



WEST CARROLLTON

CITY OF WEST CARROLLTON

DAYTON REGION, MONTGOMERY COUNTY

REGULAR AUDIT

JANUARY 1, 2009 – DECEMBER 31, 2009



Mary Taylor, CPA
Auditor of State

City Council
City of West Carrollton
300 East Central Avenue
West Carrollton, Ohio 45449

We have reviewed the *Independent Auditor's Report* of the City of West Carrollton, Montgomery County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2009 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 11, 2010

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CITY OF WEST CARROLLTON
MONTGOMERY COUNTY

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CITY OF WEST CARROLLTON
MONTGOMERY COUNTY

300 East Central Avenue
P.O. Box
West Carrollton, Ohio 45449

ELECTED OFFICIALS AND ADMINISTRATIVE PERSONNEL
AS OF DECEMBER 31, 2009

Council Member

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>
Jeffery W. Sanner	Mayor	1/1/04 – 12/31/11
James R. Bowers	Deputy Mayor	1/1/06 – 12/31/09
Angie Fryman	Council Member	1/1/06 – 12/31/11
James Folker	Council Member	1/1/08 – 12/31/09
Jody Jones	Council Member	1/1/04 – 12/31/11
Linda M. Lotspaih	Council Member	1/1/06 – 12/31/09
Harold L. Robinson	Council Member	1/1/06 – 12/31/09

ADMINISTRATIVE PERSONNEL

<u>NAME</u>	<u>TITLE</u>
Brad Townsend	City Manager
Thomas E. Reilly	Finance Director/Clerk of Council

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY
INDEX OF FUNDS

GOVERNMENTAL FUND TYPES

General Fund Class

General Fund

Special Revenue Fund Class

Street Construction, Maintenance and Repair Fund

Law Enforcement and Education Fund

Miami Conservancy District Fund

Recreation Fund

Parks Fund

Law Enforcement Fund

Motor Vehicle License Fund

Economic Development

Neighborhood Improvement

Special Assessments Fund

Police Pension Fund

Debt Service Fund Class

Bond Retirement Fund

Capital Project Fund Class

One Half Percent Tax Fund

Street Improvement Fund

Parks and Playgrounds Improvement Fund

Vehicle Replacement Fund

Other Capital Expenditures Fund

Federal Grants Fund

PROPRIETARY FUND TYPES

Enterprise Fund Class

Water Fund

Sanitary Sewer Fund

Municipal Swimming Pool Fund

Refuse Fund

FIDUCIARY FUND TYPES

Agency Funds

Bonds Returnable Fund

Income Tax Fund

Inspection Fund

Mayor's Court Appearance Bond

Mayor's Court Fund

Unclaimed Money Fund

INDEPENDENT AUDITOR'S REPORT

Members of City Council and Mayor
City of West Carrollton, Ohio
300 East Central Avenue
West Carrollton, Ohio 45449

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Carrollton (the City) as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting 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 assurance.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
June 28, 2010

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2009**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section provides an overview of the City's financial activities for the year ended December 31, 2009.

FINANCIAL HIGHLIGHTS

The City's total net assets increased \$180,762 in 2009.

The general fund reported a net increase in fund balance of \$428,575.

USING THIS ANNUAL FINANCIAL REPORT

The annual report consists of a series of financial statements. These statements are presented so that the reader can understand the City's financial situation as a whole (government-wide statements) as well as from the major funds perspective (fund financial statements).

The Statement of Net Assets and Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Major 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 the amount of funds available for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds combined in one column.

REPORTING THE CITY AS A WHOLE

Statement of Net Assets and the Statement of Activities

The analysis of the City as a whole begins with the Statement of Net Assets and the Statement of Activities. These reports provide information that will help the reader to determine how the City of West Carrollton is financially performing from a full accrual basis of accounting similar to the accounting used by the private sector businesses. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes to those assets. This change indicates whether the City's financial position, as a whole, improved or declined. Non-financial factors must also be taken into consideration when evaluating the City's overall financial health. Some examples are the City's tax base, economic development projects, and conditions of capital assets.

In the Statement of Net Assets and the Statement of Activities, the City is divided into two kinds of activities.

- ◆ Governmental Activities – Most of the City's services are reported here including police, fire, street maintenance, parks and recreation, and general administration. Income tax, property tax, and the local government fund finance most of these activities.
- ◆ Business-Type Activities – These services include sewer, water, waste collection, and pool. Service fees for these operations are charged based upon the amount of usage or a usage fee with the intent to recoup operational costs.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2009**

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial statements provide detailed information about the City's major funds, not the City as a whole. An analysis of the City's major funds is presented later in the Management's Discussion and Analysis. Some funds are required by State law and bond covenants. Other funds may be established by the Finance Director, with approval of council, to help control, manage and report money received for a particular purpose. The City's major funds in 2009 are General, Street Improvement, Half Percent, Water, Sewer, and Refuse.

Governmental Funds – Most of the City's services 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. 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 statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future on services provided to our residents. The differences between the governmental activities and governmental funds, is reconciled in the financial statements.

Proprietary Funds – When the City charges citizens for the services it provides with the intent of recapturing operating costs, these services are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will match.

Fiduciary Funds – The City is the fiscal agent for the Bonds Returnable and Inspection Funds. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE CITY AS A WHOLE

As previously stated, the Statement of Net Assets looks at the City as a whole. The following tables provides a summary of the City's net assets and changes in net assets first as a whole and then broken down between governmental and business-type activities for 2009 and 2008.

NET ASSETS

City as a Whole

	<u>2009</u>	<u>2008</u>
Assets:		
Current and Other Assets	\$10,159,897	\$8,663,214
Capital Assets	<u>23,920,266</u>	<u>24,348,575</u>
Total Assets	<u>34,080,163</u>	<u>33,011,789</u>

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2009**

Liabilities:

Long-Term Liabilities	8,311,211	8,737,056
Current and Other Liabilities	<u>2,747,602</u>	<u>1,434,145</u>
Total Liabilities	<u>11,058,813</u>	<u>10,171,201</u>

Net Assets:

Invested in Capital Assets, Net of Debt	16,250,725	16,563,381
Restricted	1,422,879	1,338,890
Unrestricted	<u>5,347,746</u>	<u>4,938,317</u>
Total Net Assets	<u>\$23,021,350</u>	<u>\$22,840,588</u>

In 2009 the City's net assets increased .8%.

CHANGE IN NET ASSETS

	<u>2009</u>	<u>2008</u>
Revenues		
Program Revenues:		
Charges for Services	4,939,161	\$4,978,665
Capital Grants and Contributions	195,048	494,469
Operating Grants and Contributions	<u>158,404</u>	<u>76,230</u>
Total Program Revenues	<u>5,292,613</u>	<u>5,549,364</u>
General Revenues:		
Income Taxes	6,249,398	6,975,186
Property Taxes	1,324,154	1,366,731
Unrestricted Grants and Entitlements	581,219	678,433
Investment Earnings	60,886	111,698
Refunds and Reimbursements	402,685	387,211
Other	<u>26,424</u>	<u>27,276</u>
Total General Revenue	<u>8,644,766</u>	<u>9,546,535</u>
Total Revenues	<u>13,937,379</u>	<u>15,095,899</u>

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2009**

	<u>2009</u>	<u>2008</u>
Program Expenses:		
General Government	\$ 884,814	\$1,362,147
Security of Persons	5,748,681	5,163,027
Leisure Time Activities	845,424	1,011,930
Community Environment	1,690,731	1,423,984
Transportation	797,190	1,166,127
Interest and Fiscal Charges	163,100	175,492
Water	1,530,716	1,549,443
Sewer	1,169,942	1,299,157
Refuse	690,833	690,800
Pool	<u>235,186</u>	<u>235,515</u>
Total Expenses	<u>13,756,617</u>	<u>14,077,622</u>
Other:		
Transfers-In	27,500	10,000
Transfers-Out	<u>(27,500)</u>	<u>(10,000)</u>
Total Transfers	<u>0</u>	<u>0</u>
Net Increase in Net Assets	<u>\$ 180,762</u>	<u>\$ 1,018,277</u>

Revenues decreased 7.7 % mainly due to a 10.4% decrease in income tax. Expenses decreased 2.3%.

Governmental Activities

NET ASSETS

	<u>2009</u>	<u>2008</u>
Assets:		
Current and Other Assets	\$7,987,587	\$ 6,686,941
Capital Assets	<u>18,323,483</u>	<u>18,270,434</u>
Total Assets	<u>26,311,070</u>	<u>24,957,375</u>
Liabilities:		
Long-Term Liabilities	4,567,247	4,803,140
Current and Other Liabilities	<u>2,576,496</u>	<u>1,165,348</u>
Total Liabilities	<u>7,143,743</u>	<u>5,968,488</u>
Net Assets:		
Invested in Capital Assets, Net of Debt	14,250,657	14,274,151
Restricted	1,422,879	1,338,890
Unrestricted	<u>3,493,791</u>	<u>3,375,846</u>
Total Net Assets	<u>\$19,167,327</u>	<u>\$18,988,887</u>

Governmental Activities' net assets increased .9% in 2009.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2009**

CHANGE IN NET ASSETS

Revenues	<u>2009</u>	<u>2008</u>
Program Revenues:		
Charges for Services and Sales	\$1,385,318	\$1,655,601
Capital Grants and Contributions	195,048	494,469
Operating Grants and Contributions	<u>158,404</u>	<u>76,230</u>
Total Program Revenues	<u>1,738,770</u>	<u>2,226,300</u>
General Revenues:		
Income Taxes	6,249,398	6,975,186
Property Taxes	1,324,154	1,366,731
Unrestricted Grants and Entitlements	581,219	678,433
Investment Earnings	39,654	70,368
Refunds and Reimbursements	<u>402,685</u>	<u>387,211</u>
Total General Revenue	<u>8,597,110</u>	<u>9,477,929</u>
 Total Revenues	 <u>10,335,880</u>	 <u>11,704,229</u>
Program Expenses:		
General Government	884,814	1,362,147
Security of Persons	5,748,681	5,163,027
Leisure Time Activities	845,424	1,011,930
Community Environment	1,690,731	1,423,984
Transportation	797,190	1,166,127
Interest and Fiscal Charges	<u>163,100</u>	<u>175,492</u>
 Total Expenses	 <u>10,129,940</u>	 <u>10,302,707</u>
Other:		
Transfers-Out	<u>(27,500)</u>	<u>(10,000)</u>
 Total Other	 (27,500)	 (10,000)
 Change in Net Assets	 178,440	 1,391,522
 Beginning Net Assets	 <u>18,988,887</u>	 <u>17,597,365</u>
 Ending Net Assets	 <u>\$ 19,167,327</u>	 <u>\$ 18,988,887</u>

Total revenues declined 11.7% with the largest revenue stream, income tax, falling 10.4%. This decrease is a direct result of a weak local economy. Income tax was \$6,249,398 representing 60.5% of total revenue compared to 59.6% in 2008. Total expenditures decreased 1.7%. The transfer-out activities came from the general fund to provide resources for the pool operation in the business-type activities.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2009**

Program Expenses Percentage breakdown:

	<u>2009</u>		<u>2008</u>	
General Government	\$ 884,814	8.7%	\$ 1,362,147	13.2%
Security of Persons	5,748,681	56.8%	5,163,027	50.1%
Leisure Time Activities	845,424	8.3%	1,011,930	9.8%
Community Environment	1,690,731	16.7%	1,423,984	13.9%
Transportation	797,190	7.9%	1,166,127	11.3%
Interest and Fiscal Charges	<u>163,100</u>	<u>1.6%</u>	<u>175,492</u>	<u>1.7%</u>
Totals	<u>\$ 10,129,940</u>	<u>100%</u>	<u>\$ 10,302,707</u>	<u>100%</u>

The largest program expense is Security of Persons at 56.8% primarily represents the operation of the police and fire departments. These expenses were partially funded by \$577,081 in direct charges to users of service. Security of Persons also had the largest increase from 50.1% to 56.8%.

	Total Cost of Services <u>2009</u>	Net Expense <u>2009</u>	Total Cost of Services <u>2008</u>	Net Expense (Revenue) <u>2008</u>
Program Expenses:				
General Government	\$ 884,814	\$ 749,356	\$ 1,362,147	\$ 1,215,096
Security of Persons	5,748,681	5,131,740	5,163,027	4,409,281
Leisure Time Activities	845,424	771,324	1,011,930	944,209
Community Environment	1,690,731	1,553,023	1,423,984	1,202,096
Transportation	797,190	22,627	1,166,127	130,233
Interest and Fiscal Charges	<u>163,100</u>	<u>163,100</u>	<u>175,492</u>	<u>175,492</u>
Total	<u>\$ 10,129,940</u>	<u>\$ 8,391,170</u>	<u>\$10,302,707</u>	<u>\$ 8,076,407</u>

As detailed in the above table, the programs are 83% and 78% dependent on general revenues for 2009 and 2008 respectively.

Business-Type Activities

The Business-Type activities include the water, sewer, refuse and pool enterprise funds.

NET ASSETS

	<u>2009</u>	<u>2008</u>
Assets:		
Current and Other Assets	\$ 2,172,310	\$ 1,976,273
Capital Assets	<u>5,596,783</u>	<u>6,078,141</u>
Total Assets	<u>7,769,093</u>	<u>8,054,414</u>

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2009**

Liabilities:

Long-Term Liabilities	3,531,147	3,933,916
Current and Other Liabilities	<u>383,923</u>	<u>268,797</u>
Total Liabilities	<u>3,915,070</u>	<u>4,202,713</u>

Net Assets:

Invested in Capital Assets, Net of Debt	2,000,068	2,289,230
Unrestricted	<u>1,853,955</u>	<u>1,562,471</u>
Total Net Assets	<u>\$ 3,854,023</u>	<u>\$ 3,851,701</u>

In 2009 the Business-Type Activities' net assets increased \$2,322.

CHANGE IN NET ASSETS

	<u>2009</u>	<u>2008</u>
Revenues		
Program Revenues:		
Charges for Services	<u>\$ 3,553,843</u>	<u>\$ 3,323,064</u>
General Revenues:		
Investment Earnings	21,232	41,330
Other	<u>26,424</u>	<u>27,276</u>
Total General Revenue	<u>47,656</u>	<u>68,606</u>
Total Revenues	<u>3,601,499</u>	<u>3,391,670</u>
Program Expenses:		
Water	1,530,716	1,549,443
Sewer	1,169,942	1,299,157
Refuse	690,833	690,800
Nonmajor – Pool	<u>235,186</u>	<u>235,515</u>
Total Expenses	<u>3,626,677</u>	<u>3,774,915</u>
Transfers-In	<u>27,500</u>	<u>10,000</u>
Changes in Net Assets	<u>\$ 2,322</u>	<u>(\$ 373,245)</u>

Business-Type operations had \$3,601,499 total revenues, \$27,500 of transfers-in against \$3,626,677 of total expense in 2009. Most of the 6.2% increase in revenues was generated from increases in sewer charges for service. Expenses decreased 3.9%.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2009**

Financial Analysis of the Government Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at year-end.

The City's governmental funds reported a combined fund balance of \$3,551,801 and \$3,875,617 in 2009 and 2008 respectively. The schedule below shows the fund balances and the total change in fund balances as of December 31, 2009 for all major and nonmajor governmental funds.

	<u>2009</u>	<u>2008</u>
Major Funds:		
General	\$2,526,667	\$2,098,092
Street Improvement	92,877	169,722
Half % Fund	440,718	388,571
Other Nonmajor Governmental Funds	<u>491,539</u>	<u>1,219,232</u>
Total	<u>\$ 3,551,801</u>	<u>\$ 3,875,617</u>

General Fund

The City's general fund balance increased \$428,575.

	<u>2009</u>	<u>2008</u>
Revenues		
Local Taxes	\$5,787,368	\$6,103,242
Intergovernmental	506,343	666,905
Charges for Services	153,594	334,141
Investment Earnings	25,085	48,743
Fines and Forfeitures	333,120	227,288
License and Permits	51,635	107,563
Other	<u>306,756</u>	<u>235,742</u>
Total Revenue	<u>\$ 7,163,901</u>	<u>\$ 7,723,624</u>

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2009**

	<u>2009</u>	<u>2008</u>
Expenditures		
General Government	\$ 829,903	\$1,251,992
Security of Persons	4,681,042	4,346,900
Leisure Time Activities	661,900	724,988
Community Environment	<u>608,589</u>	<u>576,474</u>
Total Expenses	<u>\$ 6,781,434</u>	<u>\$ 6,900,354</u>

The expenditures decreased 1.7% versus a 7.2% decrease in revenue. The revenue decrease was mainly from dropping income tax from a weak local economy.

Other Major Funds

The Street Improvement Fund expenditures of \$587,672 exceeded \$169,304 of revenue and \$341,523 of transfers-in by \$76,845. This brought the fund balance down to \$92,877.

The Half Percent Fund revenue of \$1,473,676 exceeded transfers-out of \$1,421,529 by \$52,147. This increased the 2009 fund balance to \$440,718.

Budgeting Highlights

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations, which are restricted by the amounts of anticipated revenues certified by the Montgomery County Budget Commission in accordance with the ORC. If the budgeted revenues are adjusted due to actual activity, then the appropriations can be adjusted accordingly.

The budgetary information is presented for only the general fund.

In the general fund, the actual revenues of \$7,272,244 were less than the final budget of \$8,053,489 by \$781,245. The major factor in this negative variance was sharp declines in income tax revenue. The general fund final expenditures and transfers-out budget increased \$72,250 over the original budget. Overall actual expenditures of \$7,250,623 were less than the final budget of \$8,598,000 by \$1,347,377. The overall net positive variance, including transfers totaled \$351,261.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities. The major proprietary funds are Water, Sewer, and Refuse.

The Water Fund operating revenue of \$1,401,327 exceeded operating expenses of \$1,398,566 producing operating income of \$2,761. After factoring in non-operating activity, net assets decreased \$124,930 from \$1,808,186 in 2008 to \$1,683,256 in 2009.

The Sewer Fund Net Assets rose \$219,242 from \$1,257,521 to \$1,476,763. User fees were adjusted in 2009.

The Refuse Fund revenues of \$644,253 were outpaced by expenses of \$690,833 generating an operating loss of \$46,580. After including investment earnings totaling \$3,572, net assets decreased to \$358,557 in 2009 from \$401,565 in 2008.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2009**

CAPITAL ASSETS

A two-year comparison of capital asset balances, net of accumulated depreciation, for 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
<u>Governmental Activities</u>		
Land	\$ 3,494,881	\$ 3,461,376
Building and Improvements	7,246,206	7,736,336
Machinery and Equipment	2,174,302	1,822,199
Infrastructure	<u>5,408,094</u>	<u>5,250,523</u>
Total	<u>\$ 18,323,483</u>	<u>\$ 18,270,434</u>
	<u>2009</u>	<u>2008</u>
<u>Business-Type Activities</u>		
Land	\$ 53,500	\$ 53,500
Building and Improvements	4,165,534	4,499,406
Machinery and Equipment	265,682	316,237
Infrastructure	<u>1,112,067</u>	<u>1,208,998</u>
Total	<u>\$ 5,596,783</u>	<u>\$ 6,078,141</u>
	<u>2009</u>	<u>2008</u>
City as a Whole	<u>\$ 23,920,266</u>	<u>\$ 24,348,575</u>

A detailed summary of capital asset activity for the year ended December 31, 2009 is disclosed in note 8.

Debt Administration

Short-Term

	<u>2009</u>	<u>2008</u>
Governmental Activities	\$ 400,000	\$ 0

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2009**

<u>Long-Term</u>	<u>2009</u>	<u>2008</u>
Governmental Activities	\$ 4,567,247	\$ 4,803,140
Business-Type Activities	<u>3,743,964</u>	<u>3,933,916</u>
Total	<u>\$ 8,311,211</u>	<u>\$ 8,737,056</u>
Due Within One Year	\$ <u>1,001,942</u>	\$ <u>932,235</u>

Detailed long-term debt information is disclosed in note 12.

Contacting the City's Financial Management

The financial report is designed to provide our citizen's, taxpayers, investors, and creditors with a general overview of the City's finances while showing accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the Finance Director, City of West Carrollton, 300 E. Central Ave., West Carrollton, Ohio 45449.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

STATEMENT OF NET ASSETS

AS OF DECEMBER 31, 2009

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Equity in Pooled Cash & Investments	\$2,907,627	\$1,318,881	\$4,226,508
Receivables (Net)			
Taxes	2,674,343	0	2,674,343
Accounts	78,282	809,912	888,194
Intergovernmental	1,829,784	0	1,829,784
Special Assessments	447,275	0	447,275
Loan	45,365	0	45,365
Accrued Interest	2,860	1,582	4,442
Prepaid Items	2,051	0	2,051
Inventory	0	41,935	41,935
Nondepreciable Capital Assets	3,494,881	53,500	3,548,381
Depreciable Capital Assets, Net	14,828,602	5,543,283	20,371,885
 Total Assets	 26,311,070	 7,769,093	 34,080,163
LIABILITIES:			
Accounts Payable	49,099	35,472	84,571
Accrued Wages and Benefits	313,577	56,171	369,748
Accrued Pensions	147,109	14,491	161,600
Accrued Interest	12,631	64,972	77,603
Deferred Revenue	1,654,080	0	1,654,080
Note Payable	400,000	0	400,000
Long-term Liabilities:			
Due Within One Year	789,125	212,817	1,001,942
Due In More Than One Year	3,778,122	3,531,147	7,309,269
 Total Liabilities	 7,143,743	 3,915,070	 11,058,813
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	14,250,657	2,000,068	16,250,725
Restricted for:			
Debt Service	80,082	0	80,082
Special Revenue	662,805	0	662,805
Capital Project	679,992	0	679,992
Unrestricted	3,493,791	1,853,955	5,347,746
 Total Net Assets	 \$19,167,327	 \$3,854,023	 \$23,021,350

See accompanying notes to the basic financial statements.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2009

	Program Revenues				Net Revenue (Expense) and Changes in Net Assets		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Government Activities							
General Government	\$884,814	\$60,756	\$74,702	\$0	(\$749,356)	\$0	(\$749,356)
Security of Persons	5,748,681	577,081	3,860	36,000	(5,131,740)	0	(5,131,740)
Leisure Time Activities	845,424	50,256	23,844	0	(771,324)	0	(771,324)
Community Environment	1,690,731	92,387	0	45,321	(1,553,023)	0	(1,553,023)
Transportation	797,190	604,838	55,998	113,727	(22,627)	0	(22,627)
Interest and Fiscal Charges	163,100	0	0	0	(163,100)	0	(163,100)
Total Government Activities	10,129,940	1,385,318	158,404	195,048	(8,391,170)	0	(8,391,170)
Business-Type Activities							
Water	1,530,716	1,391,138	0	0	0	(139,578)	(139,578)
Sewer	1,169,942	1,365,876	0	0	0	195,934	195,934
Refuse	690,833	639,232	0	0	0	(51,601)	(51,601)
Pool	235,186	157,597	0	0	0	(77,589)	(77,589)
Total Business-Type Activities	\$3,626,677	\$3,553,843	\$0	\$0	0	(72,834)	(72,834)
General Revenues:							
Income Taxes					6,249,398	0	6,249,398
Property Taxes Levied for:							
General Purposes					1,217,394	0	1,217,394
Special Revenue Purposes					106,760	0	106,760
Grants and Entitlements not Restricted					581,219	0	581,219
Investment Earnings					39,654	21,232	60,886
Refunds and Reimbursements					402,685	0	402,685
Other					0	26,424	26,424
Total General Revenues					8,597,110	47,656	8,644,766
Other:							
Transfer-In					0	27,500	27,500
Transfers-Out					(27,500)	0	(27,500)
Total Other					(27,500)	27,500	0
Change in Net Assets					178,440	2,322	180,762
Net Assets Beginning of the Year					18,988,887	3,851,701	22,840,588
Net Assets End of Year					\$19,167,327	\$3,854,023	\$23,021,350

See accompanying notes to the basic financial statements.

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS

AS OF DECEMBER 31, 2009

	GENERAL	STREET IMPROVEMENT	HALF PERCENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Pooled Cash & Investments	\$1,843,569	\$94,206	\$273,731	\$696,121	\$2,907,627
Receivables (Net)					
Taxes	2,270,278	0	299,990	104,075	2,674,343
Accounts	78,282	0	0	0	78,282
Intergovernmental	267,913	1,031,185	0	530,686	1,829,784
Special Assessments	0	0	0	447,275	447,275
Loans	0	0	0	45,365	45,365
Accrued Interest	1,826	0	535	499	2,860
Due from Other Funds	0	0	52,513	0	52,513
Prepaid Items	2,051	0	0	0	2,051
Advance to Other Funds	0	0	287,307	0	287,307
Total Assets	<u>\$4,463,919</u>	<u>\$1,125,391</u>	<u>\$914,076</u>	<u>\$1,824,021</u>	<u>\$8,327,407</u>
LIABILITIES:					
Accounts Payable	\$22,271	\$1,329	\$0	\$25,499	\$49,099
Accrued Wages and Benefits	292,392	0	0	21,185	313,577
Accrued Pensions	141,568	0	0	5,541	147,109
Compensated Absences	29,630	0	0	2,160	31,790
Due to Other Funds	0	0	0	52,513	52,513
Advance from Other Funds	0	0	0	287,307	287,307
Note Payable	0	0	0	400,000	400,000
Deferred Revenue	1,451,391	1,031,185	473,358	538,277	3,494,211
Total Liabilities	<u>1,937,252</u>	<u>1,032,514</u>	<u>473,358</u>	<u>1,332,482</u>	<u>4,775,606</u>
FUND BALANCES:					
Fund Balance:					
Reserved for Encumbrances	44,691	91,980	0	67,496	204,167
Reserved for Prepaids	2,051	0	0	0	2,051
Reserved for Advances	0	0	287,307	0	287,307
Reserved for Loans	0	0	0	56,998	56,998
Reserved for Debt Service	0	0	0	80,082	80,082
Unreserved Reported in:					
General Fund	2,479,925	0	0	0	2,479,925
Special Revenue Funds	0	0	0	208,560	208,560
Capital Project Funds	0	897	153,411	78,403	232,711
Total Fund Balances	<u>2,526,667</u>	<u>92,877</u>	<u>440,718</u>	<u>491,539</u>	<u>3,551,801</u>
Total Liabilities and Fund Balances	<u>\$4,463,919</u>	<u>\$1,125,391</u>	<u>\$914,076</u>	<u>\$1,824,021</u>	<u>\$8,327,407</u>

See accompanying notes to the basic financial statements.

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES

AS OF DECEMBER 31, 2009

Total Governmental Fund Balance	\$3,551,801
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	18,323,483
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	1,840,131
In the statement of net assets, interest is accrued, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.	(12,631)
Some liabilities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.	(862,631)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(3,672,826)</u>
Net Assets of Governmental Activities	<u><u>\$19,167,327</u></u>

See accompanying notes to the basic financial statements.

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2009

	GENERAL	STREET IMPROVEMENT	HALF PERCENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local Taxes	\$5,787,368	\$0	\$1,441,292	\$103,450	\$7,332,110
Special Assessments	0	0	23,250	84,996	108,246
Charges for Services	153,594	0	0	85,626	239,220
Intergovernmental	506,343	113,727	0	919,662	1,539,732
Investment Earnings	25,085	0	9,134	5,435	39,654
Fines & Forfeitures	333,120	0	0	17,063	350,183
License & Permits	51,635	0	0	0	51,635
Other Revenue	306,756	55,577	0	83,230	445,563
Total Revenues	7,163,901	169,304	1,473,676	1,299,462	10,106,343
EXPENDITURES:					
General Government	829,903	0	0	27,025	856,928
Security of Persons	4,681,042	0	0	1,009,665	5,690,707
Leisure Time Activities	661,900	0	0	179,481	841,381
Community Environment	608,589	587,672	0	542,651	1,738,912
Transportation	0	0	0	787,126	787,126
Debt Service:					
Principal	0	0	0	323,457	323,457
Interest & Fiscal Charges	0	0	0	164,148	164,148
Total Expenditures	6,781,434	587,672	0	3,033,553	10,402,659
Excess (Deficiency) of Revenue Over/(Under) Expenditures	382,467	(418,368)	1,473,676	(1,734,091)	(296,316)
Other Financing Sources (Uses):					
Transfers-In	400,000	341,523	0	1,406,398	2,147,921
Transfers-Out	(353,892)	0	(1,421,529)	(400,000)	(2,175,421)
Total Other Financing Sources (Uses)	46,108	341,523	(1,421,529)	1,006,398	(27,500)
Net Change in Fund Balance(Deficit)	428,575	(76,845)	52,147	(727,693)	(323,816)
Fund Balance - Beginning of Year	2,098,092	169,722	388,571	1,219,232	3,875,617
Fund Balance - End of Year	\$2,526,667	\$92,877	\$440,718	\$491,539	\$3,551,801

See accompanying notes to the basic financial statements.

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT
OF ACTIVITIES CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES**

FOR THE YEAR ENDED DECEMBER 31, 2009

Net Change in Fund Balance - Total Governmental Funds	(\$323,816)
Amounts reported for governmental activities in the statement of activities are different because:	
The difference between governmental funds reporting capital outlays as expenditures while the in the statement of activities, those costs are allocated over the capital assets' estimated useful lives as depreciation expense.	
	53,049
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	229,537
In the statement of activities, interest is accrued, In governmental funds interest expenditures are reported when due.	1,048
Repayment of long-term debt is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net assets.	323,457
In the statement of activities, certain costs and proceeds associated with long-term debt obligations issued during the year are accrued and amortized over the life of the debt obligation. In governmental funds these costs and proceeds are recognized as financing sources and uses.	(28,292)
Some expenses, such as compensated absences, do not require the use of current financial resources and therefore are not reported as an expenditure in governmental funds.	<u>(76,543)</u>
Change in Net Assets of Governmental Activities	<u><u>\$178,440</u></u>

See accompanying notes to the basic financial statements.

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET
REVENUES:				
Local Taxes	\$6,390,600	\$6,519,589	\$5,841,018	(678,571)
Charges for Services	279,500	279,500	267,713	(11,787)
Intergovernmental	684,500	684,500	445,387	(239,113)
Investment Earnings	45,000	45,000	26,615	(18,385)
Fines & Forfeitures	300,000	300,000	333,120	33,120
Licenses & Permits	44,500	44,500	51,635	7,135
Other Revenue	180,400	180,400	306,756	126,356
Total Revenues	7,924,500	8,053,489	7,272,244	(781,245)
EXPENDITURES:				
Council - Personnel Services	25,000	25,000	24,422	578
Council - Other	14,000	14,000	12,031	1,969
Mayor - Personnel Services	140,000	140,000	110,871	29,129
Mayor - Other	15,000	15,000	6,072	8,928
Law - Personnel Services	42,000	51,000	48,871	2,129
Law - Other	20,000	43,000	42,233	767
City Manager - Personnel Services	275,000	275,000	252,482	22,518
City Manager - Other	32,000	32,000	14,184	17,816
Finance - Personnel Services	195,000	195,000	179,736	15,264
Finance - Other	20,000	20,000	13,699	6,301
Income Tax - Personnel Services	220,000	220,000	210,112	9,888
Income Tax - Other	40,000	40,000	19,795	20,205
Police - Personnel Services	2,600,000	2,600,000	2,548,451	51,549
Police - Other	800,000	800,000	252,129	547,871
Fire - Personnel Services	1,500,000	1,500,000	1,312,282	187,718
Fire - Other	200,000	200,000	144,246	55,754
Building Inspection - Personnel Services	220,000	220,000	167,171	52,829
Building Inspection - Other	85,000	95,000	57,271	37,729
Economic Development - Personnel Services	155,000	145,000	120,402	24,598
Economic Development - Other	15,000	25,000	19,279	5,721
Parks and Recreation - Personnel Services	555,000	555,000	482,834	72,166
Parks and Recreation - Other	175,000	175,000	121,703	53,297
Planning - Personnel Services	180,000	180,000	165,700	14,300
Planning - Other	28,000	28,000	17,030	10,970
Building Maintenance - Personnel Services	165,000	165,000	147,465	17,535
Building Maintenance - Other	256,000	256,000	193,295	62,705
Other Services - Other	553,750	584,000	566,857	17,143
Total Expenditures	8,525,750	8,598,000	7,250,623	1,347,377
Excess (Deficiency) of Revenues Over (Under) Expenditures	(601,250)	(544,511)	21,621	566,132
Other Financing Sources (Uses):				
Debt Proceeds	70,000	70,000	400,000	330,000
Transfers-In	427,500	427,500	427,654	154
Transfers-Out	(375,000)	(375,000)	(353,893)	21,107
Total Other Financing Sources (Uses)	122,500	122,500	473,761	351,261
Net Change in Fund Balance	(478,750)	(422,011)	495,382	917,393
Fund Balance - Beginning of the Year (includes prior year appropriated encumbrances)	1,303,496	1,303,496	1,303,496	0
Fund Balance - End of the Year	\$824,746	\$881,485	\$1,798,878	\$917,393

See accompanying notes to the basic financial statements.

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

AS OF DECEMBER 31, 2009

	<u>Business-Type Activities - Proprietary Funds</u>				TOTAL PROPRIETARY FUNDS
	WATER FUND	SEWER FUND	REFUSE FUND	NONMAJOR POOL FUND	
ASSETS:					
Equity in Pooled Cash & Investments	\$307,979	\$923,212	\$86,342	\$1,348	\$1,318,881
Receivables (Net)					
Accounts	346,123	311,856	151,933	0	809,912
Accrued Interest	366	980	236	0	1,582
Inventory	30,585	11,350	0	0	41,935
Total Current Assets	<u>685,053</u>	<u>1,247,398</u>	<u>238,511</u>	<u>1,348</u>	<u>2,172,310</u>
Nondepreciable Capital Assets	29,500	24,000	0	0	53,500
Depreciable Capital Assets, Net	4,699,441	336,048	172,834	334,960	5,543,283
Total Assets	<u>5,413,994</u>	<u>1,607,446</u>	<u>411,345</u>	<u>336,308</u>	<u>7,769,093</u>
LIABILITIES:					
Accounts Payable	7,648	4,891	22,072	861	35,472
Accrued Wages and Benefits	21,345	23,559	11,267	0	56,171
Accrued Interest	64,972	0	0	0	64,972
Accrued Pensions	5,059	6,856	2,576	0	14,491
Compensated Absences	2,910	10,213	950	0	14,073
Loan Payable Due Within One Year	198,744	0	0	0	198,744
Total Current Liabilities	<u>300,678</u>	<u>45,519</u>	<u>36,865</u>	<u>861</u>	<u>383,923</u>
Long-term Liabilities					
Compensated Absences	32,089	85,164	15,923	0	133,176
Loans Payable	3,397,971	0	0	0	3,397,971
Total Liabilities	<u>3,730,738</u>	<u>130,683</u>	<u>52,788</u>	<u>861</u>	<u>3,915,070</u>
NET ASSETS:					
Invested in Capital Assets, Net of Debt	1,132,226	360,048	172,834	334,960	2,000,068
Unrestricted	551,030	1,116,715	185,723	487	1,853,955
Total Net Assets	<u>\$1,683,256</u>	<u>\$1,476,763</u>	<u>\$358,557</u>	<u>\$335,447</u>	<u>\$3,854,023</u>

See accompanying notes to the basic financial statements.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Business-Type Activities - Proprietary Funds</u>				TOTAL PROPRIETARY FUNDS
	WATER FUND	SEWER FUND	REFUSE FUND	NONMAJOR POOL FUND	
Operating Revenues:					
Charges for Services	\$1,391,138	\$1,365,876	\$639,232	\$157,597	\$3,553,843
Other	10,189	10,157	5,021	1,057	26,424
Total Operating Revenues	<u>1,401,327</u>	<u>1,376,033</u>	<u>644,253</u>	<u>158,654</u>	<u>3,580,267</u>
Operating Expenses:					
Personal Services	651,206	777,812	313,340	101,851	1,844,209
Contractual Services	18,119	105,420	297,299	1,349	422,187
Material and Supplies	206,545	138,972	38,199	54,324	438,040
Utilities	163,379	88,153	0	22,623	274,155
Depreciation	358,997	59,479	41,897	50,813	511,186
Other	320	106	98	4,226	4,750
Total Operating Expenses	<u>1,398,566</u>	<u>1,169,942</u>	<u>690,833</u>	<u>235,186</u>	<u>3,494,527</u>
Operating Income (Loss)	<u>2,761</u>	<u>206,091</u>	<u>(46,580)</u>	<u>(76,532)</u>	<u>85,740</u>
Non-Operating Revenues(Expense):					
Transfer-In	0	0	0	27,500	27,500
Investment Earnings	4,459	13,151	3,572	50	21,232
Interest Expense	(132,150)	0	0	0	(132,150)
Total Non-Operating Revenues(Expense)	<u>(127,691)</u>	<u>13,151</u>	<u>3,572</u>	<u>27,550</u>	<u>(83,418)</u>
Change in Net Assets	<u>(124,930)</u>	<u>219,242</u>	<u>(43,008)</u>	<u>(48,982)</u>	<u>2,322</u>
Net Assets Beginning of the Year	<u>1,808,186</u>	<u>1,257,521</u>	<u>401,565</u>	<u>384,429</u>	<u>3,851,701</u>
Net Assets End of the Year	<u>\$1,683,256</u>	<u>\$1,476,763</u>	<u>\$358,557</u>	<u>\$335,447</u>	<u>\$3,854,023</u>

See accompanying notes to the basic financial statements.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Business-Type Activities - Enterprise Funds</u>				TOTAL PROPRIETARY FUNDS
	WATER FUND	SEWER FUND	REFUSE FUND	NONMAJOR POOL FUND	
Increase (Decrease) in Cash and Cash Equivalents					
Cash Flows from Operating Activities:					
Cash Received from Charges for Services	\$1,370,505	\$1,396,710	\$639,362	\$157,597	\$3,564,174
Cash Received from Other Operating Services	10,189	10,157	5,021	1,057	26,424
Cash Payments for Personal Services	(647,651)	(772,732)	(314,902)	(101,851)	(1,837,136)
Cash Payments for Contractual Services	(19,768)	(167,243)	(297,418)	(1,648)	(486,077)
Cash Payments for Material and Supplies	(213,526)	(138,471)	(40,745)	(54,324)	(447,066)
Cash Payments for Utilities	(177,428)	(95,192)	0	(23,569)	(296,189)
Cash Payments for Other Expenses	(320)	(106)	(98)	(4,226)	(4,750)
Net Cash Provided by (Used in) Operating Activities	<u>322,001</u>	<u>233,123</u>	<u>(8,780)</u>	<u>(26,964)</u>	<u>519,380</u>
Cash Flows from Noncapital Financing Activities:					
Transfers from Other Funds	0	0	0	27,500	27,500
Net Cash Provided by Noncapital Financing Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>27,500</u>	<u>27,500</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition of Capital Assets	0	(27,079)	0	(2,749)	(29,828)
Debt Principal Payments	(192,196)	0	0	0	(192,196)
Debt Interest Payments	(135,395)	0	0	0	(135,395)
Net Cash Used for Capital and Related Financing Activities	<u>(327,591)</u>	<u>(27,079)</u>	<u>0</u>	<u>(2,749)</u>	<u>(357,419)</u>
Cash Flows from Investing Activities:					
Interest Earnings	5,009	13,727	3,860	58	22,654
Net Cash Provided by Investing Activities	<u>5,009</u>	<u>13,727</u>	<u>3,860</u>	<u>58</u>	<u>22,654</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(581)	219,771	(4,920)	(2,155)	212,115
Cash and Cash Equivalents at Beginning of the Year	<u>308,560</u>	<u>703,441</u>	<u>91,262</u>	<u>3,503</u>	<u>1,106,766</u>
Cash and Cash Equivalents at End of the Year	<u><u>\$307,979</u></u>	<u><u>\$923,212</u></u>	<u><u>\$86,342</u></u>	<u><u>\$1,348</u></u>	<u><u>\$1,318,881</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating Income (Loss)	\$2,761	\$206,091	(\$46,580)	(\$76,532)	\$85,740
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	358,997	59,479	41,897	50,813	511,186
(Increase) Decrease in Accounts Receivable	(20,633)	30,834	130	0	10,331
(Increase) Decrease in Inventory	5,430	(1,105)	0	0	4,325
Increase (Decrease) in Accounts Payable	(28,109)	(67,256)	(2,665)	(1,245)	(99,275)
Increase (Decrease) in Accrued Wages and Benefits	2,046	1,417	1,126	0	4,589
Increase (Decrease) in Accrued Pensions	(426)	3,133	136	0	2,843
Increase (Decrease) in Deferred Revenue	0	0	0	0	0
Increase (Decrease) in Compensated Absences	1,935	530	(2,824)	0	(359)
Total Adjustments	<u>319,240</u>	<u>27,032</u>	<u>37,800</u>	<u>49,568</u>	<u>433,640</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$322,001</u></u>	<u><u>\$233,123</u></u>	<u><u>(\$8,780)</u></u>	<u><u>(\$26,964)</u></u>	<u><u>\$519,380</u></u>

See accompanying notes to the basic financial statements.

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

AS OF DECEMBER 31, 2009

	<u>AGENCY FUNDS</u>
ASSETS:	
Segregated Cash & Investments	\$ 31,404
Receivables (Net) Taxes	<u>1,199,961</u>
Total Assets	<u>\$ 1,231,365</u>
LIABILITIES:	
Accounts Payable	104
Deferred Revenue	\$ 534,153
Undistributed Monies	<u>697,108</u>
Total Liabilities	<u>\$ 1,231,365</u>

See accompanying notes to the basic financial statements.

**CITY OF WEST CARROLLTON
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY AND REPORTING ENTITY

The City of West Carrollton, (the "City") is a home rule municipal corporation under the laws of the State of Ohio and operates under its own Charter. The current Charter, which provides for a Council/Manager form of government, was adopted in 1967 and has subsequently been amended.

The City provides various services as authorized by its charter including police and fire protection, parks, recreation, street maintenance, planning and development, zoning and general government services. Educational services are provided by West Carrollton City School District. The District is a separate governmental entity and its financial statements are not included in this audit report.

The financial reporting entity consists of the primary government and other organizations that are included to ensure the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City.

The Miami Valley Risk Management Association (MVRMA) is a jointly governed organization established as a joint self-insurance pool for the purpose of enabling the subscribing political subdivisions to obtain liability insurance and providing a formalized, jointly administered self-insurance fund for its members. Also, the Miami Valley Fire/EMS Alliance is a jointly governed organization among thirty townships, cities, and other public entities that was formed on April 1, 1995. See Notes 9 and 13.

The City does not have component units as defined in Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units."

B. BASIS OF PRESENTATION

The financial reporting practices of the City conform to accounting principles generally accepted in the United States of America (GAAP) for the local governments as prescribed by the Governmental Accounting Standards Board (GASB). Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretation issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided that they do not conflict with or contradict GASB pronouncements. The City has the option to also apply FASB Statements and Interpretations issued after November 30, 1989 to its business type and enterprise funds, subject to the same limitations. The City has elected not to apply them. The following is a summary of its significant accounting policies:

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type

**CITY OF WEST CARROLLTON
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function for both the governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and are clearly identifiable to a particular function. Program revenues include charges paid for goods or services, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds for financial management purposes and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The focus of the fund financial statements is on major funds with each displayed in a separate column. All remaining governmental are aggregated and reported as nonmajor funds.

Governmental Funds

The City reports the following major governmental funds:

General Fund – This fund is the general operating fund of the City covering services such as police, fire, emergency medical services, parks and recreations, and economic development. It is used to account for all financial resources except those required to be accounted for in another fund.

Street Improvement Fund – This capital project fund accounts for the acquisition or construction of major street projects.

Half Percent Fund – This capital project fund reports for the financial resources which mainly consists of ½% income tax to be transferred to other capital funds other than those financed by proprietary funds to be used for capital purposes.

The other governmental funds of the City account for resources that are generally restricted for a particular purpose.

Proprietary Funds

Proprietary funds reporting focuses on changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The City does not have any internal service funds.

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The City has three major proprietary funds as follows:

Water Fund – The water fund accounts for the water treatment and distribution to its residential and commercial users.

Sewer Fund – The sewer fund accounts for the provision of sanitary sewer service to the community.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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Refuse Fund – The refuse fund reports the waste collection operation.

The nonmajor pool fund as expected accounts for the City's pool operation.

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, unclaimed money funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City does not possess any trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's fiduciary funds account for mayor's court, bonds returnable fund, inspection fund, and income tax holding account.

C. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Government-wide, proprietary and fiduciary fund financial statements measure and report all assets (both financial and capital), liabilities, revenues, expenses, gains and losses using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (see Note 5). Revenue from property taxes is recognized in the year for which the taxes are levied (see Note 6). Revenue from grants, entitlements and donations is recognized in the 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 year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, fees and special

**CITY OF WEST CARROLLTON
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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assessments.

All governmental funds utilize a measurement focus based on current financial resources and use the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become measurable and available. "Measurable" means the amount of the transaction that can be determined and "available" means collectible within the current period or 31 days for City purposes. Revenues considered susceptible to accrual are community development block grants, delinquent property taxes, income tax and interest on investments. Property taxes levied before year-end are not recognized as revenue until the next calendar year. The fiscal period for which property taxes are levied at year-end in the State of Ohio is the succeeding calendar year.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for interest on unmatured general long-term debt, and on special assessment indebtedness collateralized by special assessment levies, which are recognized when due.

D. BUDGETARY PROCESS

1. Budget

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

2. Estimated Resources

The County Budget Commission certifies its actions to the City by September 1.

As part of this certification, the City receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1 this certificate is amended to include any unencumbered balances from the preceding fiscal year.

Prior to December 31, the City must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. The amounts reported in the General Fund budgetary statement represent the final estimated resources as certified by the County Budget Commission.

3. Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year, as new information becomes available. Appropriations may not exceed estimated resources. Unencumbered appropriations lapse at the end of the fiscal year. The amounts reported in the General Fund appropriations represent the final appropriations approved by City Council. As a matter of budgetary control, the appropriations ordinance generally controls expenditures at the department, personal services, and other level for all funds.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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4. Encumbrances

The City is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. Unencumbered appropriations lapse at the end of the year. Encumbrances outstanding at year-end are reported as reservations of fund balance for subsequent year expenditures.

5. Budgetary Basis of Accounting

While the City is 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, disbursements and encumbrances. The Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Non-GAAP Budgetary Basis) reported for the General Fund and special revenue major fund, Economic Development, are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

- 1) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- 2) Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- 3) Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
- 4) Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the budget basis operating statement.
- 5) Advances-in and advances-out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

The following table summarizes the adjustment necessary to reconcile the GAAP basis statement (as reported in the fund financial statements) to the budgetary basis statements for the general fund.

Net Change in Fund Balances

	<u>General Fund</u>
Budget Basis	\$ 495,382
Net Adjustment for revenue	(535,997)
Net Adjustment for expenditure	<u>469,190</u>
GAAP Basis	<u>\$ 428,575</u>

**CITY OF WEST CARROLLTON
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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E. POOLED CASH AND INVESTMENTS

Cash and investment balances of the City's funds, except cash held in segregated accounts, are pooled and invested in short-term investments in order to provide improved cash management. Investments are stated at fair value.

The fair value of investments was determined through the use of published market values. For purposes of the combined statement of cash flows and for presentation on the statement of net assets, investments with original maturities of three months or less are considered to be cash and cash equivalents. The general fund investment earnings totaled \$25,085.

F. INVENTORY

On the government-wide financial statements and proprietary funds, inventories are stated at the lower of cost or market on a first-in, first-out basis and are expensed when consumed.

G. CAPITAL ASSETS

The cost of normal repairs and maintenance that do not add value to the asset or materially extend its life are not capitalized in either the governmental or business-type activities. Assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value at the date donated. Only capital assets with a cost in excess of \$1,000 are capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Depreciation of capital assets is computed and recorded by the straight-line method over the estimated useful lives of the capital assets.

The estimated useful lives of the various classes of capital assets range as follows:

<u>Class</u>	<u>Estimated Useful Life</u>
Equipment	3 to 15 years
Buildings and improvements	20 to 30 years
Infrastructure	20 to 40 years

H. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from propriety funds are reported on the propriety fund 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, claims, judgments, and compensated absences 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

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payment during the current year.

I. COMPENSATED ABSENCES

The City 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 employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at fiscal year end taking into consideration any limits specified in the City's personnel manual.

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

For governmental funds, a liability is recorded for compensated absences only if they have matured such as an employee retirement or resignation. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J. INTERFUND TRANSACTIONS

During the course of normal operations, the City has numerous transactions among funds, most of which are in the form of transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. The classification of amounts recorded as subsidies, advances, or equity contributions is determined by City management. Transactions that would be accounted for as revenues, expenditures or expenses if they involved a party external to the government, are accounted for as revenues in the receiving fund and expenditures or expenses by the paying fund. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it, that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund, and as reductions of expenditures/expenses in the fund that is reimbursed. All other inter-fund transactions are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as equity transfers. All other inter-fund transfers are reported as operating transfers.

On fund financial statements, internal activity such as long-term interfund loans or disbursements are classified as "due to/from other funds" on the balance sheet. These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets.

K. FUND BALANCE RESERVES

Reserves indicate portions of fund equity legally segregated for a specific future use and cannot be appropriated for expenditures. The City reports reserves associated with encumbrances, prepaids, advances, loans, and debt service.

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L. NET ASSETS

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

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The City did not have net assets restricted by enabling legislation.

M. ESTIMATES

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

N. PREPAID ITEMS

Payments made to vendors for services that will benefit beyond year-end are recorded as prepaid expenditures. Prepayments are accounted for using the consumption method. On governmental 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 expendable resources even though it is a component of net current assets.

O. 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 Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the current year.

2. POOLED CASH AND INVESTMENTS

The City maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the Combined Balance sheet as Pooled Cash and Investments.

Legal Requirements: Pursuant to Division (L) of Section 135.01, Ohio Revised Code, any municipal corporation which has adopted a charter under Article XVIII, Ohio Constitution, may, by ordinance, set forth special provisions respecting the deposit or investment of its public monies. The City of West Carrollton adopted ordinances No. 2973, dated April 11, 1995, approving policies and procedures for selecting depositories and making investments.

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies

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must be maintained either as cash in the City 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 City Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

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bonds deposited with the City Auditor 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 City, 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 Finance Director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

STAR Ohio

STAR Ohio is a collateralized investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2009.

Deposits: At year-end, the carrying amount of the City's cash and deposits was \$3,337,335. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosure", as of December 31, 2009 \$3,025,835 of the City's \$3,737,703 bank balance was exposed to custodial risk as discussed below. The \$711,868 difference was covered by Federal Deposit Insurance. The remaining balance was uninsured and uncollateralized as defined by GASB even though it was covered by collateral held by third party trustees pursuant to Section 135.81, Ohio Revised Code, in single institution collateral pools securing all public funds on deposit with specific depository institutions.

Cash on Hand: At year-end, the City had \$875 cash on hand which is included in the financial statements of the City as part of "Pooled Cash & Investments".

As of December 31, 2009 the City had the following investments and maturities.

<u>Investment Type</u>	<u>Carrying/ Fair Value</u>	<u>Investment Maturities (in Years)</u>		<u>% of Total</u>
		<u>Less than 1</u>	<u>1 to 3</u>	
Money Market Funds	\$ 5,133	\$ 5,133		.5
Star Ohio	872,431	872,431		94.9
FFCB	<u>42,138</u>	<u>0</u>	<u>\$ 42,138</u>	<u>4.6</u>
Total	<u>\$ 919,702</u>	<u>\$ 877,564</u>	<u>\$ 42,138</u>	<u>100.0</u>

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

Credit Risk: The City's investments in federal agency securities carry a rating of AAA by Standard & Poor's and Aaa by Moody's. Standard & Poor's has assigned STAR Ohio an AAAM money market rating.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City 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 City's name. The City 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 City's investment policy places a 50% limit on the amount that may be invested with one issuer.

Reconciliation of Cash and Investments to the Statement of Net Assets

Cash and Investments per Footnote

Carrying Amount of Deposits	\$ 3,337,335
Investments	919,702
Cash on Hand	875
Total	<u>\$ 4,257,912</u>

Cash and Investments per Statement of Net Assets

Government Activities	\$ 2,907,627
Business-Type Activities	1,318,881
Fiduciary Funds	<u>31,404</u>
Total	<u>\$ 4,257,912</u>

3. PROPERTY TAX

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the City. Property taxes are levied each December 31 on the assessed value listed as of the prior December 31. Assessed values are established at 35% of true value for real property, 100% of true value for public utility property, and 18.75% of true value for tangible property (excluding the first \$10,000 of value). Tangible personal property tax is being phased out over a four year period starting with tax year 2006 and ending with no tax due in 2009. Property market values are required to be updated every three years and revalued every six years. A revaluation was completed in 2003.

The tax rate applied to all real property for the fiscal year ended December 31, 2009 was \$6.25 per

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\$1,000 of assessed valuation. Real property owners' tax bills are reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback deductions is reimbursed to the City by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the fiscal year ended December 31, 2009 was \$6.25 per \$1,000 of assessed valuation.

The assessed 12-31-09 values per category are as follows:

Real Estate	\$206,054,980
Public Utilities	25,570
Public Utilities Personal Property	4,582,560
Telecom	<u>105,510</u>
Total Valuation	<u>\$210,768,620</u>

The Montgomery County Treasurer collects property tax on behalf of all taxing districts within the county. The Montgomery County Auditor periodically remits to the taxing districts their portions of the taxes collected.

4. LOCAL INCOME TAX

This locally levied tax of 2.0 percent applied to gross salaries, wages and other personal service compensation earned by residents both in and out of the City and to earnings of nonresidents (except certain transients) earned in the City. It also applied to net income of business organizations conducted within the City. In 2009 on a cash basis, tax receipts net of refunds amounted to \$6,138,049 of which \$4,800,025 was recorded in the General Fund and \$1,338,024 was recorded in the One Half Percent Tax Fund for use in various capital improvements.

5. RECEIVABLES

Receivables at year end, consisted primarily of income and property taxes, special assessments, accounts (billings for user charged services), intergovernmental receivables arising from grants, entitlements, and shared revenue. Receivables have been reported to the extent that they are both measurable and available at December 31, 2009 as well as intended to finance fiscal 2009 operations.

A summary of the receivables is as follows:

<u>Governmental Funds</u>	<u>General</u>	<u>Street Improvement</u>	<u>Half % Half % Tax</u>	<u>Nonmajor</u>
Taxes	\$ 2,270,278	\$ 0	\$ 299,990	\$ 104,075
Accounts	78,282	0	0	0
Intergovernmental	267,913	1,031,185	0	530,686
Special Assessments	0	0	0	447,275
Loans	<u>0</u>	<u>0</u>	<u>0</u>	<u>45,365</u>
Total	<u>\$ 2,616,473</u>	<u>\$ 1,031,185</u>	<u>\$ 299,990</u>	<u>\$ 1,127,401</u>

**CITY OF WEST CARROLLTON
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<u>Proprietary Funds</u>	<u>Water</u>	<u>Sewer</u>	<u>Nonmajor</u>
Accounts	\$ 346,123	\$ 311,856	\$ 151,933

6. LOANS RECEIVABLE

The City established a fund to provide low-interest loans for housing rehabilitation. The loans are payable in installments for up to 15 years. The program is administered by County Corp based on a criteria set by City Council.

7. INTERFUND TRANSACTIONS

Interfund Transfers

Interfund transfers consist of the following as reported on the fund statements:

Transfers to the General Fund from:

Nonmajor Governmental Funds	\$ 400,000
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Transfers to the Street Improvement Fund from:

Half Percent Tax Fund	\$ 341,523
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Transfers to Nonmajor Governmental Funds from:

General Fund	\$ 326,392
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Transfers to the Nonmajor Pool Fund from:

General Fund	\$ 27,500
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Transfer to the Nonmajor Funds from:

Half Percent Tax Fund	<u>\$ 1,080,006</u>
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Total Transfers	<u>\$ 2,175,421</u>
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All transfers were legal and in compliance with the Ohio Revised Code. The transfer to the General Fund was for GAAP purposes and related to debt. The three other largest transfers during the year were from the Half Percent Tax Fund.

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Half Percent Tax Fund	Nonmajor – Special Assessment Fund	\$ 52,513

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The balance resulted from the time lag between the annual curb, gutter, and sidewalk project expenditures and the property owner reimbursement made through special assessments payable in 2009. The amount due after 2009 is reported in advances to/from noted below.

Advances To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Half Percent Tax Fund	Nonmajor – Special Assessment Fund	\$ 287,307

The balance resulted from the time lag between the annual curb, gutter, and sidewalk project expenditures and the property owner reimbursement made through special assessments payable after 2009. The amount due in 2009 is reported in due to/from noted above.

8. CAPITAL ASSETS

A summary of capital asset activity for the year ended December 31, 2009, was as follows:

Governmental Activities

Category	Cost Balance As of 1/1/09	Additions	Deletions	Accumulated Depreciation	Net Balance As of 12/31/09
Land	\$3,461,376	\$ 33,505	\$ 0	\$ 0	\$3,494,881
Building and Improvements	13,744,278	0	0	(6,498,072)	7,246,206
Machinery and Equipment	5,855,090	812,130	(380,426)	(4,112,492)	2,174,302
Infrastructure	14,026,753	885,379	0	(9,504,038)	5,408,094
Total	\$37,087,497	\$ 1,731,014	(\$380,426)	(\$20,114,602)	\$18,323,483

**CITY OF WEST CARROLLTON
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Governmental Activities

Category	Accumulated Depreciation Balance As of 1/1/09	Depreciation	Disposals	Accumulated Depreciation Balance As of 12/31/09
Building and Improvements	\$ 6,007,972	\$ 490,130	\$ 0	\$ 6,498,072
Machinery and Equipment	4,032,891	460,027	(380,426)	4,112,492
Infrastructure	8,776,230	727,808	0	9,504,038
Total	\$ 18,817,063	\$1,677,965	(\$380,426)	\$20,114,602

Governmental Activities depreciation expense was charged as follows:

General Government	\$ 242,454
Security of Persons	601,180
Leisure Time Activities	45,750
Community Environment	8,524
Transportation	<u>780,057</u>
Total	<u>\$ 1,677,965</u>

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Business-Type Activities

Category	Cost Balance As of 1/1/09	Additions	Deletions	Accumulated Depreciation	Net Balance As of 12/31/09
Land	\$ 53,500	\$ 0	\$ 0	\$ 0	\$ 53,500
Building and Improvements	13,351,571	0	0	(9,186,037)	4,165,534
Machinery and Equipment	1,971,164	29,828	(51,875)	(1,683,435)	265,682
Infrastructure	9,348,054	0	0	(8,235,987)	1,112,067
Total	\$24,724,289	\$ 29,828	(\$51,875)	(\$19,105,459)	\$5,596,783

Category	Accumulated Depreciation Balance As of 1/1/09	Depreciation	Disposals	Accumulated Depreciation Balance As of 12/31/09
Building and Improvements	\$ 8,852,165	\$ 333,872	\$ 0	\$ 9,186,037
Machinery and Equipment	1,654,927	80,383	(51,875)	1,683,435
Infrastructure	8,139,056	96,931	0	8,235,987
Total	\$ 18,646,148	\$ 511,186	\$ (51,875)	\$ 19,105,459

**CITY OF WEST CARROLLTON
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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Business-Type depreciation expense was charged as follows:

Water	\$ 358,997
Sewer	59,479
Pool	50,813
Refuse	<u>41,897</u>
Total	<u>\$ 511,186</u>

9. INSURANCE

The City is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. In 1989, the City joined the Miami Valley Risk Management Association, Inc. (MVRMA, Inc.), a joint insurance pool. The pool consists of twenty municipalities who pool risk for property, liability (third party, general, police professional and automobile), boiler and machinery, and public official liability. The City now pays an annual premium to MVRMA, Inc. for this coverage. The agreement provides that the MVRMA, Inc. will be self-sustaining through member premiums and will purchase excess and stop-loss insurance. The deductible per occurrence for all types of claims is \$2,500.

Property	\$ 1,000,000,000 per occurrence
General Liability	\$ 10,000,000 per occurrence
Crime	\$ 1,000,000 per occurrence
Boiler and Machinery	\$ 100,000,000 per occurrence
Public Officials Liability	\$ 10,000,000 per occurrence

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The City also pays for eighty-eight percent of the health insurance premium and a term life insurance premium for its full-time employees. The City pays to a private insurance company and retains no risk. There have been no significant reductions in insurance coverage and no insurance settlement has exceeded insurance coverage in the past three years.

10. EMPLOYEES RETIREMENT SYSTEM

A. Ohio Public Employees' Retirement System (OPERS)

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans, a Traditional Pension Plan (TP), a Member-Directed Plan (MD) and a Combined Plan (CO). The TP Plan is a cost-sharing multiple-employer defined benefit pension plan. The MD Plan is a defined

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contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings. The CO Plan is a cost sharing, multiple-employer defined benefit pension plan.

Under the CO Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the TP Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the TP and CO Plans. Members of the MD Plan do not qualify for the ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to the OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377, or by visiting the OPERS website at www.opers.org.

The Ohio Revised Code provides statutory authority for member and employer contributions. Plan members and employer contributions rates were consistent across all three plans. Plan members are required to contribute 10% of their annual covered salary to fund pension obligations. The employer pension contribution rate for the City is 14% of covered payroll. The contribution rates are determined actuarially. The City's required contributions to OPERS for the years ended December 31, 2009, 2008 and 2007 were \$457,050, \$445,091 and \$416,987, respectively. The full amount has been contributed for all three years.

B. Police and Firemen's Disability and Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164, or by visiting the OP&F website at www.op-f.org.

Plan members are required to contribute 10.0% of their annual covered salary, while employers (the City) are required to contribute 19.5% for police officers and 24.0% for firefighters. The City's contributions to OP&F for the years ending December 31, 2009, 2008 and 2007 were \$489,766, \$490,544, and \$497,503, respectively. The full amount has been contributed for 2007 and 2008 and 76% has been contributed for 2009.

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

A. Ohio Public Employees' Retirement System (OPERS)

Plan Description

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Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377, or by visiting the OPERS website at www.opers.org.

Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, the City contributed at 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determined the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contribution allocated to the health care plan was 7.0% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

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Information from City's Records

The City's required contributions for the current year, which were used to fund postemployment benefits, were \$84,538 for the period of January 1 through March 31, 2009 and \$199,701 for the period of April 1 through December 31, 2009, \$222,547 for 2008, \$148,236 for the period of January 1 through June 30, 2007 and \$136,023 for the period of July 1 through December 31, 2007. The full amount (actual) has been contributed for all three years.

OPERS Retirement Board Implements its Health Care Preservation Plan

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year 2006 to 2008, which allowed additional funds to be allocated to the health care plan.

Other Information

At December 31, 2009, the number of active contributing participants in the Traditional and Combined Plans totaled 357,584. The number of active contributing participants for both plans used in the December 31, 2008, actuarial valuation was 356,388.

The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2008, (the latest information available) were \$10.7 billion. Based on the actuarial cost method used, the Actuarial Valuations as of December 31, 2008, (the latest information available) reported the actuarially accrued liability and the unfunded actuarial accrued liability for OPEB at \$29.6 billion and \$18.9 billion, respectively.

B. Ohio Police and Fire Pension Fund

Plan Description

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for

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the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164, or by visiting the OP&F website at www.op-f.org.

Funding Policy

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of the covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and Section 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2009, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Information from City's Records

The City's required contributions to OP&F were \$112,716 for police and \$44,709 for fire for the year ending December 31, 2009; \$115,345 for police and \$44,082 for fire for the year ending December 31, 2008; and \$109,444 for police and \$43,198 for fire for the year ending December 31, 2007, respectively, was allocated to the healthcare plan. The actual contributions for 2007 and 2008 were 100% and 76% has been contributed for 2009.

Other Information

The number of participants eligible to receive health care benefits as of December 31, 2008, the date of the last actuarial valuation available, are 14,567 for Police and 10,750 for Firefighters. OP&F's total

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health care expense for the year ending December 31, 2008, the date of the last actuarial valuation available, was \$96,472,398, which was net of member contributions of \$56,948,977.

12. GENERAL SHORT AND LONG-TERM DEBT OBLIGATIONS

Short-Term Governmental Activities:	Interest <u>Rate</u>	Issue <u>Date</u>	Maturity <u>Date</u>	Balance <u>12/31/08</u>	Increase <u>(Decrease)</u>	Balance <u>12/31/09</u>	Due Within <u>One Year</u>
Bowman Property	4.375%	9-25-09	9-24-10	\$ 0	\$ 400,000	\$400,000	\$ 400,000

Long-Term Governmental Activities:	Interest <u>Rate</u>	Issue <u>Date</u>	Maturity <u>Date</u>	Balance <u>12/31/08</u>	Increase <u>(Decrease)</u>	Balance <u>12/31/09</u>	Due Within <u>One Year</u>
Marina Drive	7.375%	5-1-90	12-1-10	\$ 23,000	(\$11,000)	\$ 12,000	\$ 12,000
Gargrave Road	6.875%	6-1-91	12-1-11	60,000	(20,000)	40,000	20,000
Infirmary Road	6.050%	9-1-92	12-1-12	55,000	(10,000)	45,000	15,000

Gibbons Road	0%	12-31-08	1-1-29	98,283	(2,457)	95,826	4,914
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YMCA Bonds	4.175%	7-1-04	12-1-19	3,760,000	(280,000)	3,480,000	290,000
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Comp Absences additions					427,444		
Compensated Absences				<u>806,857</u>	<u>(339,880)</u>	<u>894,421</u>	<u>447,211</u>

Total Governmental Activities Long-Term Debt				<u>\$4,803,140</u>	<u>(\$235,893)</u>	<u>\$4,567,247</u>	<u>\$ 789,125</u>
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Long-Term Business-Type Activities:	Interest <u>Rate</u>	Issue <u>Date</u>	Maturity <u>Date</u>	Balance <u>12/31/08</u>	Increase <u>(Decrease)</u>	Balance <u>12/31/09</u>	Due Within <u>One Year</u>
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Water Plant Loan	3.50%	12-31-04	7-1-24	\$3,727,992	(\$185,427)	\$3,542,565	\$191,975
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Water Main Loan	0%	1-01-08	7-1-17	60,919	(6,769)	54,150	6,769
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Comp Absences additions					62,616		
Compensated Absences				<u>145,005</u>	<u>(60,372)</u>	<u>147,249</u>	<u>14,073</u>

Total Business-Type Activities Long-Term Debt				<u>3,933,916</u>	<u>(189,952)</u>	<u>3,743,964</u>	<u>212,817</u>
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Grand Total				<u>\$8,737,056</u>	<u>(\$ 425,845)</u>	<u>\$8,311,211</u>	<u>\$1,001,942</u>
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The Bowman property debt, also listed as a short-term note payable, is a one-year property acquisition revenue bond anticipation note with Lebanon City National Bank. It will also be paid through the Half

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Percent Tax Fund.

Special assessment bonds consist of street improvement projects which are payable from the proceeds of tax assessments against individual property owners. These special assessments are obligations of the City payable from proceeds of special assessments.

The Gibbons Road project received a twenty-year, zero-interest loan from the Ohio Public Works Commission. It will be paid through the Half Percent Tax Fund.

The YMCA Bonds are an unvoted general obligation bond issued for the purpose of acquiring real estate for, and constructing, equipping and furnishing the YMCA recreational facility in the City. It will be paid through the General Obligation Bond Retirement Debt Service Fund from City income tax revenue transferred from the Half Percent Tax Fund.

The water softening plant loan through the Ohio Water Development Authority was obtained for the purpose of constructing, equipping and furnishing a water softening facility for the City. It will be paid through water rate increases.

The Bit and Bridle Street water main project received a ten-year, zero-interest loan from the Ohio Public Works Commission. It will be paid through the Water Fund.

The City records accumulated unpaid vacation and vested sick leave benefits as accrued payroll when earned by employees. For governmental funds, the portion of the liability which is not currently due and payable is recorded in the governmental activities within the statement of net assets; while this liability is recorded within the respective proprietary funds. Employees earn vacation time at varying rates depending upon length of service. The City recognizes as a liability, all of the accumulated sick leave benefits payable upon retirement, earned by vested employees, which exceed certain levels as determined by city policy or union contract for employees with fifteen years of service or more. For governmental fund, compensated absences additions totaled \$427,444 and uses were \$339,880 for a net increase of \$87,564. For business type activities, compensated absences additions \$62,616 and uses were \$60,372 for a net increase of \$2,244.

The annual requirements of general governmental revenues to pay principal and interest on the long-term debt at December 31, 2009 are as follows:

<u>Year Ending December 31</u>	<u>Special Assessment Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 47,000	\$ 6,358
2011	35,000	3,190
2012	<u>15,000</u>	<u>907</u>
Total	<u>\$ 97,000</u>	<u>\$ 10,455</u>

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<u>Year Ending December 31</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 290,000	\$ 145,199
2011	300,000	134,324
2012	310,000	122,324
2013	325,000	109,924
2014	340,000	96,111
2015 - 2019	<u>1,915,000</u>	<u>253,908</u>
Total	<u>\$ 3,480,000</u>	<u>\$ 861,790</u>

<u>Year Ending December 31</u>	<u>Gibbons Road Loan Principal</u>
2010	\$ 4,914
2011	4,914
2012	4,914
2013	4,914
2014	4,914
2015 - 2019	24,571
2020 - 2024	24,571
2025 - 2029	<u>22,114</u>
Total	<u>\$ 95,826</u>

<u>Year Ending December 31</u>	<u>Water Softening Plant Loan</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 191,975	\$ 128,278
2011	198,752	121,500
2012	205,770	114,483
2013	213,035	107,218
2014	220,556	99,697
2015 - 2019	1,225,232	376,032
2020 - 2024	<u>1,287,245</u>	<u>143,918</u>
Total	<u>\$ 3,542,565</u>	<u>\$ 1,091,126</u>

**CITY OF WEST CARROLLTON
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<u>Year Ending December 31</u>	<u>Bit and Bridle Water Main Loan Principal</u>
2010	\$ 6,769
2011	6,768
2012	6,769
2013	6,769
2014	6,768
2015 - 2017	<u>20,307</u>
Total	<u>\$ 54,150</u>

13. JOINTLY-GOVERNED ORGANIZATION

The City is a member of the Miami Valley Risk Management Association (MVRMA) which is a jointly governed organization established as a joint insurance pool. As of December 31, 2009, the pool had twenty members. This organization covers all property, crime, liability, boiler and machinery and public liability insurance. It is intended to provide broad based coverage up to the limits stated in note 10, with increased emphasis on safety and loss prevention and to create an opportunity for other local governments to participate.

MVRMA is a corporation governed by a seventeen-member board of trustees, consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation, with each trustee having a single vote. The board is responsible for its own financial matters, and the corporation maintains its own book of account. Budgeting and financing of MVRMA is subject to the approval of the board. As of December 31, 2009, the participant cities were: Beavercreek, Bellbrook, Blue Ash, Centerville, Englewood, Indian Hill, Kettering, Maderia, Mason, Miamisburg, Montgomery, Piqua, Sidney, Springdale, Tipp City, Troy, Vandalia, West Carrollton, Wilmington, and Wyoming.

Member contributions are calculated annually to produce a sufficient sum of money within the self-insurance pool to fund administrative expenses of the association and to create adequate reserves for claims and unallocated loss adjustment expenses.

The City has no explicit and measurable equity interest in MVRMA and no ongoing financial responsibility for MVRMA. The following is a summary of the MVRMA audited financial statements presented in conformity with generally accepted principles as of and for the year ended December 31, 2008 (latest available):

Assets	<u>\$ 17,116,031</u>
Liabilities	<u>6,235,474</u>
Net Assets	<u>\$ 10,880,557</u>

To obtain additional financial information write to Miami Valley Risk Management Association, Inc., at 4625 Presidential Way, Kettering, Ohio, 45429.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009**

The City also is a member of the Miami/Valley Fire/EMS Alliance. It is a jointly governed organization among thirty townships, cities, and other public entities that formed on April 1, 1995. The jointly governed organization was formed for the purpose of fostering cooperation among the political subdivisions through the establishment of an organization that promotes and recommends matters that result in more efficient methods of delivering fire and emergency services in the region.

The legislative and advisory body is the assembly that is comprised of one delegate from each participating public subdivision. The degree of control exercised by any participating public subdivision is limited to its representation on the assembly, which elects the board of directors. The board of directors' exercises total control over the operation of the Alliance including budgeting, appropriating, contracting, and designating management and significant management control over CareNOW, a billing agent organized to manage health care costs. The five member board of directors consists of: one full-time and one volunteer fire department representative; two representatives from combined fire departments; and one representative from the City of Dayton fire department. Revenues are generated from Federal and State funding and an annual fee of \$ 0.24 per capita charged to participating subdivisions. The City paid \$3,409 to the Miami Valley Fire/EMS Alliance during 2009.

Financial information can be obtained by writing to Glen Alexander, Miami Valley Fire/EMS Alliance, 444 W. Third Street, Suite 13-204, Dayton, Ohio 45402.

14. CONTINGENCIES

The City is the defendant in various lawsuits and subject to various claims over which litigation is not complete. Although the outcome of these matters is not presently determinable, in the opinion of the Law Director the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City receives significant financial assistance from numerous federal and state 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 general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2009.

CITY OF WEST CARROLLTON, OHIO

Yellow Book Report

December 31, 2009

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Members of City Council and Mayor
City of West Carrollton, Ohio
300 East Central Avenue
West Carrollton, Ohio 45449

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Carrollton (the City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 28, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City'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, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated June 28, 2010.

This report is intended solely for the information and use of management, the Auditor of State, City Council and is not intended to be and should not be used by anyone other than these specified parties.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
June 28, 2010



Mary Taylor, CPA
Auditor of State

CITY OF WEST CARROLLTON
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
AUGUST 24, 2010