		27,065	27,065
Reserved for prepayments	228,046	5,575	233,621
Reserved for property tax unavailable for appropriation	942,372	39,785	982,157
Unreserved, undesignated (deficit), reported in:			
General fund	11,802,694		11,802,694
Special revenue funds		628,733	628,733
Capital projects funds		(77,346)	(77,346)
Total fund balances	<u>13,515,339</u>	<u>1,175,504</u>	<u>14,690,843</u>
Total liabilities and fund balances	<u>\$34,121,684</u>	<u>\$3,865,761</u>	<u>\$37,987,445</u>

See accompanying notes to the basic financial statements.

**WEST CARROLLTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2010**

Total governmental fund balances		\$14,690,843
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		17,011,286
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable	\$866,420	
Accrued interest receivable	32,483	
Intergovernmental receivable	48,018	
Total	<u>946,921</u>	946,921
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences payable	(1,627,717)	
General obligation bond payable	(2,100,000)	
Lease purchase agreement payable	(2,044,584)	
Total	<u>(5,772,301)</u>	(5,772,301)
Net assets of governmental activities		<u><u>\$26,876,749</u></u>

See accompanying notes to the basic financial statements.

**WEST CARROLLTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Property taxes	\$15,918,731	\$666,611	\$16,585,342
Tuition	371,483		371,483
Transportation fees	27,685		27,685
Earnings on investments	535,296	1,929	537,225
Charges for services	5,111	514,070	519,181
Extracurricular	20,900	133,777	154,677
Classroom materials and fees		111,516	111,516
Rental income	104,375		104,375
Contributions and donations	15	106,581	106,596
Other local revenues	87,171	144,208	231,379
Intergovernmental - state	18,653,566	422,193	19,075,759
Intergovernmental - federal	152,310	4,326,814	4,479,124
Total revenues	<u>35,876,643</u>	<u>6,427,699</u>	<u>42,304,342</u>
Expenditures:			
Current:			
Instruction:			
Regular	13,489,230	1,148,381	14,637,611
Special	3,908,332	1,640,931	5,549,263
Vocational	196,389		196,389
Other	1,893,448	462,690	2,356,138
Support services:			
Pupil	2,495,874	102,354	2,598,228
Instructional staff	1,894,197	517,331	2,411,528
Board of education	31,454		31,454
Administration	2,934,781	55,684	2,990,465
Fiscal	667,710	8,741	676,451
Business	491,769		491,769
Operations and maintenance	3,303,592	7,965	3,311,557
Pupil transportation	2,185,306	141,875	2,327,181
Central	209,819	6,673	216,492
Operation of non-instructional services:			
Food service operations		1,322,466	1,322,466
Other non-instructional services	108,314	415	108,729
Extracurricular activities	570,717	95,425	666,142
Facilities acquisition and construction		2,471,938	2,471,938
Debt service:			
Principal retirement	266,726	100,000	366,726
Interest and fiscal charges	56,208	3,125	59,333
Total expenditures	<u>34,703,866</u>	<u>8,085,994</u>	<u>42,789,860</u>
Excess(deficiency) of revenues over(under) expenditures	<u>1,172,777</u>	<u>(1,658,295)</u>	<u>(485,518)</u>
Other financing sources:			
Sale of bonds		2,100,000	2,100,000
Total other financing sources		<u>2,100,000</u>	<u>2,100,000</u>
Net change in fund balances	1,172,777	441,705	1,614,482
Fund balances at beginning of year	12,342,562	733,799	13,076,361
Fund balances at end of year	<u>\$13,515,339</u>	<u>\$1,175,504</u>	<u>\$14,690,843</u>

See accompanying notes to the basic financial statements.

**WEST CARROLLTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Net change in fund balances - total governmental funds \$1,614,482

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

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

Capital asset additions	\$3,221,686	
Current year depreciation	(1,117,801)	
Total	2,103,885	2,103,885

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

Property taxes	114,695	
Earnings on investments	(2,578)	
Intergovernmental revenue	(1,789)	
Total	110,328	110,328

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

Decrease in accrued interest payable	260	
Total	260	260

Proceeds of bonds are recorded as other financing sources in the funds, however, in the statement of activities, they are not reported as other financing sources as they increase the liabilities on the statement of net assets. (2,100,000)

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

Bonds	100,000	
Capital lease	266,726	
Total	366,726	366,726

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (328,044)

Change in net assets of governmental activities \$1,767,637

See accompanying notes to the basic financial statements.

**WEST CARROLLTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$15,396,430	\$16,059,242	\$16,040,819	(\$18,423)
Tuition	384,500	401,053	400,593	(460)
Transportation fees	27,092	28,258	28,226	(32)
Earnings on investments	532,392	555,311	554,674	(637)
Charges for services	4,906	5,117	5,111	(6)
Extracurricular	20,060	20,924	20,900	(24)
Rental income	100,182	104,495	104,375	(120)
Contributions and donations	14	15	15	
Other local revenues	46,477	48,478	48,422	(56)
Intergovernmental - state	17,936,364	18,708,520	18,687,058	(21,462)
Intergovernmental - federal	133,386	139,129	138,969	(160)
Total revenues	<u>34,581,803</u>	<u>36,070,542</u>	<u>36,029,162</u>	<u>(41,380)</u>
Expenditures:				
Current:				
Instruction:				
Regular	13,494,828	13,927,956	13,878,064	49,892
Special	3,722,231	3,841,700	3,827,938	13,762
Vocational	219,034	226,064	225,254	810
Other	1,865,535	1,925,411	1,918,514	6,897
Support services:				
Pupil	2,386,104	2,462,688	2,453,866	8,822
Instructional staff	1,864,001	1,923,828	1,916,936	6,892
Board of education	30,080	31,045	30,934	111
Administration	2,812,770	2,903,048	2,892,649	10,399
Fiscal	653,685	674,666	672,249	2,417
Business	469,802	484,881	483,144	1,737
Operations and maintenance	3,318,890	3,425,413	3,413,142	12,271
Pupil transportation	2,121,856	2,189,959	2,182,114	7,845
Central	204,471	211,034	210,278	756
Operation of non-instructional services	100,977	104,218	103,845	373
Extracurricular activities	553,283	571,042	568,996	2,046
Debt service:				
Principal	259,360	267,685	266,726	959
Interest and fiscal charges	54,656	56,410	56,208	202
Total expenditures	<u>34,131,563</u>	<u>35,227,048</u>	<u>35,100,857</u>	<u>126,191</u>
Excess of revenues over expenditures	<u>450,240</u>	<u>843,494</u>	<u>928,305</u>	<u>84,811</u>
Other financing sources (uses):				
Refund of prior year's expenditures	37,800	39,427	39,382	(45)
Refund of prior year's receipts	(632)	(652)	(650)	2
Advances in	25,915	27,031	27,000	(31)
Total other financing sources (uses)	<u>63,083</u>	<u>65,806</u>	<u>65,732</u>	<u>(74)</u>
Net change in fund balance	513,323	909,300	994,037	84,737
Fund balance at beginning of year	14,699,070	14,699,070	14,699,070	
Prior year encumbrances appropriated	425,346	425,346	425,346	
Fund balance at end of year	<u>\$15,637,739</u>	<u>\$16,033,716</u>	<u>\$16,118,453</u>	<u>\$84,737</u>

See accompanying notes to the basic financial statements.

**WEST CARROLLTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010**

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments	\$89,371	\$48,432
Total assets	89,371	48,432
Liabilities:		
Due to students		48,432
Total liabilities		\$48,432
Net assets:		
Held in trust for scholarships	89,371	
Total net assets	\$89,371	

See accompanying notes to the basic financial statements.

WEST CARROLLTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Private-Purpose Trust</u>
	<u>Scholarship</u>
Additions:	
Interest	\$63
Deductions:	
Scholarships awarded	8,000
Change in net assets	(7,937)
Net assets at beginning of year	97,308
Net assets at end of year	<u>\$89,371</u>

See accompanying notes to the basic financial statements.

This page intentionally left blank.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

1. DESCRIPTION OF THE SCHOOL DISTRICT

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

The District ranks as the 121st largest by enrollment among the 905 public and community schools in the State. The District employs 208 non-certified and 272 certified employees to provide services to 3,554 students in grades K through 12 and various community groups.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity", and as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Jointly Governed Organizations

Miami Valley Career Technical Center

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

2. Southwestern Ohio Educational Purchasing Council (SOEPC)

SOEPC is a purchasing cooperative made up of 126 school districts in 18 counties. The Montgomery County Educational Service Center acts as fiscal agent for the group. The purpose of the cooperative is to obtain lower prices for supplies and materials commonly used by the member districts. The members are obligated to pay all fees, charges and assessments as established by SOEPC. Each member district has one voting representative. Title to any and all equipment and supplies purchased by SOEPC is held in trust for the member districts by the fiscal agent. Any district withdrawing from SOEPC shall forfeit its claim to any and all SOEPC assets. One year of prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the District's general fund. During fiscal year 2010, the District paid \$2,414 to SOEPC. Financial information is available from SOEPC by contacting Ken Swink, Director, at 303 Corporate Center Dr., Suite 208, Vandalia, Ohio 45377.

3. Metropolitan Dayton Educational Cooperative Association (MDECA)

The District is a participant in MDECA, which is a computer consortium of 34 public school districts within the boundaries of Darke, Greene, Miami and Montgomery Counties. The organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions among member school districts. The governing board of MDECA consists of seven Superintendents of member Districts, with six of the Superintendents elected by majority vote of all member Districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The District pays MDECA an enrollment based fee for services provided during the year. Financial information is available from Jerry C. Woodyard, Executive Director, at 225 Linwood Street, Dayton, Ohio 45405.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Governmental Funds

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

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

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

2. Proprietary Funds

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

3. Fiduciary Funds

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

C. Basis of Presentation and Measurement Focus

1. Government-Wide Financial Statements

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Fund Financial Statements

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

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

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

D. Basis of Accounting

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

1. Revenues - Exchange and Non-exchange Transactions

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Unearned Revenue and Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period, including delinquent property taxes due at June 30, 2010, are recorded as deferred revenue.

3. Expenses/Expenditures

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

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

E. Budgets

All funds, except agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource and are not to be repaid. However, the District elected to budget these temporary resources anyway. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriation resolution is Board's authorization to spend resources and sets annual limits on expenditures at the level of control selected by Board. The legal level of control has been established by Board at the fund level of expenditures. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate that was in effect at the time the final appropriations were passed by the Board of Education.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

F. Cash and Investments

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

During fiscal year 2010, investments were limited to federal agency securities, non-negotiable certificates of deposit, and negotiable certificates of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

Under existing Ohio statute, interest earnings are assigned to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2010 amounted to \$535,296 which includes \$58,705 assigned from other District funds.

For purposes of presentation on the statement of net assets, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year end is provided in Note 4.

G. Inventory

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

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

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivables/payables". These amounts are eliminated in the governmental activities column on the statement of net assets. There were no interfund loans outstanding at June 30, 2010.

J. Compensated Absences

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance Reserves

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

M. Net Assets

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

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

N. Prepayments

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

O. Estimates

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Interfund Activity

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2010.

3. ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2010, the District has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the District.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the District.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to re-measure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the District.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

3. ACCOUNTABILITY AND COMPLIANCE (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2010 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
EMIS	\$ 263
Public school preschool	6,458
Miscellaneous state grants	1,563
Education stabilization	82,912
School improvement stimulus A	10
Drug free schools	59
Preschool	1,066
Permanent improvement	37,561

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

4. DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

A. Deposits with Financial Institutions

At June 30, 2010, the carrying amount of all District deposits, including \$498,000 in nonnegotiable certificates of deposits, was \$5,653,932. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2010, \$5,537,057 of the District's bank balance of \$7,158,287 was exposed to custodial risk as discussed below, while \$1,621,230 was covered by the FDIC.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

B. Investments

As of June 30, 2010, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities				Greater than 24 months
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	
FFCB	\$ 2,660,125					\$ 2,660,125
FHLB	4,035,545					4,035,545
FHLMC	4,009,660					4,009,660
FNMA	2,051,095					2,051,095
Negotiable CD's	1,310,656	\$99,822	\$652,408	\$203,979		354,447
Total	\$14,067,081	\$99,822	\$652,408	\$203,979	\$0	\$13,110,872

The weighted average maturity of investments is 4.01 years.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The District's investments, with the exception of the negotiable CD's, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2010:

Investment Type	Fair Value	% to Total
FFCB	\$ 2,660,125	18.91
FHLB	4,035,545	28.69
FHLMC	4,009,660	28.50
FNMA	2,051,095	14.58
Negotiable CD's	1,310,656	9.32
Total	\$14,067,081	100.00

C. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and cash equivalents as reported in the note above to cash and cash equivalents as reported on the statement of net assets as of June 30, 2010:

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

Cash and investments per note:

Carrying amount of deposits	\$ 5,653,932
Investments	14,067,081
Total	\$19,721,013

Cash and investments per statement of net assets:

Governmental activities	\$19,583,210
Private-purpose trust funds	89,371
Agency fund	48,432
Total	\$19,721,013

5. PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Montgomery County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available as an advance at June 30, 2010 was \$942,372 in the general fund and \$39,785 in the permanent improvement fund (a non-major governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2009 was \$1,064,460 in the general fund and \$44,907 in permanent improvement fund (a non-major governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

5. PROPERTY TAXES (Continued)

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2010 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second Half Collections		2010 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	\$416,179,750	95.12	\$422,541,810	98.40
Public utility personal	6,953,960	1.59	6,665,910	1.55
Tangible personal property	14,388,769	3.29	198,000	0.05
Total	\$437,522,479	100.00	\$429,405,720	100.00
 Tax rate per \$1,000 of assessed valuation	 \$74.63		 \$72.05	

6. RECEIVABLES

Receivables at June 30, 2010 consisted of property taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

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

Governmental activities:	
Taxes	\$17,494,720
Accounts	70,920
Accrued interest	94,330
Intergovernmental	483,579
Total	\$18,143,549

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010 was as follows:

	<u>Balance 06/30/09</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 06/30/10</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 572,938			\$ 572,938
Construction in progress	98,124	\$2,656,338	(\$159,377)	2,595,085
Total capital assets, not being depreciated	<u>671,062</u>	<u>2,656,338</u>	<u>(159,377)</u>	<u>3,168,023</u>
Capital assets, being depreciated:				
Land improvements	2,676,883	220,281		2,897,164
Buildings and improvements	30,808,040	240,685		31,048,725
Furniture and equipment	5,173,418	118,065	(9,657)	5,281,826
Vehicles	2,361,025	145,694	(103,217)	2,403,502
Total capital assets, being depreciated	<u>41,019,366</u>	<u>724,725</u>	<u>(112,874)</u>	<u>41,631,217</u>
Less: accumulated depreciation:				
Land improvements	(2,254,974)	(75,140)		(2,330,114)
Buildings and improvements	(18,849,448)	(695,862)		(19,545,310)
Furniture and equipment	(3,930,528)	(202,973)	9,657	(4,123,844)
Vehicles	(1,748,077)	(143,826)	103,217	(1,788,686)
Total accumulated depreciation	<u>(26,783,027)</u>	<u>(1,117,801)</u>	<u>112,874</u>	<u>(27,787,954)</u>
Governmental activities capital assets, net	<u>\$14,907,401</u>	<u>\$2,263,262</u>	<u>(\$159,377)</u>	<u>\$17,011,286</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 280,014
Special	84,194
Vocational	3,958
Other	34,625
Support services:	
Pupil	42,748
Instructional staff	44,430
Board of education	565
Administration	52,344
Fiscal	13,385
Business	8,826
Operations and maintenance	84,835
Pupil transportation	275,369
Central	3,527
Non-instructional services	1,652
Extracurricular activities	131,756
Food service operations	55,573
Total depreciation expense	<u>\$1,117,801</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

8. LONG-TERM OBLIGATIONS

A. During the fiscal year 2010, the following activity occurred in governmental activities long-term obligations:

	<u>Issued</u>	<u>Due</u>	<u>Interest Rate</u>	<u>Balance 06/30/09</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 06/30/10</u>	<u>Amount Due in One Year</u>
Qualified school construction bonds	2010	2025	5.25%		\$2,100,000		\$2,100,000	\$140,000
School improvement refunding bonds	2000	2010	5.60%-6.25%	\$100,000		(\$100,000)		
Lease-purchase agreement payable	2007	2017	2.57%-4.19%	2,311,310		(266,726)	2,044,584	273,654
Compensated absences				<u>1,434,223</u>	<u>687,258</u>	<u>(329,454)</u>	<u>1,792,027</u>	<u>314,451</u>
Total governmental activities				<u>\$3,845,533</u>	<u>\$2,787,258</u>	<u>(\$696,180)</u>	<u>\$5,936,611</u>	<u>\$728,105</u>

School Improvement Refunding Bonds

The School Improvement Refunding general obligation bonds were issued to remodel the stadium and auditorium at the high school. These bonds are general obligations of the District for which the full faith and credit of the District are pledged for repayment. Accordingly, such un-matured obligations of the District are accounted for in the statement of net assets. Principal and interest payments are made from the bond retirement fund (a non-major governmental fund). There were no future obligations on these bonds at June 30, 2010.

Qualified School Construction Bonds

The Qualified School Construction Bonds were issued on May 28, 2010 at the interest rate of 5.25%. The bonds mature on October 1, 2024. Interest is subsidized by the Ohio School Facilities Commission. To receive a direct subsidy payment the District will file a tax return between 90 and 45 days prior to the corresponding bond interest payment date. Depending on the timing of the filing, the direct subsidy payment may be received before or after the corresponding interest payment date.

Lease-Purchase Agreement Payable

On June 8, 2007, the District entered into a lease-purchase agreement with Old National Bank to provide financing for energy system savings projects, including boilers, lighting and related equipment. The amount financed is \$2,845,500 and the lease term is ten years. The effective interest rate is 2.57% for the first 60 months then 4.19% thereafter. Payment on the lease-purchase agreement is due in 120 monthly installments with the first payment being made in June 2007. Principal and interest related to this obligation were made from the general fund during fiscal year 2010.

Compensated Absences

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

Principal and interest requirements for the qualified school construction bonds and the lease-purchase agreement outstanding at June 30, 2010, are as follows:

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

8. LONG-TERM OBLIGATIONS (Continued)

Fiscal Year Ending June 30,	Qualified School Construction Bonds			Lease-Purchase Payable		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 140,000	\$ 89,119	\$ 229,119	\$ 273,654	\$ 49,280	\$ 322,934
2012	140,000	99,225	239,225	279,813	44,219	324,032
2013	140,000	91,875	231,875	278,955	57,161	336,116
2014	140,000	84,525	224,525	290,870	45,246	336,116
2015	140,000	77,175	217,175	303,294	32,822	336,116
2016 - 2020	700,000	275,625	975,625	617,998	26,225	644,223
2021 - 2025	700,000	91,875	791,875			
Total	<u>\$2,100,000</u>	<u>\$809,419</u>	<u>\$2,909,419</u>	<u>\$2,044,584</u>	<u>\$254,953</u>	<u>\$2,299,537</u>

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that un-voted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that un-voted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2010, are a voted debt margin of \$37,128,627 and an un-voted debt margin of \$435,874.

9. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

9. OTHER EMPLOYEE BENEFITS (Continued)

The District provides a retirement incentive for State Teacher's Retirement System of Ohio (STRS Ohio) employees who has been continuously employed in the District for at least 10 years and who has 31 years of service credit to apply toward pension calculation under STRS Ohio or a teacher who has 25 or 26 years of service and is 55 years of age and otherwise eligible to retire under the rules of the STRS Ohio shall be qualified to receive, in addition to and separate from the severance pay provisions above. Employees who enroll in the early retirement incentive plan must submit written notification to the Board on or before the February 1 of the year of retirement. The one-time cash payment of \$10,000 shall be made within 1 year of the retirement date. Two employees took advantage of the early retirement incentive in fiscal year 2010. These one-time cash payments will be made in fiscal year 2011. A liability for the retirement incentive payments has been recorded in the fund financial statements and the statement of net assets as a component of "compensated absences payable".

B. Insurance Benefits

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

10. RISK MANAGEMENT

A. Comprehensive

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

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal 2009.

B. Workers' Compensation

The District has participated in the Ohio Bureau of Workers' Compensation (Bureau) Retrospective Rating Plan in 2010. The alternative rating program requires the District to pay only administrative charges to the Bureau and in turn the district assumes the responsibility of paying all claims incurred during the policy period for up to ten years. After the tenth year, the Bureau will assume any existing claim for its duration. The District will be charged an actuarial amount for the claims transferred to the Bureau. The District's stop-loss coverage through the plan is limited to \$200,000 per claim stop-loss coverage with an annual aggregate.

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

10. RISK MANAGEMENT (Continued)

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2010		\$248,171	(\$176,296)	\$71,875
2009	\$53,474	120,601	(174,075)	

C. Employee Health Benefits

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

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

11. PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2010, 12.74 percent and .04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$744,772, \$515,422 and \$494,123, respectively; 45.56 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System of Ohio

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

11. PENSION PLAN (Continued)

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

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

Funding Policy - For fiscal year 2010, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009 and 2008 were \$2,315,087, \$2,218,510 and \$2,142,930 respectively; 83.15 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$90,088 made by the District and \$64,348 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2010, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

12. POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Employers/Audit Resources*.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2010, 0.46 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the actuarially determined amount was \$35,800.

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2010, 2009, and 2008 were \$112,515, \$342,932 and \$324,372, respectively; 45.56 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2010, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$44,290, \$42,527 and \$35,603, respectively; 45.56 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

12. POSTEMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$178,084, \$170,655 and \$164,841, respectively; 83.15 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

13. BUDGETARY BASIS OF ACCOUNTING

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported on fair value (GAAP basis) rather than cost (budget basis); and,
- (e) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

13. BUDGETARY BASIS OF ACCOUNTING (Continued)

	Net Change in Fund Balance
	General fund
Budget basis	\$ 994,037
Net adjustment for revenue accruals	(152,519)
Net adjustment for expenditure accruals	(202,820)
Net adjustment for other sources/uses	(65,732)
Adjustment for encumbrances	599,811
GAAP basis	\$1,172,777

14. CONTINGENCIES

A. Grants

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

B. Litigation

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

15. STATUTORY RESERVES

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

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

	Textbooks/ Instructional Materials	Capital Acquisition
Set-aside balance as of June 30, 2009	(\$3,312,827)	
Current year set-aside requirement	617,197	\$617,197
Current year offsets		(671,733)
Qualifying disbursements	(926,785)	(858,171)
Total	(\$3,622,415)	(\$912,707)
Balance carried forward to fiscal year 2011	(\$3,622,415)	\$ 0

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

15. STATUTORY RESERVES (Continued)

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

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

**WEST CARROLLTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FEDERAL GRANTOR Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE					
Passed Through Ohio Department of Education					
Child Nutrition Cluster:					
Non-Cash Assistance (Food Distribution):					
National School Lunch Program	10.555		\$78,422		\$78,422
Cash Assistance:					
School Breakfast Program	10.553	\$166,920		\$166,920	
National School Lunch Program	10.555	631,944		631,944	
Total Child Nutrition Cluster		<u>798,864</u>	<u>78,422</u>	<u>798,864</u>	<u>78,422</u>
Total U.S. Department of Agriculture		<u>798,864</u>	<u>78,422</u>	<u>798,864</u>	<u>78,422</u>
U.S. DEPARTMENT OF EDUCATION					
Passed Through Ohio Department of Education					
Title I, Part A Cluster:					
Title I Grants to Local Educational Agencies	84.010	917,467		868,374	
ARRA - Title I Grants to Local Educational Agencies	84.389	<u>207,873</u>		<u>201,956</u>	
Total Title I, Part A Cluster		<u>1,125,340</u>		<u>1,070,330</u>	
Special Education Cluster:					
Special Education Grants to States	84.027	691,265		690,580	
ARRA - Special Education Grants to States	84.391	<u>353,148</u>		<u>345,203</u>	
Total Special Education Grants to States		<u>1,044,413</u>		<u>1,035,783</u>	
Special Education Preschool Grants	84.173	24,281		23,688	
ARRA - Special Education Preschool Grants	84.392	<u>11,383</u>		<u>11,103</u>	
Total Special Education Preschool Grants		<u>35,664</u>		<u>34,791</u>	
Total Special Education Cluster		<u>1,080,077</u>		<u>1,070,574</u>	
Safe and Drug-Free Schools and Communities State Grants	84.186	14,192		14,192	
Twenty-First Century Community Learning Centers	84.287	28,300		3,521	
Education Technology State Grants	84.318	8,103		2,100	
English Language Acquisition Grants	84.365	28,295		24,530	
Improving Teacher Quality State Grants	84.367	130,333		133,081	
School Improvement Grants	84.377	16,825		16,825	
ARRA - State Fiscal Stabilization Fund (SFSF) Education State Grants	84.394	<u>902,832</u>		<u>902,832</u>	
Total U.S. Department of Education		<u>3,334,297</u>		<u>3,237,985</u>	
Total		<u>\$4,133,161</u>	<u>\$78,422</u>	<u>\$4,036,849</u>	<u>\$78,422</u>

The accompanying notes are an integral part of this schedule.

**WEST CARROLLTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

NOTE D - MATCHING REQUIREMENTS

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



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of West Carrollton City School District, Montgomery County, (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 13, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated April 13, 2011.

We intend this report solely for the information and use of the management, Board of Education, federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.

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

Dave Yost
Auditor of State

April 13, 2011



Dave Yost • Auditor of State

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

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

To the Board of Education:

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 could directly and materially affect each of the District's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the West Carrollton City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

**Internal Control Over Compliance
(Continued)**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated April 13, 2011.

We intend this report solely for the information and use of the management, Board of Education, others within the District, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

April 13, 2011

**WEST CARROLLTON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster (CFDA # 84.027, 84.173, 84.391 and 84.392) Title I Cluster (CFDA # 84.010 and 84.389) ARRA – State Fiscal Stabilization Fund (SFSF) (CFDA # 84.394)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

This Page is Intentionally Left Blank.



Dave Yost • Auditor of State

WEST CARROLLTON CITY SCHOOL DISTRICT

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 24, 2011