



WEST CARROLLTON

CITY OF WEST CARROLLTON

DAYTON REGION, MONTGOMERY COUNTY

REGULAR AUDIT

JANUARY 1, 2008 – DECEMBER 31, 2008



Mary Taylor, CPA
Auditor of State

Members of 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, 2008 through December 31, 2008. 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

June 29, 2009

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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, 2008

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 Council and Mayor
City of West Carrollton
300 E. 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, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. 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, 2008, 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 5, 2009, 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.

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
June 5, 2009

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2008**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section provides an overview of the City's financial activities for the year ended December 31, 2008.

FINANCIAL HIGHLIGHTS

The City's total net assets increased \$1,018,277 in 2008.

The general fund reported a net increase in fund balance of \$26,866.

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, 2008**

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 2008 are General, 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 2008 and 2007.

NET ASSETS

City as a Whole

	<u>2008</u>	<u>2007</u>
Assets:		
Current and Other Assets	\$ 8,663,214	\$9,769,677
Capital Assets	<u>24,348,575</u>	<u>23,822,753</u>
Total Assets	<u>33,011,789</u>	<u>33,592,430</u>

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2008**

Liabilities:		
Long-Term Liabilities	8,737,056	9,038,856
Current and Other Liabilities	<u>1,434,145</u>	<u>2,731,263</u>
Total Liabilities	<u>10,171,201</u>	<u>11,770,119</u>
Net Assets:		
Invested in Capital Assets, Net of Debt	16,563,381	15,880,657
Restricted	1,338,890	1,166,865
Unrestricted	<u>4,938,317</u>	<u>4,774,789</u>
Total Net Assets	<u>\$22,840,588</u>	<u>\$21,822,311</u>

In 2008 the City's net assets increased 4.7%.

CHANGE IN NET ASSETS

	<u>2008</u>	<u>2007</u>
Revenues		
Program Revenues:		
Charges for Services	4,978,665	\$4,230,275
Capital Grants and Contributions	494,469	285,398
Operating Grants and Contributions	<u>76,230</u>	<u>68,363</u>
Total Program Revenues	<u>5,549,364</u>	<u>4,584,036</u>
General Revenues:		
Income Taxes	6,975,186	6,264,496
Property Taxes	1,366,731	874,193
Unrestricted Grants and Entitlements	678,433	742,519
Investment Earnings	111,698	227,394
Refunds and Reimbursements	387,211	330,475
Other	<u>27,276</u>	<u>107,116</u>
Total General Revenue	<u>9,546,535</u>	<u>8,546,193</u>
Total Revenues	<u>15,095,899</u>	<u>13,130,229</u>

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2008**

	<u>2008</u>	<u>2007</u>
Program Expenses:		
General Government	\$1,362,147	\$1,446,394
Security of Persons	5,163,027	4,922,323
Leisure Time Activities	1,011,930	860,294
Community Environment	1,423,984	1,895,706
Transportation	1,166,127	654,378
Interest and Fiscal Charges	175,492	184,537
Water	1,549,443	1,672,008
Sewer	1,299,157	1,319,591
Refuse	690,800	657,349
Pool	<u>235,515</u>	<u>227,310</u>
Total Expenses	<u>14,077,622</u>	<u>13,839,890</u>
Transfers:		
Transfers-In	10,000	160,469
Transfers-Out	<u>(10,000)</u>	<u>(160,469)</u>
Total Transfers	<u>0</u>	<u>0</u>
Net Increase (Decrease) in Net Assets	<u>\$ 1,018,277</u>	<u>\$ (709,661)</u>

Revenues increased 14.9 % mainly due to charges for service, income tax, and property tax increases. Expenses increased 1.7% which is in line with inflation.

Governmental Activities

NET ASSETS

	<u>2008</u>	<u>2007</u>
Assets:		
Current and Other Assets	\$6,686,941	\$7,610,915
Capital Assets	<u>18,270,434</u>	<u>17,596,428</u>
Total Assets	<u>24,957,375</u>	<u>25,207,343</u>
Liabilities:		
Long-Term Liabilities	4,803,140	4,997,104
Current and Other Liabilities	<u>1,165,348</u>	<u>2,612,874</u>
Total Liabilities	<u>5,968,488</u>	<u>7,609,978</u>
Net Assets:		
Invested in Capital Assets, Net of Debt	14,274,151	13,383,428
Restricted	1,338,890	1,166,865
Unrestricted	<u>3,375,846</u>	<u>3,047,072</u>
Total Net Assets	<u>\$18,988,887</u>	<u>\$17,597,365</u>

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2008**

Governmental Activities' net assets increased 7.9% in 2008.

CHANGE IN NET ASSETS

Revenues	<u>2008</u>	<u>2007</u>
Program Revenues:		
Charges for Services and Sales	\$1,655,601	\$1,241,915
Capital Grants and Contributions	494,469	285,398
Operating Grants and Contributions	<u>76,230</u>	<u>68,363</u>
Total Program Revenues	<u>2,226,300</u>	<u>1,595,676</u>
General Revenues:		
Income Taxes	6,975,186	6,264,496
Property Taxes	1,366,731	874,193
Unrestricted Grants and Entitlements	678,433	742,519
Investment Earnings	70,368	148,169
Refunds and Reimbursements	<u>387,211</u>	<u>330,475</u>
Total General Revenue	<u>9,477,929</u>	<u>8,359,852</u>
 Total Revenues	 <u>11,704,229</u>	 <u>9,955,528</u>
Program Expenses:		
General Government	1,362,147	1,446,394
Security of Persons	5,163,027	4,922,323
Leisure Time Activities	1,011,930	860,294
Community Environment	1,423,984	1,895,706
Transportation	1,166,127	654,378
Interest and Fiscal Charges	<u>175,492</u>	<u>184,537</u>
 Total Expenses	 <u>10,302,707</u>	 <u>9,963,632</u>
Transfers:		
Transfers-Out	<u>(10,000)</u>	<u>(160,469)</u>
 Change in Net Assets	 1,391,522	 (168,573)
 Beginning Net Assets	 <u>17,597,365</u>	 <u>17,765,938</u>
 Ending Net Assets	 <u>\$ 18,988,887</u>	 <u>\$ 17,597,365</u>

Total revenues slightly increased 17.6% with the largest revenue stream, income tax, growing by 11.3%. This increase was partially due to 2007 revenues being below normal from a higher than normal corporate income tax refunds. Income tax was \$6,975,186 and represents 59.6% of total revenue compared to 62.9% in 2007. Total expenditures increased 3.4% which is in line with inflationary increases. Transportation expenses had the highest percentage increase due to several street improvement projects completed in 2008. 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, 2008**

Program Expenses Percentage breakdown:

	<u>2008</u>		<u>2007</u>	
General Government	\$ 1,362,147	13.2%	\$ 1,446,394	14.5%
Security of Persons	5,163,027	50.1%	4,922,323	49.4%
Leisure Time Activities	1,011,930	9.8%	860,294	8.6%
Community Environment	1,423,984	13.9%	1,895,706	19.0%
Transportation	1,166,127	11.3%	654,378	6.6%
Interest and Fiscal Charges	<u>175,492</u>	<u>1.7%</u>	<u>184,537</u>	<u>1.9%</u>
Totals	<u>\$ 10,302,707</u>	<u>100%</u>	<u>\$ 9,963,632</u>	<u>100%</u>

The largest program expense is Security of Persons at 50.1% primarily represents the operation of the police and fire departments. These expenses were partially funded by \$570,492 in direct charges to users of service. The largest change was in Community Environment decreasing from 19.0% to 13.9% mainly due to the purchase of property in 2007.

	<u>Total Cost of Services 2008</u>	<u>Net Expense 2008</u>	<u>Total Cost of Services 2007</u>	<u>Net Expense (Revenue) 2007</u>
Program Expenses:				
General Government	\$ 1,362,147	\$ 1,215,096	\$ 1,446,394	\$ 1,364,879
Security of Persons	5,163,027	4,409,281	4,922,323	4,484,106
Leisure Time Activities	1,011,930	944,209	860,294	793,847
Community Environment	1,423,984	1,202,096	1,895,706	1,592,014
Transportation	1,166,127	130,233	654,378	(51,427)
Interest and Fiscal Charges	<u>175,492</u>	<u>175,492</u>	<u>184,537</u>	<u>184,537</u>
Total	<u>\$ 10,302,707</u>	<u>\$ 8,076,407</u>	<u>\$ 9,963,632</u>	<u>\$ 8,367,956</u>

As detailed in the above table, the programs are 78% and 84% dependent on general revenues for 2008 and 2007 respectively.

Business-Type Activities

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

NET ASSETS

	<u>2008</u>	<u>2007</u>
Assets:		
Current and Other Assets	\$ 1,976,273	\$ 2,212,262
Capital Assets	<u>6,078,141</u>	<u>6,172,825</u>
Total Assets	<u>8,054,414</u>	<u>8,385,087</u>

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2008**

Liabilities:

Long-Term Liabilities	3,933,916	4,041,752
Current and Other Liabilities	<u>268,797</u>	<u>118,389</u>
Total Liabilities	<u>4,202,713</u>	<u>4,160,141</u>

Net Assets:

Invested in Capital Assets, Net of Debt	2,289,230	2,319,229
Unrestricted	<u>1,562,471</u>	<u>1,905,717</u>
Total Net Assets	<u>\$ 3,851,701</u>	<u>\$ 4,224,946</u>

In 2008 the Business-Type Activities' net assets decreased 8.8%.

CHANGE IN NET ASSETS

	<u>2008</u>	<u>2007</u>
Revenues		
Program Revenues:		
Charges for Services	<u>\$ 3,323,064</u>	<u>\$ 2,988,360</u>
Total Program Revenues	<u>3,323,064</u>	<u>2,988,360</u>
General Revenues:		
Investment Earnings	41,300	79,225
Other	<u>27,276</u>	<u>107,116</u>
Total General Revenue	<u>68,606</u>	<u>186,341</u>
Total Revenues	<u>3,391,670</u>	<u>3,174,701</u>
Program Expenses:		
Water	1,549,443	1,672,008
Sewer	1,299,157	1,319,591
Refuse	690,800	657,349
Nonmajor – Pool	<u>235,515</u>	<u>227,310</u>
Total Expenses	<u>3,774,915</u>	<u>3,876,258</u>
Transfers-In	<u>10,000</u>	<u>160,469</u>
Changes in Net Assets	<u>(\$ 373,245)</u>	<u>(\$ 541,088)</u>

Business-Type operations had \$3,391,670 total revenues, \$10,000 of transfers in against \$3,774,915 of total expense in 2008. Most of the 6.8% increase in revenues was generated from increases in sewer charges for service. Expenses decrease 2.6%.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2008**

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 \$3,875,617 and \$3,931,461 in 2008 and 2007 respectively. The schedule below shows the fund balances and the total change in fund balances as of December 31, 2008 for all major and nonmajor governmental funds.

	<u>2008</u>	<u>2007</u>
Major Funds:		
General	\$2,098,092	\$2,071,226
Half % Fund	388,571	470,909
Other Nonmajor Governmental Funds	<u>1,388,954</u>	<u>1,389,326</u>
Total	<u>\$ 3,875,617</u>	<u>\$ 3,931,461</u>

General Fund

The City's general fund balance slightly increased \$26,866.

	<u>2008</u>	<u>2007</u>
Revenues		
Local Taxes	\$6,103,242	\$5,556,189
Intergovernmental	666,905	825,476
Charges for Services	334,141	258,062
Investment Earnings	48,743	92,706
Fines and Forfeitures	227,288	164,188
License and Permits	107,563	63,472
Other	<u>235,742</u>	<u>202,264</u>
Total Revenue	<u>\$ 7,723,624</u>	<u>\$ 7,162,357</u>

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2008**

	<u>2008</u>	<u>2007</u>
Expenditures		
General Government	\$1,251,992	\$1,453,258
Security of Persons	4,346,900	4,337,403
Leisure Time Activities	724,988	702,329
Community Environment	<u>576,474</u>	<u>483,906</u>
Total Expenses	<u>\$ 6,900,354</u>	<u>\$ 6,976,896</u>

The expenditures decreased 1.1% versus a 7.8% increase in revenue.

Other Major Funds

The Half Percent Fund transfers-out of \$1,856,280 exceeded revenue and transfers in of \$1,773,942 by \$82,338. This decreased the 2008 fund balance to \$388,571.

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 and economic development fund.

In the general fund, the actual revenues of \$7,413,706 less than the final budget of \$7,593,206 by \$179,500. The general fund final expenditures and transfers-out budget increased \$686,500 over the original budget. Overall actual expenditures of \$6,955,160 were less than the final budget of \$7,564,108 by \$608,948. The overall net positive variance, including transfers totaled \$457,044.

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 \$1,410,227 exceeded operating expenses of \$1,334,903 producing operating income of \$75,324. After factoring in non-operating activity, net assets decreased \$126,692 from \$1,934,878 in 2007 to \$1,808,186 in 2008.

The Sewer Fund Net Assets declined \$193,992 from \$1,451,513 to \$1,257,521. User fees, which remained the same since 1994, were adjusted in 2008.

The Refuse Fund revenues of \$683,896 were outpaced by expenses of \$690,800 generating an operating loss of \$6,904. After including investment earnings totaling \$5,277, net assets decreased to \$401,565 in 2008 from \$403,192 in 2007.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2008**

CAPITAL ASSETS

A two-year comparison of capital asset balances, net of accumulated depreciation, for 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
<u>Governmental Activities</u>		
Land	\$ 3,461,376	\$ 3,051,938
Building and Improvements	7,736,336	8,117,664
Machinery and Equipment	1,822,199	1,441,735
Infrastructure	<u>5,250,523</u>	<u>4,985,091</u>
Total	<u>\$ 18,270,434</u>	<u>\$ 17,596,428</u>
	<u>2008</u>	<u>2007</u>
<u>Business-Type Activities</u>		
Land	\$ 53,500	\$ 53,500
Building and Improvements	4,499,406	4,772,748
Machinery and Equipment	316,237	384,676
Infrastructure	<u>1,208,998</u>	<u>1,015,401</u>
Total	<u>\$ 6,078,141</u>	<u>\$ 6,226,325</u>
	<u>2008</u>	<u>2007</u>
City as a Whole	<u>\$ 24,348,575</u>	<u>\$ 23,822,753</u>

A detailed summary of capital asset activity for the year ended December 31, 2008 is disclosed in note 9.

Debt Administration

	<u>2008</u>	<u>2007</u>
Governmental Activities	\$ 4,803,140	\$ 4,997,104
Business-Type Activities	<u>3,933,916</u>	<u>4,041,752</u>
Total	<u>\$ 8,737,056</u>	<u>\$ 9,038,856</u>
Due Within One Year	<u>\$ 932,235</u>	<u>\$ 894,313</u>

Detailed long-term debt information is disclosed in note 13.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2008**

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, 2008

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Equity in Pooled Cash & Investments	\$2,610,899	\$1,106,766	\$3,717,665
Receivables (Net)			
Taxes	2,537,688	0	2,537,688
Accounts	174,800	820,243	995,043
Intergovernmental	882,462	0	882,462
Special Assessments	426,639	0	426,639
Loan	47,859	0	47,859
Accrued Interest	4,695	3,004	7,699
Prepaid Items	1,899	0	1,899
Inventory	0	46,260	46,260
Nondepreciable Capital Assets	3,461,376	53,500	3,514,876
Depreciable Capital Assets, Net	14,809,058	6,024,641	20,833,699
Total Assets	24,957,375	8,054,414	33,011,789
LIABILITIES:			
Accounts Payable	185,137	134,747	319,884
Accrued Wages and Benefits	316,519	51,582	368,101
Accrued Pensions	141,290	14,251	155,541
Accrued Interest	13,679	68,217	81,896
Deferred Revenue	508,723	0	508,723
Long-term Liabilities:			
Due Within One Year	726,886	205,349	932,235
Due In More Than One Year	4,076,254	3,728,567	7,804,821
Total Liabilities	5,968,488	4,202,713	10,171,201
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	14,274,151	2,289,230	16,563,381
Restricted for:			
Debt Service	75,750	0	75,750
Special Revenue	659,710	0	659,710
Capital Project	603,430	0	603,430
Unrestricted	3,375,846	1,562,471	4,938,317
Total Net Assets	\$18,988,887	\$3,851,701	\$22,840,588

See accompanying notes to the basic financial statements.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2008

	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	\$1,362,147	\$100,766	\$46,285	\$0	(\$1,215,096)	\$0	(\$1,215,096)
Security of Persons	5,163,027	570,492	7,259	175,995	(4,409,281)	0	(4,409,281)
Leisure Time Activities	1,011,930	45,035	22,686	0	(944,209)	0	(944,209)
Community Environment	1,423,984	119,917	0	101,971	(1,202,096)	0	(1,202,096)
Transportation	1,166,127	819,391	0	216,503	(130,233)	0	(130,233)
Interest and Fiscal Charges	175,492	0	0	0	(175,492)	0	(175,492)
Total Government Activities	10,302,707	1,655,601	76,230	494,469	(8,076,407)	0	(8,076,407)
Business-Type Activities							
Water	1,549,443	1,399,417	0	0	0	(150,026)	(150,026)
Sewer	1,299,157	1,071,395	0	0	0	(227,762)	(227,762)
Refuse	690,800	679,044	0	0	0	(11,756)	(11,756)
Pool	235,515	173,208	0	0	0	(62,307)	(62,307)
Total Business-Type Activities	\$3,774,915	\$3,323,064	\$0	\$0	0	(451,851)	(451,851)
General Revenues:							
Income Taxes					6,975,186	0	6,975,186
Property Taxes Levied for:							
General Purposes					1,261,985	0	1,261,985
Special Revenue Purposes					104,746	0	104,746
Grants and Entitlements not Restricted					678,433	0	678,433
Investment Earnings					70,368	41,330	111,698
Refunds and Reimbursements					387,211	0	387,211
Other					0	27,276	27,276
Total General Revenues					9,477,929	68,606	9,546,535
Transfers:							
Transfer-In					0	10,000	10,000
Transfers-Out					(10,000)	0	(10,000)
Total Transfers					(10,000)	10,000	0
Change in Net Assets					1,391,522	(373,245)	1,018,277
Net Assets Beginning of the Year					17,597,365	4,224,946	21,822,311
Net Assets End of Year					\$18,988,887	\$3,851,701	\$22,840,588

See accompanying notes to the basic financial statements.

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS

AS OF DECEMBER 31, 2008

	GENERAL	HALF PERCENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:				
Pooled Cash & Investments	\$1,348,187	\$189,781	\$1,072,931	\$2,610,899
Receivables (Net)				
Taxes	2,130,788	317,225	89,675	2,537,688
Accounts	174,800	0	0	174,800
Intergovernmental	230,925	0	651,537	882,462
Special Assessments	0	0	426,639	426,639
Loans	0	0	47,859	47,859
Accrued Interest	3,356	498	841	4,695
Due from Other Funds	0	43,988	0	43,988
Prepaid Items	1,899	0	0	1,899
Advance to Other Funds	0	225,836	0	225,836
Total Assets	\$3,889,955	\$777,328	\$2,289,482	\$6,956,765
LIABILITIES:				
Accounts Payable	\$47,126	\$0	\$138,011	\$185,137
Accrued Wages and Benefits	298,998	0	17,521	316,519
Accrued Pensions	135,998	0	5,292	141,290
Compensated Absences	45,123	0	3,938	49,061
Due to Other Funds	0	0	43,988	43,988
Advance from Other Funds	0	0	225,836	225,836
Deferred Revenue	1,264,618	388,757	465,942	2,119,317
Total Liabilities	1,791,863	388,757	900,528	3,081,148
FUND BALANCES:				
Fund Balance:				
Reserved for Encumbrances	41,371	0	164,940	206,311
Reserved for Prepays	1,899	0	0	1,899
Reserved for Advances	0	225,836	0	225,836
Reserved for Loans	0	0	47,859	47,859
Reserved for Debt Service	0	0	75,750	75,750
Unreserved Reported in:				
General Fund	2,054,822	0	0	2,054,822
Special Revenue Funds	0	0	603,430	603,430
Capital Project Funds	0	162,735	496,975	659,710
Total Fund Balances	2,098,092	388,571	1,388,954	3,875,617
Total Liabilities and Fund Balances	\$3,889,955	\$777,328	\$2,289,482	\$6,956,765

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, 2008

Total Governmental Fund Balance	\$3,875,617
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.	18,270,434
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	1,610,594
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.	(13,679)
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.	(757,796)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(3,996,283)</u>
Net Assets of Governmental Activities	<u><u>\$18,988,887</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, 2008

	GENERAL	HALF PERCENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Local Taxes	\$6,103,242	\$1,675,432	\$104,890	\$7,883,564
Special Assessments	0	28,837	83,602	112,439
Charges for Services	334,141	0	67,720	401,861
Intergovernmental	666,905	0	1,176,917	1,843,822
Investment Earnings	48,743	9,673	11,952	70,368
Fines & Forfeitures	227,288	0	29,703	256,991
License & Permits	107,563	0	0	107,563
Other Revenue	235,742	0	40,242	275,984
Total Revenues	7,723,624	1,713,942	1,515,026	10,952,592
EXPENDITURES:				
General Government	1,251,992	0	0	1,251,992
Security of Persons	4,346,900	0	552,745	4,899,645
Leisure Time Activities	724,988	0	251,798	976,786
Community Environment	576,474	0	1,518,320	2,094,794
Capital Outlay	0	0	590,097	590,097
Transportation	0	0	792,603	792,603
Debt Service:				
Principal	0	0	315,000	315,000
Interest & Fiscal Charges	0	0	175,802	175,802
Total Expenditures	6,900,354	0	4,196,365	11,096,719
Excess (Deficiency) of Revenue Over/(Under) Expenditures	823,270	1,713,942	(2,681,339)	(144,127)
Other Financing Sources (Uses):				
Loan Proceeds	0	0	98,283	98,283
Transfers-In	0	60,000	2,582,684	2,642,684
Transfers-Out	(796,404)	(1,856,280)	0	(2,652,684)
Total Other Financing Sources (Uses)	(796,404)	(1,796,280)	2,680,967	88,283
Net Change in Fund Balance(Deficit)	26,866	(82,338)	(372)	(55,844)
Fund Balance - Beginning of Year	2,071,226	470,909	1,389,326	3,931,461
Fund Balance - End of Year	<u>\$2,098,092</u>	<u>\$388,571</u>	<u>\$1,388,954</u>	<u>\$3,875,617</u>

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, 2008

Net Change in Fund Balance - Total Governmental Funds	(\$55,844)
Amounts reported for governmental activities in the statement of activities are different because:	
The difference between governmental funds reporting capital outlays as expenditures while in the statement of activities, those costs are allocated over the capital assets' estimated useful lives as depreciation expense.	674,006
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	653,354
In the statement of activities, interest is accrued, In governmental funds interest expenditures are reported when due.	310
Repayment of long-term debt is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net assets.	315,000
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.	(98,283)
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>(97,021)</u>
Change in Net Assets of Governmental Activities	<u><u>\$1,391,522</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, 2008**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET
REVENUES:				
Local Taxes	\$5,660,000	\$6,140,006	\$5,742,200	(\$397,806)
Charges for Services	254,000	254,000	262,153	8,153
Intergovernmental	659,500	759,500	766,855	7,355
Investment Earnings	50,000	50,000	71,905	21,905
Fines & Forfeitures	181,000	181,000	227,288	46,288
Licenses & Permits	38,700	38,700	107,563	68,863
Other Revenue	170,000	170,000	235,742	65,742
Total Revenues	7,013,200	7,593,206	7,413,706	(179,500)
EXPENDITURES:				
Council - Personnel Services	25,000	25,000	23,972	1,028
Council - Other	14,000	14,000	11,949	2,051
Mayor - Personnel Services	95,000	117,000	104,098	12,902
Mayor - Other	20,000	8,000	6,365	1,635
Law - Personnel Services	36,000	38,000	34,068	3,932
Law - Other	24,000	22,000	21,591	409
City Manager - Personnel Services	231,000	236,000	226,629	9,371
City Manager - Other	14,000	19,000	15,043	3,957
Finance - Personnel Services	155,000	155,000	149,549	5,451
Finance - Other	25,000	25,000	13,742	11,258
Income Tax - Personnel Services	225,000	225,000	210,046	14,954
Income Tax - Other	33,000	33,000	23,922	9,078
Police - Personnel Services	2,487,608	2,487,608	2,413,457	74,151
Police - Other	412,000	497,000	346,393	150,607
Fire - Personnel Services	1,300,000	1,300,000	1,212,571	87,429
Fire - Other	190,000	222,000	169,254	52,746
Building Inspection - Personnel Services	220,000	200,000	183,164	16,836
Building Inspection - Other	70,000	105,000	92,060	12,940
Economic Development - Personnel Services	80,000	70,000	67,952	2,048
Economic Development - Other	25,000	40,000	38,056	1,944
Parks and Recreation - Personnel Services	560,000	580,000	550,012	29,988
Parks and Recreation - Other	150,000	170,000	167,532	2,468
Planning - Personnel Services	160,000	165,000	159,172	5,828
Planning - Other	30,000	26,500	20,415	6,085
Building Maintenance - Personnel Services	120,000	120,000	108,839	11,161
Building Maintenance - Other	220,000	245,000	194,792	50,208
Other Services - Other	256,000	419,000	390,517	28,483
Total Expenditures	7,177,608	7,564,108	6,955,160	608,948
Excess (Deficiency) of Revenues Over (Under) Expenditures	(164,408)	29,098	458,546	429,448
Other Financing Sources (Uses):				
Transfers-Out	(524,000)	(824,000)	(796,404)	27,596
Total Other Financing Sources (Uses)	(524,000)	(824,000)	(796,404)	27,596
Net Change in Fund Balance	(688,408)	(794,902)	(337,858)	457,044
Fund Balance - Beginning of the Year (includes prior year appropriated encumbrances)	1,644,674	1,644,674	1,644,674	0
Fund Balance - End of the Year	\$956,266	\$849,772	\$1,306,816	\$457,044

See accompanying notes to the basic financial statements.

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

AS OF DECEMBER 31, 2008

	<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	\$308,560	\$703,441	\$91,262	\$3,503	\$1,106,766
Receivables (Net)					
Accounts	325,490	342,690	152,063	0	820,243
Accrued Interest	916	1,556	524	8	3,004
Inventory	36,015	10,245	0	0	46,260
Total Current Assets	<u>670,981</u>	<u>1,057,932</u>	<u>243,849</u>	<u>3,511</u>	<u>1,976,273</u>
Nondepreciable Capital Assets	29,500	24,000	0	0	53,500
Depreciable Capital Assets, Net	5,058,438	368,448	214,731	383,024	6,024,641
Total Assets	<u>5,758,919</u>	<u>1,450,380</u>	<u>458,580</u>	<u>386,535</u>	<u>8,054,414</u>
LIABILITIES:					
Accounts Payable	35,757	72,147	24,737	2,106	134,747
Accrued Wages and Benefits	19,299	22,142	10,141	0	51,582
Accrued Interest	68,217	0	0	0	68,217
Accrued Pensions	5,485	6,326	2,440	0	14,251
Compensated Absences	4,460	3,408	5,284	0	13,152
Loan Payable Due Within One Year	192,197	0	0	0	192,197
Total Current Liabilities	<u>325,415</u>	<u>104,023</u>	<u>42,602</u>	<u>2,106</u>	<u>474,146</u>
Long-term Liabilities					
Compensated Absences	28,604	88,836	14,413	0	131,853
Loans Payable	3,596,714	0	0	0	3,596,714
Total Liabilities	<u>3,950,733</u>	<u>192,859</u>	<u>57,015</u>	<u>2,106</u>	<u>4,202,713</u>
NET ASSETS:					
Invested in Capital Assets, Net of Debt	1,299,027	392,448	214,731	383,024	2,289,230
Unrestricted	509,159	865,073	186,834	1,405	1,562,471
Total Net Assets	<u>\$1,808,186</u>	<u>\$1,257,521</u>	<u>\$401,565</u>	<u>\$384,429</u>	<u>\$3,851,701</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, 2008

	<u>Business-Type Activities - Proprietary Funds</u>				TOTAL PROPRIETARY FUNDS
	WATER FUND	SEWER FUND	REFUSE FUND	NONMAJOR POOL FUND	
Operating Revenues:					
Charges for Services	\$1,399,417	\$1,071,395	\$679,044	\$173,208	\$3,323,064
Other	10,810	10,457	4,852	1,157	27,276
Total Operating Revenues	<u>1,410,227</u>	<u>1,081,852</u>	<u>683,896</u>	<u>174,365</u>	<u>3,350,340</u>
Operating Expenses:					
Personal Services	614,894	816,693	180,934	89,966	1,702,487
Contractual Services	11,404	161,928	427,708	3,901	604,941
Material and Supplies	172,427	148,196	40,151	52,634	413,408
Utilities	182,171	92,586	0	33,477	308,234
Depreciation	353,002	79,615	41,897	50,804	525,318
Other	1,005	139	110	4,733	5,987
Total Operating Expenses	<u>1,334,903</u>	<u>1,299,157</u>	<u>690,800</u>	<u>235,515</u>	<u>3,560,375</u>
Operating Income (Loss)	<u>75,324</u>	<u>(217,305)</u>	<u>(6,904)</u>	<u>(61,150)</u>	<u>(210,035)</u>
Non-Operating Revenues(Expense):					
Transfer-In	0	0	0	10,000	10,000
Investment Earnings	12,524	23,313	5,277	216	41,330
Interest Expense	(214,540)	0	0	0	(214,540)
Total Non-Operating Revenues(Expense)	<u>(202,016)</u>	<u>23,313</u>	<u>5,277</u>	<u>10,216</u>	<u>(163,210)</u>
Change in Net Assets	<u>(126,692)</u>	<u>(193,992)</u>	<u>(1,627)</u>	<u>(50,934)</u>	<u>(373,245)</u>
Net Assets Beginning of the Year	<u>1,934,878</u>	<u>1,451,513</u>	<u>403,192</u>	<u>435,363</u>	<u>4,224,946</u>
Net Assets End of the Year	<u><u>\$1,808,186</u></u>	<u><u>\$1,257,521</u></u>	<u><u>\$401,565</u></u>	<u><u>\$384,429</u></u>	<u><u>\$3,851,701</u></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, 2008

	<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	\$1,506,379	\$893,649	\$651,958	\$173,208	\$3,225,194
Cash Received from Transfers	0	0	0	0	0
Cash Received from Other Operating Services	10,810	10,457	4,852	1,157	27,276
Cash Payments for Personal Services	(584,045)	(798,598)	(304,903)	(89,966)	(1,777,512)
Cash Payments for Contractual Services	(11,879)	(168,345)	(297,722)	(3,851)	(481,797)
Cash Payments for Material and Supplies	(297,241)	(83,602)	(37,581)	(52,745)	(471,169)
Cash Payments for Utilities	(180,337)	(91,746)	0	(33,652)	(305,735)
Cash Payments for Other Expenses	(1,005)	(139)	(110)	(4,733)	(5,987)
Net Cash Provided by (Used in) Operating Activities	<u>442,682</u>	<u>(238,324)</u>	<u>16,494</u>	<u>(10,582)</u>	<u>210,270</u>
Cash Flows from Noncapital Financing Activities:					
Transfers from Other Funds	0	0	0	10,000	10,000
Net Cash Provided by Noncapital Financing Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,000</u>	<u>10,000</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition of Capital Assets	(316,604)	(60,530)	0	0	(377,134)
Loan Proceeds	67,687	0	0	0	67,687
Debt Principal Payments	(185,872)	0	0	0	(185,872)
Debt Interest Payments	(146,323)	0	0	0	(146,323)
Net Cash Used for Capital and Related Financing Activities	<u>(581,112)</u>	<u>(60,530)</u>	<u>0</u>	<u>0</u>	<u>(641,642)</u>
Cash Flows from Investing Activities:					
Interest Earnings	18,414	37,252	7,418	221	63,305
Net Cash Provided by Investing Activities	<u>18,414</u>	<u>37,252</u>	<u>7,418</u>	<u>221</u>	<u>63,305</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(120,016)	(261,602)	23,912	(361)	(358,067)
Cash and Cash Equivalents at Beginning of the Year	428,576	965,043	67,350	3,864	1,464,833
Cash and Cash Equivalents at End of the Year	<u><u>\$308,560</u></u>	<u><u>\$703,441</u></u>	<u><u>\$91,262</u></u>	<u><u>\$3,503</u></u>	<u><u>\$1,106,766</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating Income (Loss)	\$75,324	(\$217,305)	(\$6,904)	(\$61,150)	(\$210,035)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	353,002	79,615	41,897	50,804	525,318
(Increase) Decrease in Accounts Receivable	3,539	(177,746)	(27,086)	0	(201,293)
(Increase) Decrease in Inventory	(1,315)	5,055	0	0	3,740
Increase (Decrease) in Accounts Payable	2,478	53,867	2,556	(236)	58,665
Increase (Decrease) in Accrued Wages and Benefits	3,821	6,518	1,956	0	12,295
Increase (Decrease) in Accrued Pensions	4,272	5,093	1,866	0	11,231
Increase (Decrease) in Deferred Revenue	0	0	0	0	0
Increase (Decrease) in Compensated Absences	1,561	6,579	2,209	0	10,349
Total Adjustments	<u>367,358</u>	<u>(21,019)</u>	<u>23,398</u>	<u>50,568</u>	<u>420,305</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$442,682</u></u>	<u><u>(\$238,324)</u></u>	<u><u>\$16,494</u></u>	<u><u>(\$10,582)</u></u>	<u><u>\$210,270</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, 2008

	<u>AGENCY FUNDS</u>
ASSETS:	
Segregated Cash & Investments	\$ 34,885
Receivables (Net) Taxes	<u>1,268,901</u>
Total Assets	<u>\$ 1,303,786</u>
LIABILITIES:	
Accounts Payable	0
Deferred Revenue	\$ 475,732
Undistributed Monies	<u>828,054</u>
Total Liabilities	<u>\$ 1,303,786</u>

See accompanying notes to the basic financial statements.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY AND REPORTING ENTITIIY

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 10 and 14.

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.

**CITY OF WEST CARROLLTON
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

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

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.

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

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

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

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

**CITY OF WEST CARROLLTON
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

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	\$ (337,858)
Net Adjustment for revenue	(107,474)
Net Adjustment for expenditure	<u>472,198</u>
GAAP Basis	<u>\$ 26,866</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 \$48,743.

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 proprietary 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

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

**CITY OF WEST CARROLLTON
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

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. ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2007, the City has implemented GASB Statement No. 48 "Sales and Pledges of Receivables and Intra-Entity Transfers of Assets and Future Revenues". GASB Statement No. 48 establishes criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the City.

3. 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

**CITY OF WEST CARROLLTON
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

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 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;

**CITY OF WEST CARROLLTON
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

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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 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, 2008.

Deposits: At year-end, the carrying amount of the City's cash and deposits was \$1,856,581. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosure", as of December 31, 2008 \$1,926,087 of the City's \$2,426,087 bank balance was exposed to custodial risk as discussed below. The \$500,000 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 in undeposited cash on hand which is included in the financial statements of the City as part of "Pooled Cash & Investments".

**CITY OF WEST CARROLLTON
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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As of December 31, 2008 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	\$ 70,841	\$ 70,841		3.7
Star Ohio	1,622,431	1,622,431		85.6
FHLB	20,025	0	20,025	1.1
FHLMC	25,032	0	25,032	1.3
FFCB	43,625	0	43,625	2.3
FNMA	<u>113,110</u>	<u>0</u>	<u>\$ 113,110</u>	<u>6.0</u>
Total	<u>\$ 1,895,064</u>	<u>\$ 1,693,272</u>	<u>\$ 201,792</u>	<u>100.0</u>

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	\$ 1,856,581
Investments	1,895,064
Cash on Hand	<u>875</u>
Total	<u>\$ 3,752,520</u>

**CITY OF WEST CARROLLTON
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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Cash and Investments per Statement of Net Assets

Government Activities	\$ 2,610,899
Business-Type Activities	1,106,766
Fiduciary Funds	<u>34,855</u>
 Total	 <u>\$ 3,752,520</u>

4. 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). Per House Bill 66 tangible personal property tax is being phased out reducing the assessment percentage for property, excluding inventory, to 12.5% for 2008 and 6.25% for the final year in 2008. 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, 2008 was \$6.25 per \$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, 2008 was \$6.25 per \$1,000 of assessed valuation.

The assessed 12-31-08 values per category are as follows:

Real Estate	\$204,073,800
Public Utilities	22,950
Public Utilities Personal Property	4,742,260
Telecom	<u>620,570</u>
Total Valuation	<u>\$209,459,580</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.

5. 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 2008 on a cash basis, tax receipts net of refunds amounted to \$6,831,661 of which \$5,192,110 was recorded in the General Fund and \$1,639,551 was recorded in the One Half Percent Tax Fund for use in various capital improvements.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

6. 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, 2008 as well as intended to finance fiscal 2008 operations.

A summary of the receivables is as follows:

<u>Governmental Funds</u>	<u>General</u>	Half % <u>Tax</u>	<u>Nonmajor</u>
Taxes	\$ 2,130,788	\$ 317,225	\$ 89,675
Accounts	174,800	0	0
Intergovernmental	230,925		651,537
Special Assessments	0	0	426,639
Loans	<u>0</u>	<u>0</u>	<u>47,859</u>
Total	<u>\$ 2,536,513</u>	<u>\$ 317,225</u>	<u>\$ 1,215,710</u>

<u>Proprietary Funds</u>	<u>Water</u>	<u>Sewer</u>	<u>Nonmajor</u>
Accounts	\$ 325,490	\$ 342,690	\$ 152,063

7. 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.

8. INTERFUND TRANSACTIONS

Interfund Transfers

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

Transfers to the Half Percent Tax Fund from:

General Fund	\$ 60,000
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Transfers to Nonmajor Governmental Funds from:

General Fund	\$ 726,404
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Transfers to the Nonmajor Pool Fund from:

General Fund	\$ 10,000
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**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

Transfer to the Nonmajor Funds from:

Half Percent Tax Fund	\$ <u>1,856,280</u>
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Total Transfers	\$ <u>2,652,684</u>
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All transfers were legal and in compliance with the Ohio Revised Code. The three 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	\$ 43,988

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 2008. The amount due after 2008 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	\$ 225,836

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 2008. The amount due in 2008 is reported in due to/from noted above.

9. CAPITAL ASSETS

A summary of capital asset activity for the year ended December 31, 2008, was as follows:

**CITY OF WEST CARROLLTON
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

Governmental Activities

Category	Cost Balance As of 1/1/08	Additions	Deletions	Accumulated Depreciation	Net Balance As of 12/31/08
Land	\$3,051,938	\$ 409,438	\$ 0	\$ 0	\$3,461,376
Building and Improvements	13,592,056	152,222	0	(6,007,942)	7,736,336
Machinery and Equipment	5,234,434	784,008	(163,352)	(4,032,891)	1,822,199
Infrastructure	13,084,056	942,697	0	(8,776,230)	5,250,523
Total	\$34,962,484	\$ 2,288,365	(\$163,352)	(\$18,817,063)	\$18,270,434

Governmental Activities

Category	Accumulated Depreciation Balance As of 1/1/08	Depreciation	Disposals	Accumulated Depreciation Balance As of 12/31/08
Building and Improvements	\$ 5,474,392	\$ 533,550	\$ 0	\$ 6,007,942
Machinery and Equipment	3,792,699	403,544	(163,352)	4,032,891
Infrastructure	8,098,965	677,265	0	8,776,230
Total	\$ 17,366,056	\$1,614,359	(\$163,352)	\$18,817,063

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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Governmental Activities depreciation expense was charged as follows:

General Government	\$ 243,758
Public Safety	563,682
Leisure Time Activities	73,848
Community Development	5,027
Transportation	<u>728,044</u>
 Total	 <u>\$ 1,614,359</u>

Business-Type Activities

Category	Cost Balance As of 1/1/08	Additions	Deletions	Accumulated Depreciation	Net Balance As of 12/31/08
Land	\$ 53,500	\$ 0	\$ 0	\$ 0	\$ 53,500
Building and Improvements	13,291,041	60,530	0	(8,852,165)	4,499,406
Machinery and Equipment	1,943,746	27,418	0	(1,654,927)	316,237
Infrastructure	9,058,868	289,186	0	(8,139,056)	1,208,998
 Total	 <u>\$24,347,155</u>	 <u>\$377,134</u>	 <u>0</u>	 <u>(\$18,646,148)</u>	 <u>\$6,078,141</u>

**CITY OF WEST CARROLLTON
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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Category	Accumulated Depreciation Balance As of 1/1/08	Depreciation	Disposals	Accumulated Depreciation Balance As of 12/31/08
Building and Improvements	\$ 8,518,293	\$ 333,872	\$ 0	\$ 8,852,165
Machinery and Equipment	1,559,070	95,857	0	1,654,927
Infrastructure	8,043,467	95,589	0	8,139,056
Total	\$ 18,120,830	\$ 525,318	\$ 0	\$ 18,646,148

Business-Type depreciation expense was charged as follows:

Water	\$ 353,002
Sewer	79,615
Pool	50,804
Refuse	<u>41,897</u>
Total	<u>\$ 525,318</u>

10. 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

**CITY OF WEST CARROLLTON
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

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.

11. EMPLOYEES RETIREMENT SYSTEM

A. Ohio Public Employees' Retirement System (OPERS)

The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides basic retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to established and amended benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to the Ohio Public Employees' Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800)222-7377.

Plan members, other than those engaged in law enforcement, are required to contribute 10 percent of their annual-covered salary to fund pension obligations and the City is required to contribute 14 percent. Contributions are authorized by state statute and determined actuarially. The City's payments to OPERS for the years ended December 31, 2008, 2007 and 2006, were \$445,091, \$416,987 and \$398,784, respectively. 100% has been contributed for all three years.

B. Police and Firemen's Disability and Pension Fund

The City also contributes to the Ohio Police and Fire Pension Fund, a cost sharing, multiple-employer, defined benefit pension plan. This Fund provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are by the Ohio State Legislature and codified in by Ohio Revised Code, Chapter 742. OP & F issues a publicly available financial report that includes financial statements and required supplementary

**CITY OF WEST CARROLLTON
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Police and firefighters are required to contribute 10 percent of their annual-covered salary, while the City is required to contribute 19.5 percent for the police and 24 percent for the firefighters. Contributions are authorized by state statute. An actuary, however, is used to determine the actuarial implications of the statutory requirements. The City's required contributions to the Fund for police and firefighters for the year ended December 31, 2008, 2007, and 2006 were \$490,544, \$497,503 and \$455,268, respectively. 75% of the required contribution for 2008 was made with the balance being paid timely in 2009 reported as a liability.

12. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

A. Ohio Public Employees' Retirement System (OPERS)

The Ohio Public Employees' Retirement System provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to the traditional and combined plans is set aside for the funding of post-retirement health care based on authority granted by State statute. Of the 14 percent employer contribution, 7% in 2008 was used to fund health care, which amounted to \$222,547. The other half of the employer contribution, or \$222,547, was used to fund post-employment benefits. Funding for post-employment benefits totaled \$284,259 and \$268,363 for 2007 and 2006 respectively.

Benefits are advance-funded using the entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.5%, an annual increase in active employee total payroll of 4% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .5% and 6.3% based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate (4%) plus and an additional factor ranging from .5% to 4% for the next seven years. In subsequent years, (8 and beyond) health care costs were assumed to increase at 4%.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of the unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

The significant assumption and calculations described below were as of December 31, 2007 based on OPERS latest information after an actuarial review. There were 364,076 active contributing participants as of December 31, 2007. OPERS actuarially determined as of December 31, 2007 net assets available for OPEB's of \$12.8 billion and an accrued liability of \$29.8 billion. This generates an

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

unfunded actuarially accrued liability of \$17 billion. Benefits are financed through employer contributions and investment earnings there on.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, is effective on January 1, 2007. OPERS took additional actions to improve the solvency of the Health Care Fund in 2006 by creating a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008 which will allow additional funding to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to 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. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage stating that health care cost paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total employer contribution rates are 19.5 percent and 24 percent for police and fire respectively, of which 6.75 percent of covered payroll is applied to the post-employment health care program during 2007 and 2008. The portion of the current year City contribution that was used to fund post-employment benefits totaled \$159,427, \$152,642, and \$168,016 for 2008, 2007, and 2006 respectively. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

As of December 31, 2007, the number of participants eligible to receive health care benefits was 14,295 for police and 10,583 for fire. Funding and accounting are on a pay-as-you-go basis. The OP&F does not provide separate data on the funded status and funding progress of post-employment health care benefits. The Fund's total health care expenses for the year ended December 31, 2007 (latest available information) were \$93,205,319 which was net of member contributions of \$56,031,875.

**CITY OF WEST CARROLLTON
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

13. GENERAL LONG-TERM DEBT OBLIGATIONS

Governmental Activities:	Interest Rate	Issue Date	Maturity Date	Balance 12/31/07	Increase (Decrease)	Balance 12/31/08	Due Within One Year
Marina Drive	7.375%	5-1-90	12-1-10	33,000	(10,000)	23,000	11,000
Gargrave Road	6.875%	6-1-91	12-1-11	80,000	(20,000)	60,000	20,000
Infirmary Road	6.050%	9-1-92	12-1-12	65,000	(10,000)	55,000	10,000
Gibbons Road	0%	12-31-08	1-1-29	0	98,283	98,283	2,457
YMCA Bonds	4.175%	7-1-04	12-1-19	4,035,000	(275,000)	3,760,000	280,000
Comp Absences additions					329,359		
Compensated Absences				<u>784,104</u>	<u>(306,606)</u>	<u>806,857</u>	<u>403,429</u>
Total Governmental Activities Long-Term Debt				<u>4,997,104</u>	<u>(193,964)</u>	<u>4,803,140</u>	<u>726,886</u>
Business-Type Activities:							
Water Plant Loan	3.50%	12-31-04	7-1-24	3,907,096	(179,104)	3,727,992	185,428
Water Main Loan	0%	1-01-08	7-1-17	0	67,687 (6,768)	60,919	6,769
Comp Absences additions					69,801		
Compensated Absences				<u>134,656</u>	<u>(59,452)</u>	<u>145,005</u>	<u>13,152</u>
Total Business-Type Activities				<u>4,041,752</u>	<u>(107,836)</u>	<u>3,933,916</u>	<u>205,349</u>
Grand Total				<u>\$9,038,856</u>	<u>(\$301,800)</u>	<u>\$8,737,056</u>	<u>\$ 932,235</u>

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.

**CITY OF WEST CARROLLTON
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 \$329,359 and uses were \$306,606 for a net increase of \$22,753. For business type activities, compensated absences additions \$69,801 and uses were \$59,452 for a net increase of \$10,349.

The annual requirements of general governmental revenues to pay principal and interest on the long-term debt at December 31, 2008 are as follows:

<u>Year Ending December 31</u>	<u>Special Assessment Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2009	41,000	8,360
2010	47,000	6,358
2011	35,000	3,190
2012	<u>15,000</u>	<u>907</u>
Total	<u>\$ 138,000</u>	<u>\$ 18,815</u>

<u>Year Ending December 31</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2009	280,000	154,999
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	350,000	81,661
2016	365,000	67,224
2017	385,000	51,711
2018	400,000	35,156
2019	<u>415,000</u>	<u>18,156</u>
Total	<u>\$ 3,760,000</u>	<u>\$ 1,016,789</u>

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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<u>Year Ending December 31</u>	<u>Water Softening Plant Loan</u>		<u>Gibbons Rd Loan</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2009	185,427	134,825	2,457
2010	191,975	128,278	4,914
2011	198,752	121,500	4,914
2012	205,770	114,483	4,914
2013	213,035	107,218	4,914
2014	220,556	99,697	4,914
2015	228,343	91,910	4,915
2016	236,405	83,848	4,914
2017	244,752	75,501	4,914
2018	253,393	66,860	4,914
2019	262,339	57,913	4,914
2020	271,602	48,651	4,914
2021	281,191	39,062	4,915
2022	291,118	29,134	4,914
2023	301,397	18,856	4,914
2024	<u>141,937</u>	<u>8,215</u>	4,914
2025			4,914
2026			4,914
2027			4,914
2028			4,915
2029			<u>2,457</u>
Total	<u>\$ 3,727,992</u>	<u>\$ 1,225,951</u>	<u>\$ 98,283</u>

<u>Year Ending December 31</u>	<u>Bit and Bridle Water Main Loan</u>
	<u>Principal</u>
2009	6,769
2010	6,769
2011	6,768
2012	6,769
2013	6,769
2014	6,768
2015	6,769
2016	6,769
2017	<u>3,384</u>
Total	<u>\$ 60,919</u>

**CITY OF WEST CARROLLTON
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008**

14. 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, 2008, 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, 2008, 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, 2007 (latest available):

Assets	<u>\$ 15,232,927</u>
Liabilities	<u>6,015,970</u>
Net Assets	<u>\$ 9,216,957</u>

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

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

**CITY OF WEST CARROLLTON
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 2007.

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.

15. 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, 2008.

CITY OF WEST CARROLLTON, OHIO

Yellow Book Reports

December 31, 2008

**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 Council and Mayor
City of West Carrollton
300 E. 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, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 5, 2009. 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 control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies 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 5, 2009.

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 5, 2009



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
JULY 14, 2009**