



# CITY OF WEST CARROLLTON

DAYTON REGION, MONTGOMERY COUNTY

## REGULAR AUDIT

JANUARY 1, 2002 – DECEMBER 31, 2002





**Auditor of State  
Betty Montgomery**

City Council  
City of West Carrollton  
300 East Central Ave.  
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, 2002 through December 31, 2002. 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.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

September 9, 2003

**This Page is Intentionally Left Blank.**

**CITY OF WEST CARROLLTON**  
**MONTGOMERY COUNTY**

**TABLE OF CONTENTS**

<b><u>TITLE</u></b>	<b><u>PAGE</u></b>
Elected Officials and Administrative Personnel	(i)
Index of Funds	(ii)
Report of Independent Accountants	(iii)
Combined Balance Sheet – All Fund Types and Account Groups - As of December 31, 2002	1-2
Combined Statement of Revenues, Expenditures and Changes In Fund Balances – All Governmental Fund Types and Expendable Trust Funds – For the Year Ended December 31, 2002	3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types and Expendable Trust Funds - For the Year Ended December 31, 2002	4
Combined Statement of Revenues, Expenses and Changes in Retained Earnings – Proprietary Fund Type - For the Year Ended December 31, 2002	5
Combined Statement of Cash Flows – Proprietary Fund Type - For the Year Ended December 31, 2002	6
Notes to the Financial Statements	7-26
Report on Compliance and on Internal Control Required by Government Auditing Standards	27-28

**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, 2002**

**Council Member**

<b><u>NAME</u></b>	<b><u>TITLE</u></b>	<b><u>TERM OF OFFICE</u></b>
Maxine Gilman	Mayor	1/1/00 – 12/31/03
Vern Angerer	Deputy Mayor	1/1/00 – 12/31/03
William Gordon	Council Member	1/1/98 – 12/31/05
John G. Jensen	Council Member	1/1/98 – 12/31/05
Linda M. Lotspaih	Council Member	1/1/98 – 12/31/05
Donald A. Mounce	Council Member	1/1/00 – 12/31/03
Jeffery W. Sanner	Council Member	1/1/98 – 12/31/05

**ADMINISTRATIVE PERSONNEL**

<b><u>NAME</u></b>	<b><u>TITLE</u></b>
G. Tracy Williams	City Manager
Thomas E. Reilly	Finance Director/Clerk of Council
Patrick G. Carney 534 East Dixie Dr West Carrollton, Oh 45449	Law Director

**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

**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

**FIDUCIARY FUND TYPES**

**Trust and Agency Fund Class**

Expendable Trust Fund

Police Pension Fund

Bonds Returnable Fund

Inspection Fund

Agency Funds

Mayor's Court Appearance Bond

Mayor's Court Fund

Income Tax Fund

Unclaimed Money Fund

**This Page is Intentionally Left Blank.**



**PLATTENBURG & ASSOCIATES, INC./CERTIFIED PUBLIC ACCOUNTANTS**

8260 NORTHCREEK DRIVE, SUITE 330/ CINCINNATI, OH 45236 • (513) 891-2722 • FAX (513) 891-2760  
3931 SOUTH DIXIE DRIVE/ DAYTON, OH 45439 • (937) 294-1505 • FAX (937) 294-1507

June 6, 2003

To the Honorable City Council of the City of West Carrollton, Ohio

**REPORT OF INDEPENDENT ACCOUNTANTS**

We have audited the accompanying general purpose financial statements of the City of West Carrollton, Ohio, (the City) as of and for the year ended December 31, 2002. These general purpose financial statements are the responsibility of the management of the City. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City, as of December 31, 2002, and the results of its operations and cash flows of its proprietary fund type 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 a report dated May 30, 2003 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Plattenburg & Associates, Inc.  
Certified Public Accountants

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**COMBINED BALANCE SHEET - ALL FUND TYPES  
AND ACCOUNT GROUPS  
DECEMBER 31, 2002**

	GOVERNMENTAL FUND TYPES				PROPRIETARY	FIDUCIARY	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	FUND TYPE	FUND TYPE	GENERAL	GENERAL	
					ENTERPRISE	TRUST AND AGENCY	FIXED ASSETS	LONG-TERM OBLIGATIONS	
<b>ASSETS &amp; OTHER DEBITS:</b>									
Pooled Cash & Investments	\$3,037,138	\$337,819	\$46,459	\$2,082,525	\$2,478,674	\$20,996	\$0	\$0	\$8,003,611
Receivables (Net)									
Taxes	669,158	33,806	0	0	0	1,179,519	0	0	1,882,483
Accounts	402	0	0	0	349,187	0	0	0	349,589
Intergovernmental	295,681	386,180	0	497,982	0	2,975			1,182,818
Special Assessments	0	66,533	500,729	0	0	0	0	0	567,262
Accrued Interest	3,992	49	0	1,877	3,287	0	0	0	9,205
Inventory at Cost	0	0	0	0	47,561	0	0	0	47,561
Due from Other Funds	0	0	0	14,811	0	0	0	0	14,811
Prepaid Expenses	1,809	0	0	0	0	0	0	0	1,809
Advance to Other Funds	0	0	0	66,533	0	0	0	0	66,533
Property, Plant & Equipment	0	0	0	0	18,316,222	0	13,807,539	0	32,123,761
Less: Accumulated Depreciation	0	0	0	0	(13,976,872)	0	0	0	(13,976,872)
Amount Available in Debt									
Service Funds	0	0	0	0	0	0	0	46,459	46,459
Amount to be Provided from									
Special Assessments	0	0	0	0	0	0	0	372,000	372,000
Amount to be Provided for									
Retirement of General Long-									
Term Obligations	0	0	0	0	0	0	0	2,848,392	2,848,392
<b>Total Assets &amp; Other Debits</b>	<b>\$4,008,180</b>	<b>\$824,387</b>	<b>\$547,188</b>	<b>\$2,663,728</b>	<b>\$7,218,059</b>	<b>\$1,203,490</b>	<b>\$13,807,539</b>	<b>\$3,266,851</b>	<b>\$33,539,422</b>

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

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**COMBINED BALANCE SHEET - ALL FUND TYPES  
AND ACCOUNT GROUPS  
DECEMBER 31, 2002**

	GOVERNMENTAL FUND TYPES				PROPRIETARY	FIDUCIARY	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	FUND TYPE	FUND TYPE	GENERAL	GENERAL	
					ENTERPRISE	TRUST AND AGENCY	FIXED ASSETS	LONG-TERM OBLIGATIONS	
<b>LIABILITIES:</b>									
Accrued Wages and Benefits	\$229,769	\$18,357	\$0	\$0	\$35,217	\$0	\$0	\$0	\$283,343
Accounts Payable	29,607	55,924	0	300,311	111,728	150	0	0	497,720
Accrued Pensions	0	0	0	0	30,321	0	0	187,571	217,892
Deferred Revenue	848,498	220,252	500,729	579,326	0	617,434	0	0	2,766,239
Due to Other Funds	0	14,811	0	0	0	0	0	0	14,811
Advance from Other Funds	0	66,533	0	0	0	0	0	0	66,533
Bonds Payable								2,000,000	2,000,000
Special Assessment Debt with									
Governmental Commitment	0	0	0	0	0	0	0	372,000	372,000
Vacation and Sick Leave Liabilities	0	0	0	0	77,732	0	0	707,280	785,012
Undistributed Monies	0	0	0	0	0	578,336	0	0	578,336
<b>Total Liabilities</b>	<b>1,107,874</b>	<b>375,877</b>	<b>500,729</b>	<b>879,637</b>	<b>254,998</b>	<b>1,195,920</b>	<b>0</b>	<b>3,266,851</b>	<b>7,581,886</b>
<b>FUND EQUITY:</b>									
Investment in General Fixed Assets	0	0	0	0	0	0	13,807,539	0	13,807,539
Contributed Capital					6,067,343				6,067,343
Retained Earnings:									
Unreserved	0	0	0	0	895,718	0	0	0	895,718
Fund Balance:									
Reserved for Encumbrances	50,223	157,814	0	429,498	0	0	0	0	637,535
Reserved for Prepays	1,809	0	0	0	0	0	0	0	1,809
Reserved for Advances	0	0	0	66,533	0	0	0	0	66,533
Reserved for Debt Service	0	0	46,459	0	0	0	0	0	46,459
Unreserved/Undesignated	2,848,274	290,696	0	1,288,060	0	7,570	0	0	4,434,600
<b>Total Fund Equity</b>	<b>2,900,306</b>	<b>448,510</b>	<b>46,459</b>	<b>1,784,091</b>	<b>6,963,061</b>	<b>7,570</b>	<b>13,807,539</b>	<b>0</b>	<b>25,957,536</b>
<b>Total Liabilities and Equity</b>	<b>\$4,008,180</b>	<b>\$824,387</b>	<b>\$547,188</b>	<b>\$2,663,728</b>	<b>\$7,218,059</b>	<b>\$1,203,490</b>	<b>\$13,807,539</b>	<b>\$3,266,851</b>	<b>\$33,539,422</b>

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

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	GOVERNMENTAL FUND TYPES			FIDUCIARY	TOTALS (MEMORANDUM ONLY)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS		EXPENDABLE TRUST
<b>REVENUES:</b>						
Local Taxes	\$4,470,002	\$88,049	\$0	\$1,570,371	\$73,828	\$6,202,250
Special Assessments	0	25,432	57,407	0	0	82,839
Intergovernmental	644,061	549,968	0	273,059	0	1,467,088
Charges for Services	196,186	66,717	0	0	2,000	264,903
Investment Earnings	227,701	1,383	0	128,391	0	357,475
Fines & Forfeitures	152,026	7,401	0	0	0	159,427
License & Permits	44,903	0	0	0	0	44,903
Other Revenue	148,655	31,114	0	650	374	180,793
<b>Total Revenues</b>	<b>5,883,534</b>	<b>770,064</b>	<b>57,407</b>	<b>1,972,471</b>	<b>76,202</b>	<b>8,759,678</b>
<b>EXPENDITURES:</b>						
General Government	1,463,304	0	0	0	0	1,463,304
Security of Persons	3,493,892	45,733	0	0	280,985	3,820,610
Leisure Time Activities	559,432	67,334	0	0	0	626,766
Community Environment	392,156	463,304	0	630,493	1,700	1,487,653
Basic Utility Services	393,929	0	0	0	0	393,929
Capital Outlay	0	0	0	683,277	0	683,277
Transportation	0	491,069	0	0	0	491,069
Debt Service:						
Principal	0	0	1,036,000	0	0	1,036,000
Interest & Fiscal Charges	0	0	157,380	0	0	157,380
<b>Total Expenditures</b>	<b>6,302,713</b>	<b>1,067,440</b>	<b>1,193,380</b>	<b>1,313,770</b>	<b>282,685</b>	<b>10,159,988</b>
Excess (Deficiency) of Revenue Over Expenditures	(419,179)	(297,376)	(1,135,973)	658,701	(206,483)	(1,400,310)
Other Financing Sources (Uses):						
Transfers-In	21,646	709,649	1,129,271	1,238,664	207,260	3,306,490
Transfers-Out	(351,909)	(91,298)	0	(2,863,283)		(3,306,490)
<b>Total Other Financing Sources (Uses)</b>	<b>(330,263)</b>	<b>618,351</b>	<b>1,129,271</b>	<b>(1,624,619)</b>	<b>207,260</b>	<b>0</b>
Excess of Revenues & Other Financing Sources Over Expenditures & Other Financing Uses	(749,442)	320,975	(6,702)	(965,918)	777	(1,400,310)
Fund Balance - Beginning of Year	3,649,748	127,535	53,161	2,750,009	6,793	6,587,246
Fund Balance - End of Year	\$2,900,306	\$448,510	\$46,459	\$1,784,091	\$7,570	\$5,186,936

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

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002

	GENERAL FUND			SPECIAL REVENUE			DEBT SERVICE			CAPITAL PROJECTS		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES</b>												
Local Taxes	\$4,452,300	\$4,470,002	\$17,702	\$88,700	\$88,049	(\$651)	\$0	\$0	\$0	\$1,700,000	\$1,570,371	(\$129,629)
Special Assessments	0	0	0	27,000	25,432	(1,568)	57,407	57,407	0	0	0	0
Charges for Services	209,000	196,301	(12,699)	90,280	66,717	(23,563)	0	0	0	0	0	0
Intergovernmental	618,500	616,766	(1,734)	449,450	450,363	913	0	0	0	365,950	273,059	(92,891)
Investment Earnings	200,000	137,003	(62,997)	2,100	1,447	(653)	0	0	0	50,000	85,554	35,554
Fines & Forfeitures	113,700	152,026	38,326	3,300	7,401	4,101	0	0	0	0	0	0
License and Permits	43,000	44,903	1,903	0	0	0	0	0	0	0	0	0
Bond Proceeds	0	0	0	0	0	0	0	0	0	0	0	0
Other Revenue	106,100	148,655	42,555	12,000	31,114	19,114	0	0	0	6,000	650	(5,350)
<b>Total Revenues</b>	<b>5,742,600</b>	<b>5,765,656</b>	<b>23,056</b>	<b>672,830</b>	<b>670,523</b>	<b>(2,307)</b>	<b>57,407</b>	<b>57,407</b>	<b>0</b>	<b>2,121,950</b>	<b>1,929,634</b>	<b>(192,316)</b>
<b>EXPENDITURES</b>												
General Government	1,823,400	1,604,536	218,864	0	0	0	0	0	0	0	0	0
Security of Persons	3,614,488	3,453,433	161,055	47,700	45,733	1,967	0	0	0	0	0	0
Leisure Time Activities	590,200	551,181	39,019	81,480	65,097	16,383	0	0	0	93,000	0	93,000
Community Environment	431,750	391,338	40,412	578,700	571,117	7,583	0	0	0	642,850	453,849	189,001
Basic Utility	431,530	398,559	32,971	0	0	0	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0	0	0	0	1,030,476	1,000,897	29,579
Transportation	0	0	0	608,050	557,743	50,307	0	0	0	0	0	0
Debt Service:												
Principal	0	0	0	0	0	0	1,036,000	1,036,000	0	0	0	0
Interest & fiscal charges	0	0	0	0	0	0	158,300	157,380	920	0	0	0
<b>Total Expenditures</b>	<b>6,891,368</b>	<b>6,399,047</b>	<b>492,321</b>	<b>1,315,930</b>	<b>1,239,690</b>	<b>76,240</b>	<b>1,194,300</b>	<b>1,193,380</b>	<b>920</b>	<b>1,766,326</b>	<b>1,454,746</b>	<b>311,580</b>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,148,768)	(633,391)	515,377	(643,100)	(569,167)	73,933	(1,136,893)	(1,135,973)	920	355,624	474,888	119,264
<b>Other Financing Sources (Uses)</b>												
Transfers In	165,480	165,126	(354)	746,900	709,649	(37,251)	1,130,000	1,129,271	(729)	2,334,550	1,238,664	(1,095,886)
Transfers Out	(408,400)	(351,909)	56,491	(97,100)	(91,298)	5,802	0	0	0	(4,950,000)	(2,863,283)	2,086,717
<b>Total Other Financing Sources (Uses)</b>	<b>(242,920)</b>	<b>(186,783)</b>	<b>56,137</b>	<b>649,800</b>	<b>618,351</b>	<b>(31,449)</b>	<b>1,130,000</b>	<b>1,129,271</b>	<b>(729)</b>	<b>(2,615,450)</b>	<b>(1,624,619)</b>	<b>990,831</b>
Excess/(Deficiency) of Revenues & Other Sources over/(under) Expenditures and Other Uses	(1,391,688)	(820,174)	571,514	6,700	49,184	42,484	(6,893)	(6,702)	191	(2,259,826)	(1,149,731)	1,110,095
Fund Balance - 1/1/02	3,649,748	3,649,748	0	127,535	127,535	0	53,161	53,161	0	2,750,009	2,750,009	0
Fund Balance - 12/31/02	2,258,060	2,829,574	571,514	134,235	176,719	42,484	46,268	46,459	191	490,183	1,600,278	1,110,095

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

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<b>PROPRIETARY FUND TYPES ENTERPRISE</b>
<b>REVENUES:</b>	
Charges for Services	\$1,695,998
Other Operating Revenues	<u>10,580</u>
Total Revenues	1,706,578
<b>EXPENSES:</b>	
Personal Services	1,131,011
Contractual Services	150,300
Materials and Supplies	263,366
Utilities	181,537
Depreciation	485,662
Other Expenses	<u>5,230</u>
Total Expenses	<u>2,217,106</u>
Operating Loss	(510,528)
Nonoperating Revenues:	
Investment Earnings	159,914
Intergovernmental	<u>59,105</u>
Total Non-Operating Revenues	219,019
Net Loss	(291,509)
Retained Earnings - Beginning of Year	<u>1,187,227</u>
Retained Earnings - End of Year	<u><u>\$895,718</u></u>

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

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<b>PROPRIETARY FUND TYPES ENTERPRISE</b>
<b>Increase in Cash and Cash Equivalents</b>	
Cash Flows from Operating Activities:	
Cash received from charges for services	\$1,675,837
Cash received from other operating services	10,580
Cash payments for personal services	(925,197)
Cash payments for contractual services	(152,859)
Cash payments for material and supplies	(382,877)
Cash payments for utilities	(181,537)
Cash payments for other expenses	<u>(4,863)</u>
Net cash provided by operating activities	39,084
Cash flows from noncapital financing activities:	
Intergovernmental receipts	<u>59,105</u>
Net cash provided by noncapital financing activities	59,105
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(552,716)</u>
Net cash used for capital and related financing activities	(552,716)
Cash flows from investing activities:	
Interest earnings	<u>164,920</u>
Net cash provided by investing activities	<u>164,920</u>
Net decrease in cash and cash equivalents	(289,607)
Cash and cash equivalents at beginning of year	<u>2,768,281</u>
<b>Cash and cash equivalents at end of year</b>	<b><u><u>\$2,478,674</u></u></b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating loss	(\$510,528)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	485,662
Increase in accounts receivable	(20,161)
Increase in inventory	(2,265)
Increase in accounts payable	86,010
Increase in accrued wages and benefits	<u>366</u>
Total adjustments	549,612
<b>Net cash provided by operating activities</b>	<b><u><u>\$39,084</u></u></b>

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

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002**

---

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **DESCRIPTION OF THE ENTITY**

The City of West Carrollton is a political body incorporated and established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The City was organized in 1830 and is a home rule municipal corporation under the laws of the State of Ohio. The City operates under a council-manager form of government and provides the following services as authorized by its charter: public safety, public services, recreation, and community development. 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 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 Note 11.

The City does not have component units as defined in Governmental Accounting Standards Board (GASB) Statement No. 14, that are required to be included in these financial statements.

B. **BASIS OF PRESENTATION**

The financial reporting practices of the City conform to generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of its significant accounting policies:

The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures (expenses). Account groups are a reporting method that accounts for certain assets, liabilities, and funds not already reported directly in the various primary funds. The primary funds are summarized by type in the combined financial statements.

The City uses the following fund types and account groups.

**GOVERNMENTAL FUNDS**

**General Fund**

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.



**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

---

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

B. **BASIS OF PRESENTATION (Continued)**

**Special Revenue Funds**

The Special Revenue Funds are used to account for revenues derived from specific taxes, grants, or other restricted revenue sources. The uses and limitations of each special revenue fund are specified by City ordinances or federal and state statutes or grant provisions.

**Debt Service Funds**

These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest not being financed by the proprietary funds.

**Capital Projects Funds**

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities except for those financed by proprietary and trust funds.

**PROPRIETARY FUNDS**

**Enterprise Funds**

These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises (a) where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

**FIDUCIARY FUNDS**

**Trust and Agency Funds**

These funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include Expendable Trust and Agency Funds.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

---

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

B. **BASIS OF PRESENTATION (Continued)**

**ACCOUNT GROUPS**

Account groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term obligations. Because these assets and obligations are long-term, they are neither spendable resources nor require current appropriation.

**General Fixed Assets Account Group**

This account group includes all fixed assets required for general City purposes, excluding fixed assets of the Proprietary and Fiduciary Fund Types.

**General Long-Term Debt Account Group**

This account group is used to account for all long-term obligations of the City, except those accounted for in the proprietary and fiduciary funds. This includes the long-term obligations of the City for certain employee benefits and contingent liabilities.

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.

The measurement focus of governmental funds is based upon the determination of changes in fund balance. Governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become available and measurable.

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 sixty days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

---

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

C. **BASIS OF ACCOUNTING (Continued)**

requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the 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 non-exchange transactions must also be available before it can be recognized.

Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period which, for City purposes, is considered to be 60 days after year-end. Revenues considered susceptible to accrual are income tax withholdings, interest on investments, and current/delinquent property and income taxes. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due. Prepaid expenditures and inventory are recorded in the governmental fund types and charged as expenditures when used. Fund balance is reserved in governmental funds for the amount of prepaid expenditures and inventory, since they do not represent expendable financial resources.

The Proprietary Fund measurement focus is based upon determination of net income, financial position, and changes in financial position. The Proprietary Fund Type is accounted for using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred, if measurable.

With respect to proprietary activities, the City has adopted GASB 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Units That Use Proprietary Fund Accounting*. The City has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standard Board pronouncements and Accounting Principles Board Opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Expendable Trust funds are accounted for in the same manner as Governmental fund types. The Agency funds are merely "assets equal liabilities," and thus, do not involve the measurement of results of operations. The Agency funds use the modified accrual basis of accounting.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

---

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

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. The legal level of budgetary control is at the fund level of all funds.

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.

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.

4. **Encumbrances**

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

E. **INVENTORY**

Inventory is stated at cost using the first-in, first-out method of identification.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

---

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

**F. FIXED ASSETS**

Fixed assets used in the governmental fund-type operations are recorded in the General Fixed Assets Account Group. Those fixed assets used in Proprietary Fund Type operations are recorded in the applicable Enterprise Funds. Public domain assets ("infrastructure") such as roads, bridges, land improvements, curbs and gutters, streets and sidewalks are not capitalized in the General Fixed Asset Account Group. Interest incurred during construction is not capitalized on general fixed assets.

The cost of normal repairs and maintenance that do not add value to the asset or materially extend its life are not included in either the general fixed assets account group or capitalized in the proprietary funds. General fixed assets and proprietary fund fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value at the date donated. Only fixed assets with a cost in excess of \$1,000 are capitalized.

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

Depreciation of fixed assets is computed and recorded by the straight-line method over the estimated useful lives of the fixed assets in proprietary funds. Depreciation expense on general fixed assets is not recorded.

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

<b><u>Class</u></b>	<b><u>Estimated Useful Life</u></b>
Utility plant in service	20 years
Buildings and improvements	20 years
Equipment	3 to 15 years

**G. INTER-FUND 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.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

---

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

**G. INTER-FUND TRANSACTIONS (Continued)**

Quasi-external transactions, 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 residual equity transfers. All other inter-fund transfers are reported as operating transfers.

**H. FUND BALANCE RESERVES**

Reserves indicate portions of fund equity legally segregated for a specific future use and cannot be appropriated for expenditures. The proprietary fund's contributed capital represents equity acquired through capital grants and capital grants and capital contribution from developers, customers, or other funds.

**I. POOLED CASH AND INVESTMENTS**

Cash and investment balances of the City's funds, except cash held by a trustee or fiscal agent, 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 combined balance sheet, investments with original maturities of three months or less are considered to be cash and cash equivalents.

**J. TOTAL COLUMNS ON FINANCIAL STATEMENTS**

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

**2. PROPERTY TAX**

Real property taxes are levied on assessed values which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last reappraisal was completed for the tax year 2000.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

---

**2. PROPERTY TAX (Continued)**

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statutes permit later payment dates to be established.

The tax rate applied to all real property for the fiscal year ended December 31, 2002 was \$2.74 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, 2002 was \$2.74 per \$1,000 of assessed valuation. The assessed values per category are as follows:

Real Estate	\$184,037,680
Public Utilities	13,150
Public Utilities Personal Property	6,791,810
Tangible Personal Property	<u>67,135,861</u>
Total Valuation	<u>\$257,978,501</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.

**3. LOCAL INCOME TAX**

This locally levied tax of 1.75 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 2002, tax receipts net of refunds amounted to \$5,496,302 of which \$3,925,932 was recorded in the General Fund and \$1,570,370 was recorded in the One Half Percent Tax Fund for use in various capital improvements.

**4. 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

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

---

**4. INSURANCE (Continued)**

consists of seventeen municipalities who pool risk for property, liability (third party, general, police professional and automobile), boiler and machinery, and public official liability.

The City 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	Blanket
General Liability	\$ 11,000,000 per occurrence
Crime	\$ 1,000,000 per occurrence
Boiler and Machinery	\$ 100,000,000 per occurrence
Public Officials Liability	\$ 1,000,000 per occurrence

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

The City also pays for ninety percent of the health insurance premium and a term life insurance premium for it's full-time employees. The City pays to a private insurance company and retains no risk.

**5. EMPLOYEES RETIREMENT SYSTEM**

**A. Ohio Public Employees' Retirement System (OPERS)**

The employees of the City are covered by either the Ohio Public Employees Retirement System or the Police and Fireman's Disability Pension Fund which are both cost-sharing, multi-employer defined benefit pension plans. OPERS provides basic retirement, disability, and survivor benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. The amounts of these funds are not reflected in the accompanying financial statements.

OPERS issues a financial report available to the public that includes financial statements and required supplementary information. That report may be obtained by writing to the Ohio Public Employees' Retirement System, 277 East Town Street, Columbus, Ohio 43215 or by calling (614) 466-2085.

Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual-covered salary to fund pension obligations and the City is required to contribute 13.55 percent. Contributions are authorized by state statute. The contribution rates are determined actuarially. The City's required contributions to OPERS for the years ended December 31, 2002, 2001 and 2000, were \$361,043, \$320,203, and \$281,414, respectively. The full amount has been contributed for 2001 and 2000. Seventy-three percent has been contributed for 2002 with the remainder being reported as an accrued liability.



**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

---

**5. EMPLOYEES RETIREMENT SYSTEM (Continued)**

**B. Police and Firemen's Disability and Pension Fund**

The City also contributes to the Police and Firemen's Disability and Pension Fund of Ohio, a cost sharing, multiple-employer, defined benefit public employee retirement system. This Fund provides retirement and disability benefits to qualified participants. Additionally qualified spouses, children, and dependent parents can receive survivor and death benefits. Benefits are based on eligible service credit and are established by Ohio Revised Code, Chapter 742. A financial report for this report may be obtained by writing to the Police and Firemen's Disability and Pension Fund of Ohio, 140 East Town Street, Columbus, Ohio 43215-5164.

Police and firefighters are required to contribute 10 percent of their annual-covered salary to fund pension obligations and 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, 2002, 2001, and 2000 were \$399,916, \$371,924, and \$385,289, respectively. The full amount has been contributed for 2001 and 2000. Seventy-two percent has been contributed for 2002 with the remainder being reported as an accrued liability.

When the Police and Firemen's Pension and Disability System was established in 1967, each participating entity was assessed for prior pension costs. The City of West Carrollton previously extinguished the balance of this obligation.

**6. POST-EMPLOYMENT BENEFITS**

**A. Ohio Public Employees' Retirement System (OPERS)**

The Ohio Public Employees' Retirement System provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability and primary survivor recipients is available. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care based on authority granted by State Statute. Of the 13.55 percent employer contribution, 5 percent is used to fund health care, which amounted to \$129,975.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS.

The Ohio public employee benefits are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

---

**6. POST-EMPLOYMENT BENEFITS (Continued)**

**A. Ohio Public Employees' Retirement System (OPERS)**

The significant assumption and calculation described below were based on OPERS latest unaudited information as of December 31, 2001. There were 402,041 active contributing participants. Estimated net assets available for future benefits payments were \$11.6 billion. Estimated accrued liability and the unfunded estimated accrued liability, based on the actuarial cost method used, were \$16.4 billion and 4.8 billion, respectively. Benefits are financed through employer contributions and investment earnings there on. The contributions, investment income, and periodic adjustments in health care provisions are expected to be sufficient to sustain the program.

**B. Police and Firemen's Disability and Pension Fund**

The Ohio Revised Code provides the authority allowing the Police and Firemen's Disability and Pension Fund's board of trustees to provide health care coverage stating that health care cost paid from the Police and Firemen's Disability and 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 7.75 percent of covered payroll is applied to the post-employment health care program. The portion of the current year City contribution that was used to fund post-employment benefits totaled \$151,968. 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.

As of December 31, 2001, the number of participants eligible to receive health care benefits was 13,174 for police and 10,239 for fire. Funding and accounting are on a pay-as-you-go basis. The PFDPF System of Ohio 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, 2001 (latest available information) were \$122,298,771.

**7. NON-GAAP BUDGETARY BASIS**

The City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types are presented to provide a meaningful comparison of actual results with the budget.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

**7. NON-GAAP BUDGETARY BASIS (Continued)**

**Excess (Deficiency) of Revenue and Other Financing Sources  
Over Expenditures and Other Uses (GAAP Basis)**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>GAAP Basis</b>	(\$749,442)	\$320,975	(\$6,702)	(\$965,918)
Revenue Accruals	25,602	(99,541)	0	(42,837)
Expenditure Accruals	(96,334)	(172,250)	0	(140,976)
Other Financing	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 Budgetary Basis	 <u>(\$820,174)</u>	 <u>\$49,184</u>	 <u>(\$6,702)</u>	 <u>(\$1,149,731)</u>

**8. GENERAL LONG-TERM DEBT OBLIGATIONS**

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance 1/1/02</u>	<u>Increase/ (Decrease)</u>	<u>Balance 12/31/02</u>
<i><u>Special Assessments:</u></i>						
<i><u>Street Improvements</u></i>						
Water Tower Lane	8.625%	12-1-85	12-1-05	\$ 35,000	\$ (5,000)	\$ 30,000
Marina Drive	7.375%	5-1-90	12-1-10	78,000	(6,000)	72,000
Gargrave Road	6.875%	6-1-91	12-1-11	165,000	(10,000)	155,000
Infirmary Road	6.050%	9-1-92	12-1-12	130,000	(15,000)	115,000
 Fire Stations Bond	 4.250%	 3-22-01	 3-22-04	 3,000,000	 (1,000,000)	 2,000,000
Accrued Pensions				175,939	11,632	187,571
Accrued Vacation & Sick Leave Benefits				<u>625,517</u>	<u>81,763</u>	<u>707,280</u>
 Total				 <u>\$4,209,456</u>	 <u>(\$ 942,605)</u>	 <u>\$ 3,266,851</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 Fire Stations Bond is an unvoted general obligation bond issued for the purpose of acquiring real estate for, and constructing, equipping and furnishing two fire stations in the City. It will be paid through the General Obligation Bond Retirement Debt Service Fund from City income tax revenue transferred from the Capital Improvement Fund.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002**

(Continued)

**8. GENERAL LONG-TERM DEBT OBLIGATIONS(Continued)**

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 General Long-Term Obligations Account Group; for Proprietary Funds, as vacation and sick leave liabilities. 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.

The annual requirements of general governmental revenues to pay principal and interest on the long-term debt at December 31, 2002 are as follows:

<u>Year Ending December 31</u>	<u>Special Assessment Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2003	42,000	25,511
2004	42,000	22,496
2005	43,000	19,481
2006	33,000	16,393
2007	34,000	14,167
2008	40,000	11,866
2009	41,000	8,360
2010-2012	<u>97,000</u>	<u>10,455</u>
Total	<u>\$372,000</u>	<u>\$128,729</u>

<u>Year Ending December 31</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2003	1,000,000	85,000
2004	<u>1,000,000</u>	<u>42,500</u>
Total	<u>\$2,000,000</u>	<u>\$127,500</u>

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002**

(Continued)

**9. FIXED ASSET BALANCES**

A summary of balances in general fixed assets is as follows:

Category	Beginning Balance As of 1/1/02	Additions	Deletions	Ending Balance As of 12/31/02
Land	\$1,406,788	\$214,744	\$0	\$1,621,532
Building and Improvements	7,831,540	5,605	0	7,837,145
Machinery and Equipment	4,283,574	252,911	(187,623)	4,348,862
Total	<u>\$13,521,902</u>	<u>\$473,260</u>	<u>(\$187,623)</u>	<u>\$13,807,539</u>

A summary of balances of the Enterprise Fund fixed assets, which includes the Pool, Water, and Sewer Funds, is as follows:

Category	Cost Balance As of 1/1/02	Additions	Deletions	Accumulated Depreciation	Net Balance As of 12/31/02
Land	\$53,500	\$0	\$0	\$0	\$53,500
Building and Improvements	8,463,101	446,561	0	(5,681,782)	3,227,880
Machinery and Equipment	1,327,130	22,627	(11,162)	(921,067)	417,528
Infrastructure	7,919,775	94,690	0	(7,374,023)	640,442
Total	<u>\$17,763,506</u>	<u>\$563,878</u>	<u>(\$11,162)</u>	<u>(\$13,976,872)</u>	<u>\$4,339,350</u>

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002**

(Continued)

---

10. **POOLED CASH AND INVESTMENTS**

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

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

The Director of Finance may invest on behalf of and in the name of the City in the following instruments at a price not exceeding their fair value:

A. **Government Securities**

Negotiable direct obligations of the United States or obligations issued by federal agencies the principal and interest of which are unconditionally guaranteed by the United States, or bonds, notes, debentures, or other obligations or securities issued by any federal government agency, whether or not they are guaranteed by the United State.

B. **Non-Negotiable Interest Bearing Time Certificates of Deposits and Savings Accounts**

Non-Negotiable Interest Bearing Time Certificates of Deposits and savings accounts in banks organized under the laws of this State, National banks organized under the laws of the United States, doing business and situated in this State, and under Federal supervision, savings and loan associations located in this State and organized under Federal law and under Federal supervision, provided that such deposits and savings account are secured by collateral.

C. **Repurchase Agreements and Reverse Purchase Agreements**

Repurchase agreements of a bank or savings and loan association organized under the laws of the United States or any State thereof and Reverse Repurchase Agreements for negotiable direct obligations of the U.S., Federal agencies, and Federal instrumentalities of the following types:

1. U.S. Treasury bills and notes.
2. Government National Mortgage Association (GNMA).
3. Federal Farm Credit Bank obligations.
4. Federal Home Loan Bank obligations.

D. **Money Market Funds**

Money market funds whose portfolios consist of those instruments of governmental securities.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002**

**(Continued)**

---

**10. POOLED CASH AND INVESTMENTS (Continued)**

**E. Now Accounts**

Now Accounts, Super Now Accounts or any other similar account authorized by the Federal Reserve's Depository Institutions' Deregulation Committee.

**F. STAR Ohio**

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository with which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amount equal to at least 110% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Deposits collateralized by investment pools are classified as Category 3 deposits per GASB Statement No. 3.

The GASB has established risk categories for deposits and investments as follows:

Category 1

-Investments that are insured or registered, or securities held by the City or its agent in the City's name.

-Deposits that are insured or collateralized with securities held by the City or its agent in the City's name.

Category 2

-Investments that are uninsured and unregistered with securities held by the counterparty's trust department or agent in the City's name.

-Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Category 3

-Investments that are uninsured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the City's name.

-Deposits that are un-collateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name.

**Deposits:** At year-end, the carrying amount of the City's cash and deposits was \$1,524,488 and the bank balance was \$1,631,048. The amount of the bank balance covered by Federal Depository Insurance was \$114,355 (Category 1) with the remaining \$965,326 being collateralized by the financial institutions' public entity deposit pools (Category 3).

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002**

(Continued)

**10. POOLED CASH AND INVESTMENTS (Continued)**

Based on the above criteria, the City's deposits and investments at December 31, 2002 are classified as follows:

	Category 1	Category 2	Category 3	Carrying/ Fair Value
Investments:				
Money Market Funds			\$52,375	\$52,375
Repurchase Agreement			\$925,914	\$925,914
First Am Gov Ob Fund			\$118,964	\$118,964
Star Ohio (1)				\$22,458
Government Obligations		\$5,359,412		\$5,359,412
Total Investments	\$0	\$5,359,412	\$1,097,253	\$6,479,123

(1) The City's deposits in the State Treasury Pool are not categorized because they are not evidenced by securities that exist in physical or book entry form.

**11. 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, 2002, the pool had seventeen 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 4, 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, 2002, the participant cities were: Beavercreek, Blue Ash, Indian Hill, Kettering, Maderia, Mason, Miamisburg, Montgomery, Piqua, Sidney, Springdale, Tipp City, Troy, Vandalia, West Carrollton, Wilmington, and Wyoming.



**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002**

**(Continued)**

---

**11. JOINTLY- GOVERNED ORGANIZATION (Continued)**

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. West Carrollton's contribution for 2002 was \$47,327.

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, 2001 (latest available information):

Assets	<u>\$ 6,227,638</u>
Liabilities	3,643,395
Fund Equity	<u>2,584,243</u>
Total Liabilities and Fund Equity	<u>\$ 6,227,638</u>
Revenues	2,981,693
Expenses	<u>2,060,374</u>
Excess of Revenues Over Expenses	921,319
Retained Earnings – Beginning of Year	<u>1,662,924</u>
Retained Earnings – End of Year	<u>\$ 2,584,243</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.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002**

(Continued)

**11. JOINTLY- GOVERNED ORGANIZATION (Continued)**

The legislative and advisory body is the assembly that is comprised of one delegate from each participating public subdivision. The degree of control exercised by any participating public subdivision is limited to its representation on the assembly, which elects the board of directors. The board of directors exercises total control over the operation of the Alliance including budgeting, appropriating, contracting, and designating management and significant management control over CareNOW, a billing agent organized to manage health care costs. The five member board of directors consists of: one full-time and one volunteer fire department representative; two representatives from combined fire departments; and one representative from the City of Dayton fire department. Revenues are generated from Federal and State funding and an annual fee of \$ 0.24 per capita charged to participating subdivisions. The City paid \$3,409 to the Miami Valley Fire/EMS Alliance during 2002. 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.

**12. ENTERPRISE FUND SEGMENT INFORMATION**

Significant financial data for the service provided by the City which are intended to be financed by user charges for the year ending December 31, 2002 are as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Pool</u>	<u>Total</u>
Operating Revenue	\$729,762	\$805,684	\$171,132	\$1,706,578
Operating Expenses	885,043	1,133,225	198,838	2,217,106
Depreciation	124,529	318,079	43,054	485,662
Operating Loss	(155,281)	(327,541)	(27,706)	(510,528)
Intergovernmental Revenue	59,105	0	0	59,105
Investment Earnings	68,738	89,642	1,534	159,914
Net Loss	(27,438)	(237,899)	(26,172)	(291,509)
Total Assets	2,681,957	3,889,503	646,599	7,218,059
Net Working Capital	869,777	1,786,343	45,323	2,701,443
Total Equity	2,532,051	3,785,660	645,350	6,963,061
Asset Additions	536,191	27,687	0	563,878

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002**

(Continued)

13. **DUE TO/ FROM OTHER FUNDS**

As of December 31, 2002, inter-fund receivables and payables resulting from various inter-fund transactions were as follows:

	<b><u>Due From Other Funds</u></b>	<b><u>Due To Other Funds</u></b>
CIP	\$ 14,811	
Special Revenue Fund: Special Assessments Fund		\$ 14,811
	<b><u>Advance To Other Funds</u></b>	<b><u>Advance From Other Funds</u></b>
CIP	\$ 66,533	
Special Revenue Funds: Special Assessment Fund		\$ 66,533

14. **CONSTRUCTION AND COMMITMENTS**

At December 31, 2002, uncompleted construction contracts were as follows:

<u>Description</u>	<u>Remaining Commitment</u>
Membrane Filtration Project	\$3,857,439

15. **LEGAL COMPLIANCE**

Pursuant to Section 117.11 (A), Revised Code, the Auditors, Plattenburg and Associates, Inc., performed tests of compliance with various provisions of local, state and/or federal laws, as appropriate. The Auditor's report is included in a separate part of this presentation.



**CITY OF WEST CARROLLTON, OHIO**

**Yellow Book Reports**

**December 31, 2002**

**This Page is Intentionally Left Blank.**

**PLATTENBURG & ASSOCIATES, INC./CERTIFIED PUBLIC ACCOUNTANTS**

8260 NORTHCREEK DRIVE, SUITE 330/ CINCINNATI, OH 45236 • (513) 891-2722 • FAX (513) 891-2760  
3931 SOUTH DIXIE DRIVE/ DAYTON, OH 45439 • (937) 294-1505 • FAX (937) 294-1507

**Report on compliance and on internal control over financial reporting  
based on an audit of financial statements performed in accordance with  
*Government Auditing Standards***

June 6, 2003

To The Honorable City Council of the City of West Carrollton, Ohio

We have audited the general purpose financial statements of the City of West Carrollton, Ohio (the City), as of and for the year ended December 31, 2002, and have issued our report thereon dated June 6, 2003. 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.

Compliance

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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the City in a separate letter dated June 6, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our

consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Auditor of State, City Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plattenburg & Associates, Inc.  
Certified Public Accountants





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**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  
SEPTEMBER 30, 2003**