

**CITY OF WEST CARROLLTON**  
MONTGOMERY COUNTY, OHIO

**SINGLE AUDIT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2021**



OHIO AUDITOR OF STATE  
KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of the City of West Carrollton, Montgomery County, prepared by Julian & Grube, Inc., for the audit period January 1, 2021 through December 31, 2021. 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.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

September 15, 2022

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**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

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## Independent Auditor's Report

City of West Carrollton  
Montgomery County  
300 East Central Avenue  
West Carrollton, Ohio 45449

To the Members of the City Council and Mayor:

### Report on the Audit of the Financial Statements

#### *Opinions*

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, Montgomery County, Ohio, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of West Carrollton's basic financial statements as listed in the table of contents.

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 of West Carrollton, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Fire Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City of West Carrollton and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter*

As described in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City of West Carrollton. Our opinions are not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of West Carrollton's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of West Carrollton's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of West Carrollton's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension and other post-employment benefit assets and liabilities and pension and other post-employment benefit contributions, listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Carrollton's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2022 on our consideration of the City of West Carrollton'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 solely 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 effectiveness of the City of West Carrollton's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of West Carrollton's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
July 21, 2022

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

The management's discussion and analysis for the City of West Carrollton's (the "City") financial statements provides an overview of the City's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to provide a narrative that describes the City's performance as a whole. To obtain a more detailed understanding, one should also review the transmittal letter, the notes to the basic financial statements and the basic financial statements.

**Financial Highlights**

The City's key financial highlights for 2021 are as follows:

- The total net position of the City increased \$4,460,523. Net position of the governmental activities increased \$3,401,785 or 45.05% from 2020, and net position of the business-type activities increased \$1,058,738 or 17.05% from 2020.
- General revenues accounted for \$10,991,044 of total governmental activities revenue or 74.50% of total governmental activities revenue. Program specific revenues accounted for \$3,761,172 of total governmental activities or 25.50% of total governmental activities revenue.
- The City had \$11,350,431 in expenses related to governmental activities; program specific charges for services, grants and contributions offset \$3,761,172 of these expenses. The remaining expenses of the governmental activities of \$7,589,259 were funded by general revenues of \$10,991,044, primarily property taxes, income taxes, and unrestricted grants and entitlements of \$ 10,727,981.
- The general fund had revenues of \$9,176,999 and expenditures and other financing uses of \$8,526,598. The net increase in fund balance for the general fund was \$650,401.
- The fire fund, a major fund, had revenues of \$705,181 and expenditures of \$220,123. The net increase in fund balance for the fire fund was \$485,058. This fund was established in 2021 as a result of voters passing a 3.9-mill fire levy in March 2020.
- The bond retirement Carrollton plaza fund, a major fund, had other financing sources of \$3,542,699 and expenditures and other financing uses of \$3,509,600 during 2021. The net increase in fund balance for the bond retirement Carrollton plaza was \$33,099.
- The half percent fund, a major fund, had revenues and other financing sources of \$3,822,170 and expenditures and other financing uses of \$1,648,622 during 2021. The net increase in the fund balance for the half percent fund was \$2,173,548.
- Net position for the business-type activities, which are composed of the water, sewer, refuse and pool enterprise funds, increased in 2021 by \$1,058,738.
- The general fund's original and final budgeted revenues and other financing sources were \$10,927,613 and \$10,793,299, respectively. Actual total revenues of \$8,992,455 were \$1,935,158 and \$1,800,844 less than original and final budgeted revenues and other financing sources. The general fund's original and final budget estimates for expenditures and other financing uses were \$11,641,717 and \$12,681,717, respectively. Actual expenditures and other financing uses for 2021 of \$8,549,682 were less than the original and final budgeted amounts by \$3,092,035 and \$4,132,035, respectively.

**Using this Basic Financial Statements (BFS)**

The City's annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the City of West Carrollton as a total financial and operating entity. These individual statements provide a detailed look at specific financial activities.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

The City's basic financial statements are comprised of three components: 1) City-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The statement of net position and the statement of activities provide information about the activities of the City as a whole and present a long-term view of the City's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell the reader how services were financed in the short-term, as well as the amount of funds remaining for future spending. The fund financial statements also look at the City's major funds with all other non-major funds presented in total in one column.

**Reporting the City as a Whole**

*Statement of Net Position and Statement of Activities*

The analysis of the City as a whole begins on page 9. One of the most important questions asked about the City's finances is, "How did the City perform financially during 2021?" The statement of net position and the statement of activities provide information concerning the City as a whole and its financial activities that will assist the reader in answering this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual method of accounting similar to the accounting used by most private-sector businesses. This method of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's net position and changes in net position. The change in net position is important because it allows the reader to judge in many respects whether or not the City's financial position has improved or diminished over the past year. The causes of any change in financial position for the City may be related to, or the result of, many factors, some of which may be directly financial, and others which may be only indirectly related to the City's finances. Indirect financial factors include changes in the City's tax or revenue base, changes in general tax law in Ohio or the City, variations in economic conditions, the condition of the City's capital assets and other related factors which may impact revenues or expenses.

In the statement of net position and the statement of activities, the City operation is divided into two distinct types of activities as follows:

- **Governmental Activities** - Most of the City's programs and services are considered to be governmental activities, including general government, security of persons and property, leisure time activities, community environment and transportation. These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues.
- **Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided.

The City-wide financial statements can be found on pages 17 through 19 of this report.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like the state and other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds, not on the City as a whole. The City's major governmental funds are: the general fund, the fire fund, the bond retirement Carrollton plaza fund and the half percent fund. The City's major proprietary funds are the water, sewer and refuse funds.

*Governmental Funds*

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on events that produce near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the year. This information is useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the City's governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 20 through 25 of this report.

*Proprietary Funds*

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water system, sewer system, pool operations and refuse operations. The basic proprietary fund statements can be found on pages 26 through 29 of this report.

*Fiduciary Funds*

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the City's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds. The basic fiduciary fund financial statements can be found on pages 30 and 31 of this report.

*Notes to the Basic Financial Statements*

The financial statement notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Notes to the basic financial statements can be found on pages 33 through 82 of this report.

*Required Supplementary Information*

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension liability/asset and pension contributions. The required supplementary information can be found on pages 84 through 101 of this report.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Government-Wide Financial Analysis**

The statement of net position provides the perspective of the City as a whole. The table below provides a summary of the City's net position at December 31, 2021 and December 31, 2020.

**Table 1 - Net Position**

	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>	Business-Type Activities <u>2021</u>	Business-Type Activities <u>2020</u>	2021 Total	2020 Total
<b>Assets</b>						
Current and other assets	\$12,115,021	\$ 9,825,206	\$6,874,530	\$ 6,331,795	\$ 18,989,551	\$ 16,157,001
Capital assets, net	<u>22,077,717</u>	<u>22,280,731</u>	<u>4,463,864</u>	<u>5,033,628</u>	<u>26,541,581</u>	<u>27,314,359</u>
Total assets	<u>34,192,738</u>	<u>32,105,937</u>	<u>11,338,394</u>	<u>11,365,423</u>	<u>45,531,132</u>	<u>43,471,360</u>
<b>Deferred outflows of resources</b>						
Pension	1,554,113	1,654,613	199,077	283,886	1,753,190	1,938,499
OPEB	<u>803,279</u>	<u>987,756</u>	<u>89,958</u>	<u>191,297</u>	<u>893,237</u>	<u>1,179,053</u>
Total deferred outflows	<u>2,357,392</u>	<u>2,642,369</u>	<u>289,035</u>	<u>475,183</u>	<u>2,646,427</u>	<u>3,117,552</u>
<b>Liabilities</b>						
Current and other liabilities	873,264	4,532,624	99,455	71,014	972,719	4,603,638
Long term liabilities:						
Due within one year	669,863	358,126	403,681	388,984	1,073,544	747,110
Net pension liability	9,557,273	10,180,404	1,024,574	1,424,692	10,581,847	11,605,096
OPEB liability	1,150,909	3,054,719	-	964,658	1,150,909	4,019,377
Due in more than one year	<u>8,682,137</u>	<u>5,237,211</u>	<u>1,907,707</u>	<u>2,284,179</u>	<u>10,589,844</u>	<u>7,521,390</u>
Total liabilities	<u>20,933,446</u>	<u>23,363,084</u>	<u>3,435,417</u>	<u>5,133,527</u>	<u>24,368,863</u>	<u>28,496,611</u>
<b>Deferred inflows of resources</b>						
Pension	1,658,689	1,392,596	516,011	337,514	2,174,700	1,730,110
OPEB	1,247,790	718,841	408,107	160,409	1,655,897	879,250
Property taxes levied for the next fiscal year	<u>1,756,609</u>	<u>1,721,974</u>	-	-	1,756,609	1,721,974
Total deferred inflows	<u>4,663,088</u>	<u>3,833,411</u>	<u>924,118</u>	<u>497,923</u>	<u>5,587,206</u>	<u>4,331,334</u>
<b>Net Position</b>						
Net investment						
in capital assets	13,025,049	13,564,483	2,245,549	2,436,931	15,270,598	16,001,414
Restricted	4,359,101	1,525,462	-	-	4,359,101	1,525,462
Unrestricted (deficit)	<u>(6,430,554)</u>	<u>(7,538,134)</u>	<u>5,022,345</u>	<u>3,772,225</u>	<u>(1,408,209)</u>	<u>(3,765,909)</u>
Total net position	<u>\$ 10,953,596</u>	<u>\$ 7,551,811</u>	<u>\$ 7,267,894</u>	<u>\$ 6,209,156</u>	<u>\$ 18,221,490</u>	<u>\$ 13,760,967</u>

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net pension asset.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability/asset* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability/asset and the net OPEB liability to equal the City's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" - that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability/asset are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability/asset and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

During 2021, the City's overall financial position increased by \$4,460,523 as governmental activities net position increased by \$3,401,785 and those for business-type activities increased by \$1,058,738.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

The majority of the City's net position reflect its investment in capital assets (e.g. land, building improvements, machinery and equipment, infrastructure, and construction in progress), less any related debt used to acquire those assets. These capital assets are utilized by the City to provide services to its citizens. They are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

**Statement of Activities**

The table below shows the changes in net position for years ended 2021 and 2020.

**Table 2 - Change in Net Position**

	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>	Business-Type Activities <u>2021</u>	Business-Type Activities <u>2020</u>	2021 Total	2020 Total
<b>Revenues</b>						
Program revenues:						
Charges for services and sales	\$ 1,747,633	\$ 1,567,529	\$ 4,409,328	\$ 4,315,023	\$ 6,156,961	\$ 5,882,552
Operating grants and contributions	1,506,361	1,644,066	-	-	1,506,361	1,644,066
Capital grants and contributions	<u>507,178</u>	<u>1,124,542</u>	<u>50,000</u>	<u>201,882</u>	<u>557,178</u>	<u>1,326,424</u>
Total program revenues	<u>3,761,172</u>	<u>4,336,137</u>	<u>4,459,328</u>	<u>4,516,905</u>	<u>8,220,500</u>	<u>8,853,042</u>
General revenues:						
Taxes	10,367,272	7,879,594	-	-	10,367,272	7,879,594
Payments in lieu of taxes	6,488	69,394	-	-	6,488	69,394
Grants and entitlements	425,589	406,415	-	-	425,589	406,415
Investment earnings	20,951	17,097	30,735	50,402	51,686	67,499
Change in FMV of investments	(34,095)	21,663	(48,836)	31,417	(82,931)	53,080
Miscellaneous	<u>204,839</u>	<u>734,398</u>	<u>28,877</u>	<u>146,718</u>	<u>233,716</u>	<u>881,116</u>
Total general revenues	<u>10,991,044</u>	<u>9,128,561</u>	<u>10,776</u>	<u>228,537</u>	<u>11,001,820</u>	<u>9,357,098</u>
Total revenues	<u>14,752,216</u>	<u>13,464,698</u>	<u>4,470,104</u>	<u>4,745,442</u>	<u>19,222,320</u>	<u>18,210,140</u>

-- Continued

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Table 2 - Change in Net Position (continued)**

	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>	Business-Type Activities <u>2021</u>	Business-Type Activities <u>2020</u>	2021 Total	2020 Total
<i>Expenses:</i>						
General government	\$ 1,291,117	\$ 2,059,368	\$ -	\$ -	\$ 1,291,117	\$ 2,059,368
Public safety	6,209,934	6,418,760	-	-	6,209,934	6,418,760
Transportation	1,572,933	1,737,116	-	-	1,572,933	1,737,116
Community environment	1,464,127	1,373,669	-	-	1,464,127	1,373,669
Leisure time activities	551,302	709,303	-	-	551,302	709,303
Interest and fiscal charges	261,018	174,800	-	-	261,018	174,800
Water	-	-	1,501,422	1,655,838	1,501,422	1,655,838
Sewer	-	-	1,226,250	1,569,959	1,226,250	1,569,959
Refuse	-	-	682,181	802,088	682,181	802,088
Pool	-	-	1,513	45,701	1,513	45,701
Total expenses	<u>11,350,431</u>	<u>12,473,016</u>	<u>3,411,366</u>	<u>4,073,586</u>	<u>14,761,797</u>	<u>16,546,602</u>
Increase in net position before transfers	3,401,785	991,682	1,058,738	671,856	4,460,523	1,663,538
Transfers	<u>-</u>	<u>(41,627)</u>	<u>-</u>	<u>41,627</u>	<u>-</u>	<u>-</u>
Change in net position	3,401,785	950,055	1,058,738	713,483	4,460,523	1,663,538
Net position at beginning of year	<u>7,551,811</u>	<u>6,601,756</u>	<u>6,209,156</u>	<u>5,495,673</u>	<u>13,760,967</u>	<u>12,097,429</u>
Net position at end of year	<u>\$ 10,953,596</u>	<u>\$ 7,551,811</u>	<u>\$ 7,267,894</u>	<u>\$ 6,209,156</u>	<u>\$ 18,221,490</u>	<u>\$ 13,760,967</u>

*Governmental Activities*

The information in Table 2 indicates that expenses of the governmental activities decreased \$1,122,585 or 9.00%. This decrease is primarily the result of the decrease in OPEB expense for the Ohio Public Employees Retirement System (OPERS). On an accrual basis, the City had OPEB expense of (\$1,523,524) in 2021 compared to \$249,574 in 2020. On January 15, 2020, OPERS approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation which are reported by the City at December 31, 2021. These changes along with changes in assumptions related to an increase in discount rate from 3.16% to 6.00% significantly decreased the total OPEB liability for the measurement date December 31, 2020.

Public safety expenses accounted for \$6,209,934, or 54.71% of the \$11,350,431 expensed for governmental activities for 2021.

General government expenses accounted for \$1,291,117 or 11.38%, transportation expenses accounted for \$1,572,933 or 13.86% and community environment expenses accounts for \$1,464,127 or 12.90% for governmental activities.



**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

General revenues of the governmental activities totaled \$10,991,044 and amounted to 74.50% of total governmental activities revenues. These revenues primarily consist of property and income tax of \$10,302,392. Grants and entitlements not restricted to specific programs, including the City's local government fund allocation, totaled \$425,589. Miscellaneous revenues of \$204,839 decreased \$529,559 or 72.11% from 2020. This decrease was due to the large increases in BWC dividends received by the City in response to the COVID-19 pandemic during 2020.

Program revenues to support governmental activities amounted to \$3,761,172 in 2021, which included \$1,747,633 in charges for services, \$1,506,361 in operating grants and contributions and \$507,178 in capital grants and contributions.

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

	Total Cost of Services <u>2021</u>	Net Cost of Services <u>2021</u>	Total Cost of Services <u>2020</u>	Net Cost of Services <u>2020</u>
Program Expenses:				
General government	\$ 1,291,117	\$ 729,869	\$ 2,059,368	\$ 1,481,910
Public safety	6,209,934	5,576,173	6,418,760	5,209,268
Transportation	1,572,933	342,842	1,737,116	(181,252)
Community environment	1,464,127	288,340	1,373,669	766,378
Leisure time activities	551,302	391,017	709,303	685,775
Interest and fiscal charges	<u>261,018</u>	<u>261,018</u>	<u>174,800</u>	<u>174,800</u>
Total Expenses	<u>\$ 11,350,431</u>	<u>\$ 7,589,259</u>	<u>\$ 12,473,016</u>	<u>\$ 8,136,879</u>

The dependence upon general revenues for governmental activities is apparent, with 66.86% of expenses supported through taxes and other general revenues in 2021 and 65.24% in 2020.

*Business-Type Activities*

Water system expenses were \$1,501,422 for the year, which were offset by the \$1,839,843 in charges for services generated by the water system through the operation of the City's water distribution system, \$9,556 in other operating revenues, \$50,000 in intergovernmental revenue, \$14,715 in investment earnings and (\$23,441) in change in fair market value of investments in 2021.

Sewer system expenses were \$1,226,250 for the year, which were primarily offset by \$1,493,808 in charges for services generated by the sewer system, \$6,785 in other operating revenues, \$7,444 investment earnings and (\$13,238) in change in fair market value of investments in 2021.

Refuse expenses were \$682,181 for the year, which were primarily offset by \$914,536 in charges for services generated by the refuse operations, \$10,501 in other operating revenues, \$8,255 investment earnings and (\$12,121) in change in fair market value of investments in 2021.

Pool expenses were \$1,513 for the year, which were offset by \$161,141 in charges for services generated by the pool operations, \$2,035 in other operating revenues, \$321 in investment earnings, and (\$36) in change in fair market value of investments in 2021.

The City experienced an increase in net position of \$1,058,738 in the area of business-type activities in 2021.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**Financial Analysis of the City's Funds**

As discussed previously, the City maintains a fund accounting system 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. Fund balance may serve as a useful measure of the City's net resources available for spending at year-end.

The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2021 for all major and nonmajor governmental funds.

	Fund Balances <u>12/31/21</u>	Fund Balances (Deficit) <u>12/31/20</u>	Increase (Decrease) <u></u>
Major fund:			
General	\$ 3,337,320	\$ 2,686,919	\$ 650,401
Fire fund	485,058	-	485,058
Bond retirement carrollton plaza	33,099	-	33,099
Half percent	1,000,347	(1,173,201)	2,173,548
Nonmajor governmental funds	<u>1,765,276</u>	<u>(43,657)</u>	<u>1,808,933</u>
Total	<u>\$ 6,621,100</u>	<u>\$ 1,470,061</u>	<u>\$ 5,151,039</u>

*General Fund*

The City's general fund balance increased \$650,401 during 2021. The table that follows assists in illustrating the revenues of the general fund.

<u>Revenues</u>	2021 <u>Amount</u>	2020 <u>Amount</u>	Percentage <u>Change</u>
Income taxes	\$ 6,305,113	\$ 5,287,315	19.25 %
Real and other taxes	1,078,505	937,568	15.03 %
Charges for services	923,067	827,304	11.58 %
Licenses and permits	135,194	62,319	116.94 %
Fines and forfeitures	144,509	120,942	19.49 %
Intergovernmental	382,406	323,612	18.17 %
Special assessments	36,521	54,134	(32.54) %
Investment income	16,378	21,487	(23.78) %
Contributions and donations	10,500	-	100.00 %
Change in fair market value of investments	(21,007)	14,039	(249.63) %
Other	<u>165,813</u>	<u>734,398</u>	<u>(77.42) %</u>
Total	<u>\$ 9,176,999</u>	<u>\$ 8,383,118</u>	<u>9.47 %</u>

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

During 2021, the City’s general fund revenues increased \$793,881 or 9.47%. Intergovernmental revenue increased \$58,794 or 18.17%. Charges for services, licenses and permits and fines and forfeitures all increased during 2021 due to the City performing more services during 2021 due to the status of the COVID-19 pandemic improving. Income taxes increased during 2021 primarily due to the COVID-19 pandemic. In response to the pandemic the income tax deadlines were extended and as a result revenues that would have been received in prior years were received in 2021. Other revenue decreased during 2021 due to the large increases in BWC dividends received by the City in response to the COVID-19 pandemic during 2020. All other revenue line items remained consistent with the prior year. The table that follows assists in illustrating the expenditures of the general fund.

<u>Expenditures</u>	<u>2021 Amount</u>	<u>2020 Amount</u>	<u>Percentage Change</u>
General government	\$ 1,688,452	\$ 1,653,245	2.13 %
Public safety	5,075,846	4,020,577	26.25 %
Community environment	712,175	628,568	13.30 %
Leisure time activity	645,931	607,814	6.27 %
Capital outlay	-	523,095	(100.00) %
Total	<u>\$ 8,122,404</u>	<u>\$ 7,433,299</u>	<u>9.27 %</u>

Total government expenditures increased during 2021 by \$689,105 or 9.27% compared to 2020. This increase in expenditures was primarily due to the increase in public safety expenditures of \$1,055,269 or 26.25%. This increase was due to the City receiving \$744,974 in CARES Act funding during 2020 that was 100% used for public safety expenditures that would have been paid out of the general fund. This resulted in a large decrease in public safety expenditures during 2020. Capital outlay decreased \$523,095 or 100.00% in 2021 due to the City purchasing property in 2020 that was expended out of the general fund. All other expenditures remained consistent with prior year.

*Fire Fund*

The fire fund had revenues of \$705,181 and expenditures of \$220,123. The net increase in fund balance for the fire fund was \$485,058. This fund was established in 2021 as a result of voters passing a 3.9-mill fire levy in March 2020.

*Bond Retirement Carrollton Plaza Fund*

The bond retirement Carrollton Plaza fund had other financing sources of \$3,542,699 and expenditures and other financing uses of \$3,509,600 during 2021. There was an increase in the fund balance for the bond retirement Carrollton Plaza fund of \$33,099 during 2021. The fund accounted for \$3,441,296 in long-term notes issued in 2021 and retired \$3,395,000 in notes that were issued in 2020.

*Half Percent Fund*

The half percent fund had revenues and other financing sources of \$3,822,170 and expenditures and other financing uses of \$1,648,622 during 2021. The net increase in the fund balance for the half percent fund was \$2,173,548. The City issued \$3,520,000 in refunding bonds during 2021, of which \$1,680,000 was receipted into the half percent fund. The proceeds were used to repay the \$3,525,000 in short-term notes payable, of which \$1,775,000 was a liability in 2020 in the half percent fund.

*Proprietary Funds*

The City’s proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail. Unrestricted net position for the City’s water, sewer, refuse and pool funds at the end of the year amounted to \$5,022,345. Total assets were \$11,338,394, at year-end.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021

*Budgeting Highlights*

The City's budgeting process is prescribed by the Ohio Revised Code. The authority for the City to expend money is derived from its appropriations ordinance which must be approved by City Council each year. The appropriations are limited and restricted by the amounts of anticipated revenues as estimated, in part, by the City and certified by the County Budget Commission in accordance with the Ohio Revised Code. Within the restrictions itemized above as they may be revised or amended, the City has the ability to adjust its budget during the course of the year due to actual activity related to either revenue or expenditures.

Regarding revenues and other financing sources, the general fund's original and final budgeted revenues and other financing sources were \$ 10,927,613 and \$10,793,299, respectively. Actual total revenues of \$8,992,455 were \$1,935,158 and \$1,800,844 less than original and final budgeted revenues and other financing sources. The general fund's original and final budget estimates for expenditures and other financing uses were \$11,641,717 and \$12,681,717, respectively. Actual expenditures and other financing uses for 2021 of \$8,549,682 were less than the original and final budgeted amounts by \$3,092,035 and \$4,132,035, respectively.

**Capital Assets and Debt Administration**

*Capital Assets*

The City's total net capital assets, for both its governmental and business-type activities amounted to \$26,541,581 (net of accumulated depreciation) at year end 2021. Capital assets, which include land, buildings and improvements, machinery and equipment, infrastructure and construction in progress, decreased by \$772,778 during 2021.

**Table 3 - Capital Assets at December 31  
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 9,915,792	\$ 9,698,490	\$ 53,500	\$ 53,500	\$ 9,969,292	\$ 9,751,990
Construction in progress	-	-	10,000	-	10,000	-
Buildings and improvements	2,514,021	2,573,554	1,066,254	1,260,318	3,580,275	3,833,872
Machinery and equipment	1,930,285	2,033,173	877,894	1,025,239	2,808,179	3,058,412
Infrastructure	7,717,619	7,975,514	2,456,216	2,694,571	10,173,835	10,670,085
Totals	<u>\$ 22,077,717</u>	<u>\$ 22,280,731</u>	<u>\$ 4,463,864</u>	<u>\$ 5,033,628</u>	<u>\$ 26,541,581</u>	<u>\$ 27,314,359</u>

Additional detailed information relating to the City's capital assets is contained in Note 10 of the notes to the basic financial statements.

*Debt Administration*

The City had the following long-term obligations outstanding at December 31, 2021 and December 31, 2020.

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Community residential rehabilitation loan	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
General obligation refunding bonds	3,520,000	-	-	-	3,520,000	-
OWDA loans	-	-	1,476,108	1,806,671	1,476,108	1,806,671
OPWC loans	1,117,668	1,161,248	742,207	790,026	1,859,875	1,951,274
Bond anticipation notes	4,165,000	3,755,000	-	-	4,165,000	3,755,000
Total long-term obligations	<u>\$ 8,802,668</u>	<u>\$ 4,966,248</u>	<u>\$ 2,218,315</u>	<u>\$ 2,596,697</u>	<u>\$ 11,020,983</u>	<u>\$ 7,562,945</u>

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

See Note 12 in the basic financial statements for additional debt administration disclosure.

**Requests for Information**

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. Questions concerning any of the information provided in this report or requests for additional financial information, contact the Finance Director, City of West Carrollton, 300 E. Central Ave., West Carrollton, Ohio 45449.

BASIC  
FINANCIAL STATEMENTS

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

STATEMENT OF NET POSITION  
DECEMBER 31, 2021

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . .	\$ 6,326,860	\$ 5,628,419	\$ 11,955,279
Cash in segregated accounts. . . . .	7,441	-	7,441
Receivables:			
Income taxes. . . . .	1,750,018	-	1,750,018
Real and other taxes . . . . .	1,949,914	-	1,949,914
Accounts. . . . .	50,000	1,027,700	1,077,700
Special assessments . . . . .	840,577	38,387	878,964
Accrued interest . . . . .	6,417	8,395	14,812
Intergovernmental. . . . .	897,283	-	897,283
Loans. . . . .	13,122	-	13,122
Materials and supplies inventory. . . . .	-	42,540	42,540
Prepayments . . . . .	4,752	1,200	5,952
Net pension asset. . . . .	16,801	7,998	24,799
Net OPEB asset. . . . .	251,836	119,891	371,727
Capital assets:			
Land and construction in progress. . . . .	9,915,792	63,500	9,979,292
Depreciable capital assets, net. . . . .	12,161,925	4,400,364	16,562,289
Total capital assets, net. . . . .	<u>22,077,717</u>	<u>4,463,864</u>	<u>26,541,581</u>
Total assets . . . . .	<u>34,192,738</u>	<u>11,338,394</u>	<u>45,531,132</u>
<b>Deferred outflows of resources:</b>			
Pension. . . . .	1,554,113	199,077	1,753,190
OPEB. . . . .	803,279	89,958	893,237
Total deferred outflows of resources . . . . .	<u>2,357,392</u>	<u>289,035</u>	<u>2,646,427</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	217,476	41,654	259,130
Accrued wages and benefits payable . . . . .	257,968	41,714	299,682
Accrued interest payable . . . . .	28,876	-	28,876
Pension obligation payable. . . . .	118,666	16,087	134,753
Deposits payable. . . . .	278	-	278
Notes payable. . . . .	250,000	-	250,000
Long-term liabilities:			
Due within one year . . . . .	669,863	403,681	1,073,544
Due greater than one year:			
Net pension liability. . . . .	9,557,273	1,024,574	10,581,847
Net OPEB liability. . . . .	1,150,909	-	1,150,909
Other amounts due in more than one year . . . . .	8,682,137	1,907,707	10,589,844
Total liabilities . . . . .	<u>20,933,446</u>	<u>3,435,417</u>	<u>24,368,863</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year. . . . .	1,756,609	-	1,756,609
Pension. . . . .	1,658,689	516,011	2,174,700
OPEB. . . . .	1,247,790	408,107	1,655,897
Total deferred inflows of resources . . . . .	<u>4,663,088</u>	<u>924,118</u>	<u>5,587,206</u>
<b>Net position:</b>			
Net investment in capital assets. . . . .	13,025,049	2,245,549	15,270,598
Restricted for:			
Debt service . . . . .	33,759	-	33,759
Capital projects . . . . .	1,794,932	-	1,794,932
Transportation projects . . . . .	658,351	-	658,351
Community environment programs . . . . .	832,884	-	832,884
Public safety programs . . . . .	725,125	-	725,125
Leisure time activity . . . . .	13,934	-	13,934
Other purposes. . . . .	300,116	-	300,116
Unrestricted (deficit) . . . . .	(6,430,554)	5,022,345	(1,408,209)
Total net position . . . . .	<u>\$ 10,953,596</u>	<u>\$ 7,267,894</u>	<u>\$ 18,221,490</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government . . . . .	\$ 1,291,117	\$ 561,248	\$ -	\$ -
Public safety . . . . .	6,209,934	506,396	127,365	-
Transportation . . . . .	1,572,933	100,000	622,913	507,178
Community environment . . . . .	1,464,127	569,799	605,988	-
Leisure time activity . . . . .	551,302	10,190	150,095	-
Interest and fiscal charges . . . . .	261,018	-	-	-
Total governmental activities . . . . .	<u>11,350,431</u>	<u>1,747,633</u>	<u>1,506,361</u>	<u>507,178</u>
<b>Business-type activities:</b>				
Water . . . . .	1,501,422	1,839,843	-	50,000
Sewer . . . . .	1,226,250	1,493,808	-	-
Refuse . . . . .	682,181	914,536	-	-
Other business-type activities:				
Pool . . . . .	1,513	161,141	-	-
Total business-type activities . . . . .	<u>3,411,366</u>	<u>4,409,328</u>	<u>-</u>	<u>50,000</u>
Total primary government . . . . .	<u>\$ 14,761,797</u>	<u>\$ 6,156,961</u>	<u>\$ 1,506,361</u>	<u>\$ 557,178</u>

**General revenues:**

Property taxes levied for:
General purposes . . . . .
Special revenue . . . . .
Income taxes levied for:
General purposes . . . . .
Capital outlay . . . . .
Payments in lieu of taxes . . . . .
Permissive motor vehicle license tax . . . . .
Grants and entitlements not restricted
to specific programs . . . . .
Investment earnings . . . . .
Change in fair market value of investments . . . . .
Miscellaneous . . . . .
Total general revenues . . . . .
Change in net position . . . . .
<b>Net position at beginning of year . . . . .</b>
<b>Net position at end of year . . . . .</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**Net (Expense) Revenue  
and Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (729,869)	\$ -	\$ (729,869)
(5,576,173)	-	(5,576,173)
(342,842)	-	(342,842)
(288,340)	-	(288,340)
(391,017)	-	(391,017)
(261,018)	-	(261,018)
<u>(7,589,259)</u>	<u>-</u>	<u>(7,589,259)</u>
-	388,421	388,421
-	267,558	267,558
-	232,355	232,355
-	159,628	159,628
<u>-</u>	<u>1,047,962</u>	<u>1,047,962</u>
<u>(7,589,259)</u>	<u>1,047,962</u>	<u>(6,541,297)</u>
1,124,312	-	1,124,312
785,144	-	785,144
6,546,490	-	6,546,490
1,846,446	-	1,846,446
6,488	-	6,488
64,880	-	64,880
425,589	-	425,589
20,951	30,735	51,686
(34,095)	(48,836)	(82,931)
204,839	28,877	233,716
<u>10,991,044</u>	<u>10,776</u>	<u>11,001,820</u>
3,401,785	1,058,738	4,460,523
<u>7,551,811</u>	<u>6,209,156</u>	<u>13,760,967</u>
<u>\$ 10,953,596</u>	<u>\$ 7,267,894</u>	<u>\$ 18,221,490</u>

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021

	<u>General</u>	<u>Fire</u>	<u>Bond Retirement Carrollton Plaza</u>	<u>Half Percent</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>						
Equity in pooled cash and cash equivalents . . .	\$ 2,956,515	\$ 485,058	\$ 33,099	\$ 797,987	\$ 2,054,201	\$ 6,326,860
Cash in segregated accounts . . . . .	6,801	-	-	-	640	7,441
Receivables:						
Income taxes . . . . .	1,365,014	-	-	385,004	-	1,750,018
Real and other taxes . . . . .	1,145,880	717,121	-	-	86,913	1,949,914
Accounts . . . . .	50,000	-	-	-	-	50,000
Special assessments . . . . .	255,232	-	-	-	585,345	840,577
Accrued interest . . . . .	3,732	-	-	1,143	1,542	6,417
Intergovernmental . . . . .	206,505	12,937	-	-	677,841	897,283
Loans . . . . .	-	-	-	-	13,122	13,122
Prepayments . . . . .	1,000	-	-	-	3,752	4,752
Total assets . . . . .	<u>\$ 5,990,679</u>	<u>\$ 1,215,116</u>	<u>\$ 33,099</u>	<u>\$ 1,184,134</u>	<u>\$ 3,423,356</u>	<u>\$ 11,846,384</u>
<b>Liabilities:</b>						
Accounts payable . . . . .	\$ 51,273	\$ -	\$ -	\$ -	\$ 166,203	\$ 217,476
Accrued wages and benefits payable . . . . .	243,323	-	-	-	14,645	257,968
Compensated absences payable . . . . .	28,524	-	-	-	4,285	32,809
Accrued interest payable . . . . .	-	-	-	-	829	829
Pension obligation payable . . . . .	112,880	-	-	-	5,786	118,666
Deposits payable . . . . .	278	-	-	-	-	278
Notes payable . . . . .	-	-	-	-	250,000	250,000
Total liabilities . . . . .	<u>436,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>441,748</u>	<u>878,026</u>
<b>Deferred inflows of resources:</b>						
Property taxes levied for the next fiscal year . . .	1,028,759	649,825	-	-	78,025	1,756,609
Delinquent property tax revenue not available . .	117,121	67,296	-	-	8,888	193,305
Special assessments revenue not available . . . .	255,232	-	-	-	585,345	840,577
Intergovernmental revenue not available . . . .	164,359	12,937	-	-	544,074	721,370
Income tax revenue not available . . . . .	651,610	-	-	183,787	-	835,397
Total deferred inflows of resources . . . . .	<u>2,217,081</u>	<u>730,058</u>	<u>-</u>	<u>183,787</u>	<u>1,216,332</u>	<u>4,347,258</u>
<b>Fund balances:</b>						
Nonspendable . . . . .	1,000	-	-	-	3,752	4,752
Restricted . . . . .	-	485,058	33,099	1,000,347	2,012,353	3,530,857
Assigned . . . . .	1,749,116	-	-	-	-	1,749,116
Unassigned (deficit) . . . . .	1,587,204	-	-	-	(250,829)	1,336,375
Total fund balances . . . . .	<u>3,337,320</u>	<u>485,058</u>	<u>33,099</u>	<u>1,000,347</u>	<u>1,765,276</u>	<u>6,621,100</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$ 5,990,679</u>	<u>\$ 1,215,116</u>	<u>\$ 33,099</u>	<u>\$ 1,184,134</u>	<u>\$ 3,423,356</u>	<u>\$ 11,846,384</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2021

<b>Total governmental fund balances</b>		\$ 6,621,100
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		22,077,717
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Income taxes receivable	\$ 835,397	
Real and other taxes receivable	193,305	
Intergovernmental receivable	721,370	
Special assessments receivable	840,577	
Total	2,590,649	2,590,649
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(28,047)
The net pension asset is not available to pay for current period expenditures and the net pension liability does not require the use of current period net resources; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.		
Net pension asset	16,801	
Deferred outflows of resources	1,554,113	
Deferred inflows of resources	(1,658,689)	
Net pension liability	(9,557,273)	
Total	(9,645,048)	(9,645,048)
The net OPEB liability and net OPEB asset do not require the use of current period net resources; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB asset	251,836	
Deferred outflows of resources	803,279	
Deferred inflows of resources	(1,247,790)	
Net OPEB liability	(1,150,909)	
Total	(1,343,584)	(1,343,584)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(516,523)	
General obligation refunding bonds	(3,520,000)	
Loans payable	(1,117,668)	
Notes payable	(4,165,000)	
Total	(9,319,191)	(9,319,191)
<b>Net position of governmental activities</b>		<b>\$ 10,953,596</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2021

	General	Fire	Bond Retirement Carrollton Plaza	Half Percent	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Income taxes . . . . .	\$ 6,305,113	\$ -	\$ -	\$ 1,778,366	\$ -	\$ 8,083,479
Real and other taxes . . . . .	1,078,505	679,041	-	-	146,793	1,904,339
Charges for services . . . . .	923,067	-	-	-	100,220	1,023,287
Licenses and permits . . . . .	135,194	-	-	-	-	135,194
Fines and forfeitures . . . . .	144,509	-	-	-	10,258	154,767
Intergovernmental . . . . .	382,406	25,874	-	-	1,952,112	2,360,392
Special assessments . . . . .	36,521	-	-	-	270,199	306,720
Investment income . . . . .	16,378	-	-	4,573	6,519	27,470
Contributions and donations . . . . .	10,500	-	-	-	2,300	12,800
Payment in lieu of taxes . . . . .	-	-	-	-	6,488	6,488
Change in fair market value of investments . . . . .	(21,007)	-	-	(2,750)	(10,338)	(34,095)
Other . . . . .	165,813	266	-	38,526	64,676	269,281
<b>Total revenues . . . . .</b>	<b>9,176,999</b>	<b>705,181</b>	<b>-</b>	<b>1,818,715</b>	<b>2,549,227</b>	<b>14,250,122</b>
<b>Expenditures:</b>						
Current:						
General government . . . . .	1,688,452	-	-	-	-	1,688,452
Public safety . . . . .	5,075,846	220,123	-	-	566,815	5,862,784
Transportation . . . . .	-	-	-	-	746,036	746,036
Community environment . . . . .	712,175	-	-	-	1,695,944	2,408,119
Leisure time activity . . . . .	645,931	-	-	-	144,580	790,511
Capital outlay . . . . .	-	-	-	-	1,156,426	1,156,426
Debt service:						
Principal retirement . . . . .	-	-	3,395,000	-	453,580	3,848,580
Interest and fiscal charges . . . . .	-	-	68,316	33,312	43,765	145,393
Note issuance costs . . . . .	-	-	33,037	-	-	33,037
Refunding bond issuance costs . . . . .	-	-	-	43,430	45,590	89,020
<b>Total expenditures . . . . .</b>	<b>8,122,404</b>	<b>220,123</b>	<b>3,496,353</b>	<b>76,742</b>	<b>4,852,736</b>	<b>16,768,358</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	1,054,595	485,058	(3,496,353)	1,741,973	(2,303,509)	(2,518,236)
<b>Other financing sources (uses):</b>						
Refunding bond issuance . . . . .	-	-	-	1,680,000	1,840,000	3,520,000
Note issuance . . . . .	-	-	3,441,296	323,455	400,249	4,165,000
Transfers in . . . . .	-	-	101,403	-	1,875,331	1,976,734
Transfers (out) . . . . .	(404,194)	-	-	(1,571,880)	(660)	(1,976,734)
Discount on note issuance . . . . .	-	-	(13,247)	-	(2,478)	(15,725)
<b>Total other financing sources (uses) . . . . .</b>	<b>(404,194)</b>	<b>-</b>	<b>3,529,452</b>	<b>431,575</b>	<b>4,112,442</b>	<b>7,669,275</b>
<b>Net change in fund balances . . . . .</b>	<b>650,401</b>	<b>485,058</b>	<b>33,099</b>	<b>2,173,548</b>	<b>1,808,933</b>	<b>5,151,039</b>
<b>Fund balances (deficit) at beginning of year.</b>	<b>2,686,919</b>	<b>-</b>	<b>-</b>	<b>(1,173,201)</b>	<b>(43,657)</b>	<b>1,470,061</b>
<b>Fund balances at end of year . . . . .</b>	<b>\$ 3,337,320</b>	<b>\$ 485,058</b>	<b>\$ 33,099</b>	<b>\$ 1,000,347</b>	<b>\$ 1,765,276</b>	<b>\$ 6,621,100</b>

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 BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021

<b>Net change in fund balances - total governmental funds</b>		\$ 5,151,039
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Capital outlays	\$ 1,964,147	
Depreciation expense	<u>(2,162,222)</u>	
Total		(198,075)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(4,939)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	309,457	
Real and other taxes	69,997	
Intergovernmental revenues	(5,025)	
Special assessments	<u>127,665</u>	
Total		502,094
Note and refunding bond issuances are reported as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.		
		(7,685,000)
Repayment of loan and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		3,848,580
In the statement of activities, interest is accrued on outstanding loans and notes whereas in governmental funds, an interest expenditure is reported when due.		
		22,157
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		940,504
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(676,726)
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		18,113
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB asset/liability are reported as OPEB expense in the statement of activities.		
		1,424,107
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>59,931</u>
<b>Change in net position of governmental activities</b>		<u><u>\$ 3,401,785</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 - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Income taxes . . . . .	\$ 8,140,763	\$ 8,006,449	\$ 6,163,632	\$ (1,842,817)
Real and other taxes. . . . .	1,033,800	1,033,800	1,078,505	44,705
Charges for services. . . . .	826,000	826,000	892,877	66,877
Licenses and permits . . . . .	51,000	51,000	135,194	84,194
Fines and forfeitures . . . . .	124,700	124,700	142,490	17,790
Intergovernmental. . . . .	339,700	339,700	362,838	23,138
Special assessments . . . . .	58,000	58,000	36,521	(21,479)
Investment income. . . . .	22,000	22,000	14,094	(7,906)
Contributions and donations. . . . .	-	-	500	500
Other . . . . .	330,650	330,650	165,804	(164,846)
<b>Total revenues . . . . .</b>	<b>10,926,613</b>	<b>10,792,299</b>	<b>8,992,455</b>	<b>(1,799,844)</b>
<b>Expenditures:</b>				
Current:				
Council - Personal Services . . . . .	28,000	28,000	24,062	3,938
Council - Other . . . . .	12,000	12,000	1,931	10,069
Mayor - Personal Services. . . . .	160,000	160,000	133,172	26,828
Mayor - Other. . . . .	23,010	23,010	6,609	16,401
Law - Personal Services. . . . .	80,000	80,000	64,079	15,921
Law - Other. . . . .	130,000	130,000	40,522	89,478
City Manager - Personal Services . . . . .	355,000	355,000	317,689	37,311
City Manager - Other. . . . .	35,000	35,000	9,334	25,666
Finance - Personal Services . . . . .	265,000	275,000	239,226	35,774
Finance - Other . . . . .	25,234	25,234	5,732	19,502
Income Tax - Personal Services . . . . .	275,000	275,000	231,417	43,583
Income Tax - Other . . . . .	35,480	35,480	17,035	18,445
Police - Personal Services . . . . .	3,302,839	3,302,839	2,767,747	535,092
Police - Other . . . . .	1,009,617	1,049,617	464,739	584,878
Fire - Personal Services . . . . .	1,900,000	1,900,000	1,595,104	304,896
Fire - Other . . . . .	462,136	552,136	235,320	316,816
Building Inspection - Personal Services . . . . .	225,000	225,000	180,871	44,129
Building Inspection - Other . . . . .	204,679	204,679	131,387	73,292
Economic Development - Personal Services. . . . .	165,000	170,000	174,552	(4,552)
Economic Development - Other . . . . .	40,590	40,590	7,055	33,535
Parks and Recreation - Personal Services. . . . .	560,000	565,000	496,912	68,088
Parks and Recreation - Other. . . . .	190,595	190,595	127,864	62,731
Planning - Personal Services . . . . .	245,000	245,000	203,119	41,881
Planning - Other . . . . .	40,268	110,268	32,711	77,557
Building Maintenance - Personal Services. . . . .	125,000	125,000	104,274	20,726
Building Maintenance - Other. . . . .	326,803	326,803	201,203	125,600
Other Services - Other . . . . .	670,466	670,466	320,822	349,644
<b>Total expenditures . . . . .</b>	<b>10,891,717</b>	<b>11,111,717</b>	<b>8,134,488</b>	<b>2,977,229</b>
Excess (deficiency) of revenues over (under) expenditures. . . . .	34,896	(319,418)	857,967	1,177,385
<b>Other financing sources (uses):</b>				
Sale of capital assets. . . . .	1,000	1,000	-	(1,000)
Transfers (out). . . . .	(750,000)	(1,570,000)	(415,194)	1,154,806
<b>Total other financing sources (uses). . . . .</b>	<b>(749,000)</b>	<b>(1,569,000)</b>	<b>(415,194)</b>	<b>1,153,806</b>
Net change in fund balances . . . . .	(714,104)	(1,888,418)	442,773	2,331,191
<b>Unencumbered fund balances at beginning of year.</b>	<b>2,330,826</b>	<b>2,330,826</b>	<b>2,330,826</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>56,717</b>	<b>56,717</b>	<b>56,717</b>	<b>-</b>
<b>Unencumbered fund balance at end of year. . . . .</b>	<b>\$ 1,673,439</b>	<b>\$ 499,125</b>	<b>\$ 2,830,316</b>	<b>\$ 2,331,191</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FIRE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Real and other taxes . . . . .	\$ 652,948	\$ 652,948	\$ 679,041	\$ 26,093
Intergovernmental . . . . .	24,880	24,880	25,874	994
Other . . . . .	256	256	266	10
Total revenues . . . . .	<u>678,084</u>	<u>678,084</u>	<u>705,181</u>	<u>27,097</u>
<b>Expenditures:</b>				
Current:				
Public safety . . . . .	620,000	620,000	220,127	399,873
Total expenditures . . . . .	<u>620,000</u>	<u>620,000</u>	<u>220,127</u>	<u>399,873</u>
Net change in fund balances . . . . .	58,084	58,084	485,054	426,970
<b>Unencumbered fund balances at beginning of year . . . . .</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Unencumbered fund balance at end of year . . . . .</b>	<u>\$ 58,084</u>	<u>\$ 58,084</u>	<u>\$ 485,054</u>	<u>\$ 426,970</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2021

	<b>Business-type Activities - Enterprise Funds</b>				<b>Total</b>
	<b>Water</b>	<b>Sewer</b>	<b>Refuse</b>	<b>Nonmajor Enterprise Fund</b>	
<b>Assets:</b>					
Current assets:					
Equity in pooled cash and cash equivalents . . .	\$ 2,600,723	\$ 1,386,514	\$ 1,542,540	\$ 98,642	\$ 5,628,419
Receivables:					
Accounts . . . . .	497,389	341,050	189,261	-	1,027,700
Special assessments . . . . .	-	-	38,387	-	38,387
Accrued interest . . . . .	3,882	2,077	2,298	138	8,395
Materials and supplies inventory . . . . .	30,570	11,970	-	-	42,540
Prepayments . . . . .	400	400	400	-	1,200
Total current assets . . . . .	<u>3,132,964</u>	<u>1,742,011</u>	<u>1,772,886</u>	<u>98,780</u>	<u>6,746,641</u>
Noncurrent assets:					
Net pension asset . . . . .	2,661	3,545	922	870	7,998
Net OPEB asset . . . . .	39,885	53,140	13,825	13,041	119,891
Capital assets:					
Land and construction in progress . . . . .	39,500	24,000	-	-	63,500
Depreciable capital assets, net . . . . .	3,281,568	975,508	105,199	38,089	4,400,364
Total capital assets, net . . . . .	<u>3,321,068</u>	<u>999,508</u>	<u>105,199</u>	<u>38,089</u>	<u>4,463,864</u>
Total noncurrent assets . . . . .	<u>3,363,614</u>	<u>1,056,193</u>	<u>119,946</u>	<u>52,000</u>	<u>4,591,753</u>
Total assets . . . . .	<u>6,496,578</u>	<u>2,798,204</u>	<u>1,892,832</u>	<u>150,780</u>	<u>11,338,394</u>
<b>Deferred outflows of resources:</b>					
Pension . . . . .	83,777	81,010	17,645	16,645	199,077
OPEB . . . . .	40,621	35,526	6,974	6,837	89,958
Total deferred outflows of resources . . . . .	<u>124,398</u>	<u>116,536</u>	<u>24,619</u>	<u>23,482</u>	<u>289,035</u>
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable . . . . .	21,616	17,272	1,545	1,221	41,654
Accrued wages and benefits payable . . . . .	17,348	15,129	9,237	-	41,714
Compensated absences payable . . . . .	4,769	3,120	774	-	8,663
OWDA loans payable . . . . .	342,156	-	-	-	342,156
OPWC loans payable . . . . .	32,825	20,037	-	-	52,862
Pension obligation payable . . . . .	6,353	6,884	2,850	-	16,087
Total current liabilities . . . . .	<u>425,067</u>	<u>62,442</u>	<u>14,406</u>	<u>1,221</u>	<u>503,136</u>
Long-term liabilities:					
Compensated absences payable . . . . .	37,563	38,575	8,272	-	84,410
OWDA loans payable . . . . .	1,133,952	-	-	-	1,133,952
OPWC loans payable . . . . .	467,950	221,395	-	-	689,345
Net pension liability . . . . .	340,850	454,128	118,146	111,450	1,024,574
Total long-term liabilities . . . . .	<u>1,980,315</u>	<u>714,098</u>	<u>126,418</u>	<u>111,450</u>	<u>2,932,281</u>
Total liabilities . . . . .	<u>2,405,382</u>	<u>776,540</u>	<u>140,824</u>	<u>112,671</u>	<u>3,435,417</u>
<b>Deferred inflows of resources:</b>					
Pension . . . . .	147,935	246,560	67,350	54,166	516,011
OPEB . . . . .	122,320	191,065	51,654	43,068	408,107
Total deferred inflows of resources . . . . .	<u>270,255</u>	<u>437,625</u>	<u>119,004</u>	<u>97,234</u>	<u>924,118</u>
<b>Net position:</b>					
Net investment in capital assets . . . . .	1,344,185	758,076	105,199	38,089	2,245,549
Unrestricted (deficit) . . . . .	<u>2,601,154</u>	<u>942,499</u>	<u>1,552,424</u>	<u>(73,732)</u>	<u>5,022,345</u>
Total net position (deficit) . . . . .	<u>\$ 3,945,339</u>	<u>\$ 1,700,575</u>	<u>\$ 1,657,623</u>	<u>\$ (35,643)</u>	<u>\$ 7,267,894</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2021

	<b>Business-type Activities - Enterprise Funds</b>				<b>Total</b>
	<b>Water</b>	<b>Sewer</b>	<b>Refuse</b>	<b>Nonmajor Enterprise Fund</b>	
<b>Operating revenues:</b>					
Charges for services . . . . .	\$ 1,839,843	\$ 1,493,808	\$ 886,185	\$ 161,141	\$ 4,380,977
Other operating revenues . . . . .	9,556	6,785	10,501	2,035	28,877
Total operating revenues. . . . .	<u>1,849,399</u>	<u>1,500,593</u>	<u>896,686</u>	<u>163,176</u>	<u>4,409,854</u>
<b>Operating expenses:</b>					
Personal services . . . . .	420,961	498,849	247,339	(81,429)	1,085,720
Contract services. . . . .	97,644	170,820	312,170	1,093	581,727
Materials and supplies. . . . .	343,774	309,724	69,413	62,727	785,638
Utilities . . . . .	140,841	82,456	-	11,499	234,796
Other . . . . .	29,392	41	-	-	29,433
Depreciation. . . . .	414,243	164,360	53,259	7,623	639,485
Total operating expenses. . . . .	<u>1,446,855</u>	<u>1,226,250</u>	<u>682,181</u>	<u>1,513</u>	<u>3,356,799</u>
Operating income . . . . .	<u>402,544</u>	<u>274,343</u>	<u>214,505</u>	<u>161,663</u>	<u>1,053,055</u>
<b>Nonoperating revenues (expenses):</b>					
Interest and fiscal charges . . . . .	(54,567)	-	-	-	(54,567)
Interest income. . . . .	14,715	7,444	8,255	321	30,735
Intergovernmental . . . . .	50,000	-	-	-	50,000
Change in fair market value of investments . . . . .	(23,441)	(13,238)	(12,121)	(36)	(48,836)
Special assessment . . . . .	-	-	28,351	-	28,351
Total nonoperating revenues (expenses). . . . .	<u>(13,293)</u>	<u>(5,794)</u>	<u>24,485</u>	<u>285</u>	<u>5,683</u>
Change in net position . . . . .	389,251	268,549	238,990	161,948	1,058,738
<b>Net position (deficit) at beginning of year . . . . .</b>	<u>3,556,088</u>	<u>1,432,026</u>	<u>1,418,633</u>	<u>(197,591)</u>	<u>6,209,156</u>
<b>Net position (deficit) at end of year . . . . .</b>	<u>\$ 3,945,339</u>	<u>\$ 1,700,575</u>	<u>\$ 1,657,623</u>	<u>\$ (35,643)</u>	<u>\$ 7,267,894</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, 2021

	<b>Business-type Activities - Enterprise Funds</b>				
	<b>Water</b>	<b>Sewer</b>	<b>Refuse</b>	<b>Nonmajor Enterprise Fund</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>					
Cash received from sales/charges for services . . . . .	\$ 1,850,434	\$ 1,496,598	\$ 896,671	\$ 161,141	\$ 4,404,844
Cash received from other operations . . . . .	9,556	6,785	10,501	2,035	28,877
Cash payments for personal services . . . . .	(699,892)	(880,193)	(359,953)	(241)	(1,940,279)
Cash payments for contractual services . . . . .	(97,444)	(170,820)	(325,190)	(1,093)	(594,547)
Cash payments for materials and supplies . . . . .	(330,750)	(294,870)	(69,219)	(61,506)	(756,345)
Cash payments for utilities . . . . .	(140,841)	(82,456)	-	(11,499)	(234,796)
Cash payments for other expenses . . . . .	(29,351)	-	-	-	(29,351)
Net cash provided by (used in) operating activities . . . . .	<u>561,712</u>	<u>75,044</u>	<u>152,810</u>	<u>88,837</u>	<u>878,403</u>
<b>Cash flows from capital and related financing activities:</b>					
Acquisition of capital assets . . . . .	(42,071)	(27,650)	-	-	(69,721)
Principal retirement on OWDA loans . . . . .	(330,563)	-	-	-	(330,563)
Principal retirement on OPWC loans . . . . .	(27,781)	(20,038)	-	-	(47,819)
Interest and fiscal charges . . . . .	(54,567)	-	-	-	(54,567)
Intergovernmental . . . . .	50,000	-	-	-	50,000
Cash received from special assessments . . . . .	-	-	97,311	-	97,311
Net cash provided by (used in) capital and related financing activities . . . . .	<u>(404,982)</u>	<u>(47,688)</u>	<u>97,311</u>	<u>-</u>	<u>(355,359)</u>
<b>Cash flows from investing activities:</b>					
Interest received . . . . .	12,397	6,230	6,820	185	25,632
Change in fair market value of investments . . . . .	(23,441)	(13,238)	(12,121)	(36)	(48,836)
Net cash provided by (used in) investing activities . . . . .	<u>(11,044)</u>	<u>(7,008)</u>	<u>(5,301)</u>	<u>149</u>	<u>(23,204)</u>
Net increase in cash and cash equivalents . . . . .	145,686	20,348	244,820	88,986	499,840
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<u>2,455,037</u>	<u>1,366,166</u>	<u>1,297,720</u>	<u>9,656</u>	<u>5,128,579</u>
<b>Cash and cash equivalents at end of year . . . . .</b>	<u>\$ 2,600,723</u>	<u>\$ 1,386,514</u>	<u>\$ 1,542,540</u>	<u>\$ 98,642</u>	<u>\$ 5,628,419</u>

--Continued

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2021

	<b>Business-type Activities - Enterprise Funds</b>				<b>Total</b>
	<b>Water</b>	<b>Sewer</b>	<b>Refuse</b>	<b>Nonmajor Enterprise Fund</b>	
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>					
Operating income . . . . .	\$ 402,544	\$ 274,343	\$ 214,505	\$ 161,663	\$ 1,053,055
Adjustments:					
Depreciation. . . . .	414,243	164,360	53,259	7,623	639,485
Changes in assets, deferred outflows, liabilities and deferred inflows:					
(Increase) in materials and supplies inventory . . . . .	(6,660)	(695)	-	-	(7,355)
Decrease in accounts receivable. . . . .	10,591	2,790	10,486	-	23,867
(Increase) in net pension asset . . . . .	(1,315)	(1,345)	(353)	(360)	(3,373)
(Increase) in net OPEB asset . . . . .	(39,885)	(53,140)	(13,825)	(13,041)	(119,891)
Decrease (increase) in deferred outflows of resources - pension.	(6,044)	61,416	10,885	18,552	84,809
Decrease in deferred outflows of resources - OPEB. . . . .	12,173	59,293	12,591	17,282	101,339
Increase (decrease) in accounts payable. . . . .	19,925	15,590	(12,826)	1,221	23,910
Increase (decrease) in accrued wages and benefits . . . . .	498	(410)	3,462	-	3,550
Increase in compensated absences payable . . . . .	6,099	8,988	1,520	-	16,607
Increase (decrease) in pension obligation payable. . . . .	730	(772)	1,023	-	981
(Decrease) in net pension liability. . . . .	(73,803)	(223,489)	(57,211)	(45,615)	(400,118)
(Decrease) in net OPEB liability . . . . .	(280,761)	(458,814)	(118,734)	(106,349)	(964,658)
Increase in deferred inflows of resources - pension . . . . .	36,834	102,026	19,118	20,519	178,497
Increase in deferred inflows of resources - OPEB. . . . .	66,543	124,903	28,910	27,342	247,698
Net cash provided by (used in) operating activities . . . . .	<u>\$ 561,712</u>	<u>\$ 75,044</u>	<u>\$ 152,810</u>	<u>\$ 88,837</u>	<u>\$ 878,403</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
DECEMBER 31, 2021

	<b>Custodial</b>
<b>Assets:</b>	
Cash in segregated accounts . . . . .	\$ 4,529
Total assets . . . . .	4,529
<b>Liabilities:</b>	
Intergovernmental payable. . . . .	4,529
Total liabilities . . . . .	4,529
<b>Net position:</b>	
Restricted for individuals, organizations and other governments.	-
Total net position. . . . .	\$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021

	<b>Custodial</b>
<b>Additions:</b>	
From local sources:	
Fines and forfeitures for other governments. . . . .	\$ 23,118
Total additions . . . . .	23,118
 <b>Deductions:</b>	
Fines and forfeitures distributions to other governments . . . .	23,118
Total deductions. . . . .	23,118
 Net change in fiduciary net position. . . . .	 -
 <b>Net position at beginning of year . . . . .</b>	 -
 <b>Net position at end of year. . . . .</b>	 \$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE 1 - DESCRIPTION OF THE CITY**

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.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements (BFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City’s significant accounting policies are described below.

**A. Reporting Entity**

The City’s reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34”. A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that 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.

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

*JOINTLY GOVERNED ORGANIZATION*

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 13 and 16.

**B. Basis of Presentation - Fund Accounting**

The City’s financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements which provide a more detailed level of financial information.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

***Government-Wide Financial Statements*** - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net position 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 of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Interfund services provided and used are not eliminated in the process of consolidation. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental functions are self-financing or draw from the general revenues of the City.

***Fund Financial Statements*** - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's proprietary funds are charges for services. Operating expenses for the enterprise funds include personnel expenses and other expenses related to sewer, water, refuse, and pool operations. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

**C. Fund Accounting**

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

***Governmental Funds*** - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following are the City's 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 recreation, and economic development. It is used to account for and report all financial resources except those required to be accounted for in another fund. The fund balance is available to the City for any purpose provided it is expended or transferred according to the City Charter and/or the general laws of the State of Ohio.

***Fire Fund*** - This special revenue fund is restricted for public safety activity. It is supported by a 3.9-mill fire levy.



**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Bond Retirement Carrollton Plaza Fund* - This debt service fund is restricted for debt obligations related to the Carrollton Plaza.

*Half Percent Fund* - This capital project fund accounts for and reports financial resources from the City's ½% income tax restricted to use for the City's Capital Improvement Program.

Other governmental funds of the City are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

***Proprietary Funds*** - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The City has no internal service funds.

*Enterprise funds* - The enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

*Water Fund* - The water fund accounts for the water treatment and distribution to the City's 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 City's waste collection operation.

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

***Fiduciary Funds*** - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial 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's custodial fund accounts for Mayor's Court fines and forfeitures collected and distributed to other governments. The City does not have pension trust funds, private-purpose trust fund or investment trust funds.

**D. Measurement Focus**

***Government-Wide Financial Statements*** - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the City are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

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

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Like the government-wide statements, the proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. In fiduciary funds, a liability to the beneficiaries of the fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

For proprietary funds, the statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

**E. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and custodial funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources and deferred outflows of resources, and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, includes but is not limited to, income taxes, property taxes, grants and entitlements, and donations. On the accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 9). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants and 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 the 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), fines and forfeitures, interest, grants, fees and rentals.

***Deferred Outflows of Resources and Deferred Inflows of Resources*** - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, see Notes 14 and 15 for deferred outflows of resources related to the City's net pension liability/asset and net OPEB liability/asset, respectively.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2021, but which were levied to finance 2022 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the City, see Notes 14 and 15 for deferred inflows of resources related to the City's net pension liability/asset and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

**F. Budgetary Process**

An annual appropriated budget is legally required to be prepared for all funds of the City other than custodial funds.

***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.

***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 on the budgetary statement reflect both the amounts on the certificate of estimated resources when the original appropriations were adopted and the final budgeted amounts on the amended certificate of estimated resources at the time the final appropriations were adopted and certified by the County Budget Commission.

***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 on the budgetary statement reflect both the first appropriation resolution that covers the entire year, which includes amounts automatically carried forward from prior years, and 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.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

***Encumbrances***

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

**G. Cash and Investments**

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

The City has a segregated bank account for monies held separate from the City's central bank account. These depository accounts are presented on the basic financial statements as "cash in segregated accounts" since it is not required to be deposited into the City Treasury. The City maintains a segregated depository account for Mayor's Court.

During 2021, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), negotiable certificates of deposit (CDs), U.S. treasury notes, federal agency securities (FHLB and FHLMC) and U.S. government money markets. Investments are reported at fair value, except for nonnegotiable certificates of deposit, which are reported at cost. Fair value is based on quoted market prices.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Investment income credited to the general fund during 2021 amounted to \$16,378, which includes \$2,266 assigned from other City funds.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the basic financial statements as cash equivalents.

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

**H. Materials and Supplies Inventory**

Inventory is stated at cost (first-in, first-out) in the governmental fund types, and at the lower of cost (first-in, first-out) or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and expenses in the proprietary funds when consumed.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

Inventory consists of expendable supplies held for consumption.

**I. Capital Assets**

General capital assets are capital assets that are associated with, and generally arise from, governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$1,000. Major outlays for capital assets and improvements are capitalized as projects are constructed.

All reported capital assets are depreciated except for land and construction in progress. 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>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	7 - 30 years
Machinery and equipment	3 - 15 years
Infrastructure	7 - 40 years

**J. Compensated Absences**

Compensated absences of the City consist of sick leave to the extent that payment to the employee for these absences is attributable to services already rendered and are not contingent on a specific event that is outside the control of the City and the employee. Vacation earned in the current year must be used by December 31 of the following year.

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences", vacation leave 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 City will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. 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 absences liability is reported on the government-wide financial statements and proprietary fund financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability."

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**K. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2021, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which the services are consumed. Prepaid items are equally offset by nonspendable fund balance in the governmental funds, which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

**L. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary 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 payable and compensated absences that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Notes and loan obligations are recognized as liabilities on the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

**M. Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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

Interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements. Only transfers between governmental activities and business-type activities are reported on the statement of activities.

**N. Capital Contributions**

Capital contributions in the business-type activities arise from contributions from governmental activities, from outside contributions of capital assets, from grants, or from outside contributions of resources restricted to capital acquisition and construction. During 2021, City did not receive any capital contributions.

**O. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of City Council, which includes giving the Finance Director the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**P. Estimates**

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

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. The City reported neither type of transaction during 2021.

**R. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are for water, sewer, refuse and pool operations. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the funds. All revenues and expenses not meeting these definitions are reported as non-operating.

**CITY OF WEST CARROLLTON  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**S. Net Position**

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing or liabilities used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. Net position restricted for other purposes primarily includes amounts restricted for economic development within the City.

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

**T. Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability, net pension asset, net OPEB asset, deferred outflows of resources and deferred inflows of resources to related pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

**U. Fair Value Measurements**

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For 2021, the City has implemented GASB Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period.”

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the City.



**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

For 2021, the City has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance" to GASB Statement Nos. 91, 92 and 93, which were originally due to be implemented in 2021 and to GASB Statement No. 87, which was originally due to be implemented in 2020. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following pronouncements are postponed by one year and the City has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The following pronouncements are postponed by eighteen months and the City has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

**B. Deficit Fund Balances**

Fund balances at December 31, 2021 included the following individual fund deficits:

<u>Nonmajor governmental fund</u>	<u>Deficit</u>
Capital improvement notes	\$ 250,829
<u>Nonmajor business-type activities fund</u>	
Pool	35,643

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**C. Compliance**

The City did not properly certify 59% of the disbursement transactions tested during 2021 which is noncompliant with Ohio Revised Code Section 5705.41(D).

The City also did not properly establish a separate fund to account for activity related to the American Rescue Plan Act which is noncompliant with Ohio Revised Code Section 5705.09(F).

**NOTE 4 - DEPOSITS AND 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.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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 monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage 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 fair 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; and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. 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;
7. The State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances and commercial paper note for a period not to exceed one hundred eighty days and two hundred seventy days, respectively, from the purchase date in an amount not to exceed 40 percent of the interim monies available for investment at any one time.

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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. Except as noted above, 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.

**A. Cash in Segregated Accounts**

At December 31, 2021, the City had \$11,970 deposited with a financial institution for monies related to the Mayor's Court. As of December 31, 2021, the bank balance held in segregated accounts was \$10,376, which was covered by the FDIC or pooled collateral held by the depository institution. These amounts are not included in the City's depository balance below.

**B. Deposits with Financial Institutions**

At December 31, 2021, the carrying amount of all City deposits was \$5,572,503 and the bank balance of all City deposits was \$5,954,105. Of the bank balance, \$750,000 was covered by the FDIC and \$5,204,105 was covered by the Ohio Pooled Collateral System.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2021, the City's financial institutions were collateralized at a rate through the OPCS of 105 percent. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Investments**

As of December 31, 2021, the City had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement <u>Amount</u>	Investment Maturities				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
<i>Fair Value:</i>						
Negotiable CDs	\$ 3,226,733	\$ 397,148	\$ -	\$ 137,070	\$ 583,388	\$ 2,109,127
FHLB	25,206	25,206	-	-	-	-
FHLMC	49,175	-	-	-	-	49,175
U.S. Treasury notes	124,065	-	25,337	25,432	-	73,296
U.S. Government money market	13,299	13,299	-	-	-	-
<i>Amortized cost:</i>						
STAR Ohio	<u>2,944,298</u>	<u>2,944,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 6,382,776</u>	<u>\$ 3,379,951</u>	<u>\$ 25,337</u>	<u>\$ 162,502</u>	<u>\$ 583,388</u>	<u>\$ 2,231,598</u>

The weighted average maturity of investments is 1.44 years.

The City's investments in U.S. government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The City's investments in U.S. Treasury notes, federal agency securities (FHLB and FHLMC) and negotiable CDs are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

*Interest Rate Risk:* Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the City's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City's investments in U.S. Treasury notes and federal agency securities (FHLB and FHLMC) were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The negotiable CDs and the U.S. government money market were not rated. The negotiable CDs are covered by FDIC. The City has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

*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 investment or collateral securities that are in the possession of an outside party. The City's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

*Concentration of Credit Risk:* The City places a 50% limit on the amount that may be invested in any one issuer.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

The following table includes the percentage of each investment type held by the City at December 31, 2021:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% to Total</u>
<i>Fair Value:</i>		
Negotiable CDs	\$ 3,226,733	50.55
FHLB	25,206	0.40
FHLMC	49,175	0.77
U.S. Treasury notes	124,065	1.94
U.S. Government money market	13,299	0.21
<i>Amortized Cost:</i>		
STAR Ohio	<u>2,944,298</u>	<u>46.13</u>
Total	<u>\$ 6,382,776</u>	<u>100.00</u>

**D. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2021:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 5,572,503
Investments	6,382,776
Cash in segregated accounts	<u>11,970</u>
Total	<u>\$ 11,967,249</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 6,334,301
Business-type activities	5,628,419
Custodial funds	<u>4,529</u>
Total	<u>\$ 11,967,249</u>

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund transfers for the year ended December 31, 2021, consisted of the following, as reported on the fund financial statements:

<u>Transfers from general fund to:</u>	
Nonmajor governmental funds	<u>\$ 404,194</u>
<u>Transfers from half percent fund to:</u>	
Bond retirement carrollton plaza fund	101,403
Nonmajor governmental funds	<u>1,470,477</u>
	<u>1,571,880</u>
<u>Transfer from nonmajor governmental fund to:</u>	
Nonmajor governmental fund	<u>660</u>
Total	<u>\$ 1,976,734</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Transfers between governmental funds are eliminated on the government-wide financial statements. Transfers between governmental funds and proprietary funds (business-type activities) are reported as transfers on the statement of activities.

The purpose of the transfer from the street improvement fund (a nonmajor governmental fund) to the bond retirement carrollton center fund (a nonmajor governmental fund) of \$660 was to pay off the short-term notes payable in the street improvement fund (a nonmajor governmental fund) with the refunding bond proceeds associated with those notes. (See Note 11 and Note 12 for detail).

**NOTE 6 - RECEIVABLES**

Receivables at December 31, 2021 consisted of income taxes, real and other taxes, accounts (billings for user charged services), special assessments, accrued interest, loans and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables, with the exception of loans (See Note 8 for detail), are expected to be collected within the subsequent year.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 6 – RECEIVABLES – (Continued)**

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

**Governmental activities:**

Income taxes	\$ 1,750,018
Real and other taxes	1,949,914
Accounts	50,000
Special assessments	840,577
Accrued interest	6,417
Intergovernmental	897,283
Loans	13,122

**Business-type activities:**

Accounts	1,027,700
Special assessments	38,387
Accrued interest	8,395

**NOTE 7 - PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2021 public utility property taxes became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously. Property market values are required to be statistically updated every three years and revalued every six years. A revaluation was completed in 2018.

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. Property taxes may be paid on either an annual or semi-annual basis. Property taxes receivable represents real property taxes, public utility taxes, tangible personal property taxes and outstanding delinquencies which are measurable as of December 31, 2021 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by unearned revenue since the current taxes were not levied to finance 2021 operations and the collection of delinquent taxes has been offset by a deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is reported as a deferred inflow of resources.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 7 - PROPERTY TAXES - (Continued)**

The full tax rate for all City operations for the year ended December 31, 2021 was \$10.15 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2021 property tax receipts were based are as follows:

<u>Real Property</u>	
Residential/Agricultural	\$ 139,049,340
Commercial/Industrial/Mineral	65,610,120
<u>Public Utility</u>	
Real	22,760
Personal	<u>7,999,690</u>
Total Assessed Value	<u>\$ 212,681,910</u>

**NOTE 8 - 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.

**NOTE 9 - INCOME TAX**

The City levies and collects an income tax of 2.25 percent 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 applies to net income of business organizations conducted within the City. In 2021 on a cash basis, tax receipts net of refunds amounted to \$7,902,092 of which \$6,163,632 was recorded in the general fund and \$1,738,460 was recorded in the half percent fund for use in various capital improvements.

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**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 10 - CAPITAL ASSETS**

A. The capital asset activity of governmental activities for the year ended December 31, 2021, was as follows:

<b><u>Governmental activities:</u></b>	Balance <u>January 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>December 31, 2021</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 9,698,490	\$ 217,302	\$ -	\$ 9,915,792
Total capital assets, not being depreciated	<u>9,698,490</u>	<u>217,302</u>	<u>-</u>	<u>9,915,792</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	14,787,287	514,942	(92,675)	15,209,554
Machinery and equipment	8,332,926	377,986	(466,611)	8,244,301
Infrastructure	<u>23,644,053</u>	<u>853,917</u>	<u>(590,789)</u>	<u>23,907,181</u>
Total capital assets, being depreciated	<u>46,764,266</u>	<u>1,746,845</u>	<u>(1,150,075)</u>	<u>47,361,036</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(12,213,733)	(569,536)	87,736	(12,695,533)
Machinery and equipment	(6,299,753)	(480,874)	466,611	(6,314,016)
Infrastructure	<u>(15,668,539)</u>	<u>(1,111,812)</u>	<u>590,789</u>	<u>(16,189,562)</u>
Total accumulated depreciation	<u>(34,182,025)</u>	<u>(2,162,222)</u>	<u>1,145,136</u>	<u>(35,199,111)</u>
Total capital assets, being depreciated, net	<u>12,582,241</u>	<u>(415,377)</u>	<u>(4,939)</u>	<u>12,161,925</u>
Governmental activities capital assets, net	<u>\$ 22,280,731</u>	<u>\$ (198,075)</u>	<u>\$ (4,939)</u>	<u>\$ 22,077,717</u>

Depreciation expense was charged to governmental activities as follows:

<b><u>Governmental activities:</u></b>	
General government	\$ 278,192
Public safety	594,129
Transportation	1,164,435
Community environment	66,787
Leisure time activity	<u>58,679</u>
Total depreciation expense - governmental activities	<u>\$ 2,162,222</u>

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 10 - CAPITAL ASSETS - (Continued)**

**B.** The capital asset activity of business-type activities for the year ended December 31, 2021, was as follows:

<b><u>Business-type activities:</u></b>	Balance <u>January 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>December 31, 2021</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 53,500	\$ -	\$ -	\$ 53,500
Construction in progress	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total capital assets, not being depreciated	<u>53,500</u>	<u>10,000</u>	<u>-</u>	<u>63,500</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	13,400,924	-	-	13,400,924
Machinery and equipment	2,746,631	59,721	(18,382)	2,787,970
Infrastructure	<u>13,431,208</u>	<u>-</u>	<u>-</u>	<u>13,431,208</u>
Total capital assets, being depreciated	<u>29,578,763</u>	<u>59,721</u>	<u>(18,382)</u>	<u>29,620,102</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(12,140,606)	(194,064)	-	(12,334,670)
Machinery and equipment	(1,721,392)	(207,066)	18,382	(1,910,076)
Infrastructure	<u>(10,736,637)</u>	<u>(238,355)</u>	<u>-</u>	<u>(10,974,992)</u>
Total accumulated depreciation	<u>(24,598,635)</u>	<u>(639,485)</u>	<u>18,382</u>	<u>(25,219,738)</u>
Total capital assets, being depreciated, net	<u>4,980,128</u>	<u>(579,764)</u>	<u>-</u>	<u>4,400,364</u>
Business-type activities capital assets, net	<u>\$ 5,033,628</u>	<u>\$ (569,764)</u>	<u>\$ -</u>	<u>\$ 4,463,864</u>

Depreciation expense was charged to business-type activities as follows:

<b><u>Business-type activities:</u></b>	
Water	\$ 414,243
Sewer	164,360
Refuse	53,259
Other nonmajor	<u>7,623</u>
Total depreciation expense - business-type activities	<u>\$ 639,485</u>

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 11 - SHORT-TERM NOTES PAYABLE**

Changes in the City's short-term note activity for the year ended December 31, 2021, was as follows:

	Issue Date	Maturity Date	Balance 01/01/2021	Issued	Retired	Balance 12/31/2021
<u>Governmental fund notes</u>						
Various purpose series 2020 BAN - 2.00%	5/1/2020	5/3/2021	\$ 275,000	\$ -	\$ (275,000)	\$ -
Various purpose series 2021 BAN - 0.50%	5/3/2021	5/2/2022	-	250,000	-	250,000
Various purpose series 2020A BAN - 2.50%	10/1/2020	10/1/2021	1,775,000	-	(1,775,000)	-
Various purpose series 2020B BAN - 2.50%	10/1/2020	10/1/2021	1,750,000	-	(1,750,000)	-
Total governmental fund notes			<u>\$ 3,800,000</u>	<u>\$ 250,000</u>	<u>\$ (3,800,000)</u>	<u>\$ 250,000</u>

The short-term notes outstanding at December 31, 2021 were issued on May 3, 2021. The amount outstanding at December 31, 2021 for the Various purpose series 2021 BAN represents the portion of the 2021 note issue that will be retired when the note is refinanced on April 29, 2022 (see Note 23 for detail). All short-term notes were backed by the full faith and credit of the City and mature within one year. The short-term note liability is reflected in the fund which received the proceeds. The short-term notes were issued in anticipation of long-term bond financing and will be refinanced until such funds are issued.

**NOTE 12 - LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2021 consist of the following.

	Issue Date	Maturity Date	Balance 01/01/2021	Increase	Decrease	Balance 12/31/2021	Amounts Due in One Year
Governmental activities:							
<u>Long-term notes:</u>							
Various purpose series 2020 BAN - 2.00%	5/1/2020	5/3/2021	\$ 3,755,000	\$ -	\$ (3,755,000)	\$ -	\$ -
Various purpose series 2021 BAN - 0.50%	5/3/2021	5/2/2022	-	4,165,000	-	4,165,000	-
Total long-term notes			<u>3,755,000</u>	<u>4,165,000</u>	<u>(3,755,000)</u>	<u>4,165,000</u>	<u>-</u>
<u>OPWC loans payable (direct borrowing):</u>							
Farmerville road - 0.00%	12/31/2012	1/1/2033	305,210	-	(24,416)	280,794	24,417
Mayrose bridge - 0.00%	12/31/2010	1/1/2031	149,625	-	(14,250)	135,375	14,250
Gibbons road - 0.00%	12/31/2008	1/1/2029	41,770	-	(4,914)	36,856	4,914
Elm street bridge - 0.00%	12/31/2019	1/1/2042	664,643	-	-	664,643	16,616
Total OPWC loans payable			<u>1,161,248</u>	<u>-</u>	<u>(43,580)</u>	<u>1,117,668</u>	<u>60,197</u>
<u>General obligation refunding bonds:</u>							
Various purpose series 2021A - 1.13%	10/1/2021	10/1/2028	-	1,680,000	-	1,680,000	230,000
Various purpose series 2021B - 2.03%	10/1/2021	10/1/2036	-	1,840,000	-	1,840,000	105,000
Total general obligation refunding bonds			<u>-</u>	<u>3,520,000</u>	<u>-</u>	<u>3,520,000</u>	<u>335,000</u>
<u>Other long-term debt:</u>							
Community residential rehabilitation loan payable			50,000	-	(50,000)	-	-
Net pension liability			10,180,404	169,232	(792,363)	9,557,273	-
Net OPEB liability			3,054,719	89,915	(1,993,725)	1,150,909	-
Compensated absences			629,089	234,788	(314,545)	549,332	274,666
Total other long-term debt			<u>13,914,212</u>	<u>493,935</u>	<u>(3,150,633)</u>	<u>11,257,514</u>	<u>274,666</u>
Total governmental activities			<u>\$ 18,830,460</u>	<u>\$ 8,178,935</u>	<u>\$ (6,949,213)</u>	<u>\$ 20,060,182</u>	<u>\$ 669,863</u>

**CITY OF WEST CARROLLTON  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

	Issue	Maturity	Balance			Balance	Amounts
	Date	Date	01/01/2021	Increase	Decrease	12/31/2021	Due in One Year
Business-type activities:							
<u>OWDA loans payable (direct borrowing):</u>							
Water plant - 3.50%	12/31/2004	7/1/2024	\$ 1,007,495	\$ -	\$ (275,482)	\$ 732,013	\$ 285,209
Clearwell - 3.36%	7/1/2013	1/1/2033	799,176	-	(55,081)	744,095	56,947
Total OWDA loans payable			<u>1,806,671</u>	<u>-</u>	<u>(330,563)</u>	<u>1,476,108</u>	<u>342,156</u>
<u>OPWC loans payable (direct borrowing):</u>							
Cedar street lift station - 0.00%	1/1/2016	12/31/2036	148,578	-	(9,286)	139,292	9,286
Sewer improvements - 0.00%	12/31/2010	1/1/2031	112,892	-	(10,752)	102,140	10,751
Skyview reservoir - 0.00%	12/31/2011	1/1/2032	108,748	-	(9,457)	99,291	9,456
Dixie water main I - 0.00%	7/1/2015	7/1/2036	97,017	-	(6,260)	90,757	6,259
Dixie water main II - 0.00%	7/1/2016	7/1/2037	73,367	-	(4,447)	68,920	4,446
William and Robert street water main - 0.00%	1/1/2019	1/1/2039	47,542	-	(2,570)	44,972	2,570
North elm street water main - 0.00%	7/1/2021	1/1/2041	201,882	-	(5,047)	196,835	10,094
Total OPWC loans payable			<u>790,026</u>	<u>-</u>	<u>(47,819)</u>	<u>742,207</u>	<u>52,862</u>
<u>Other long-term debt:</u>							
Net pension liability			1,424,692	-	(400,118)	1,024,574	-
Net OPEB liability			964,658	-	(964,658)	-	-
Compensated absences			76,466	27,212	(10,605)	93,073	8,663
Total other long-term debt			<u>2,465,816</u>	<u>27,212</u>	<u>(1,375,381)</u>	<u>1,117,647</u>	<u>8,663</u>
Total business-type activities			<u>\$ 5,062,513</u>	<u>\$ 27,212</u>	<u>\$ (1,753,763)</u>	<u>\$ 3,335,962</u>	<u>\$ 403,681</u>

Ohio Public Works Commission (OPWC) Loans

The Gibbons Road, Mayrose Bridge, Skyview Reservoir Rehabilitation, Dixie Drive Water Main, William and Robert Street Water Main, Farmersville Road Reconstruction, Cedar St. Lift Station, Elm Street Bridge Replacement, North Elm Street Water Main and Sewer Improvements projects all received twenty-year, zero-interest loans from the Ohio Public Works Commission. The Gibbons Road, Farmersville Road Reconstruction, Mayrose Bridge and Elm Street Bridge Replacement projects will be paid through the street improvement fund (a nonmajor governmental fund) while the Skyview Reservoir Rehabilitation, Dixie Drive, William and Robert Street Water Main and North Elm Street Water Main projects will be paid with water fees and the Sewer Improvements and Cedar Street Lift Station project will be paid with sewer fees detailed in the water and sewer funds, respectively.

OPWC loans are direct borrowings that have terms negotiated directly between the City and the OPWC and are not offered for public sale. In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the City for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the City is located to pay the amount of the default from funds that would otherwise be appropriated to the City from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

Ohio Water Development Authority (OWDA) Loans

The Water 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 from the water fund.

The Clearwell loan through the Ohio Water Development Authority was obtained for constructing the Clearwell. It will be paid through water rate increases from the water fund.

**CITY OF WEST CARROLLTON  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

OWDA loans are direct borrowings that have terms negotiated directly between the City and the OWDA and are not offered for public sale. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

Community Residential Rehabilitation Loan Payable

The City entered into a community residential rehabilitation loan program agreement during 2020. This is an open-end mortgage with the Montgomery County Land Reutilization Corporation (Montgomery County Land Bank) for the renovation of 323 East Central Avenue in order to provide quality housing options within the community and to establish and preserve high value home sale prices. The City paid back the funding to the County during 2021 from the parks fund (a nonmajor governmental fund).

Net Pension Liability and Net OPEB Liability

See Notes 14 and 15 for additional disclosure on net pension liability and net OPEB liability, respectively. The City pays pension/OPEB obligations related to employee compensation from the fund benefitting from their employment.

Compensated Absences

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 position; while the liability in its entirety 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.

Compensated absences will be paid from the fund from which the employee is paid. For governmental activities, this is primarily the general fund and the street improvement fund. For business-type activities, this is primarily the water fund, the sewer fund and the refuse fund.

Long-Term Notes Payable

The various purpose series 2021 BANs are one-year property acquisition revenue bond anticipation notes with The Bank of New York Mellon. They will be paid through the capital improvement notes fund (a nonmajor governmental fund). Prior to the issuance of the financial statements, this issue was refinanced and replaced by debt with a maturity more than one year beyond the date of the balance sheet (see Note 23); therefore, \$4,165,000 of the notes are reported in the government-wide statements as a long-term liability. The remaining balance of \$250,000 that was not refinanced is considered a short-term note payable in the capital improvement notes fund (a nonmajor governmental fund).

General Obligation Refunding Bonds

On September 30, 2021, the City issued \$1,680,000 in various purpose general obligation refunding bonds series 2021A. The proceeds were used to repay the short-term notes payable series 2020A of \$1,775,000 that was issued October 1, 2021. The interest on the various purpose general obligation refunding bonds is 1.13%. The bonds have a final maturity date of October 1, 2028. The bonds will be retired through the bond retirement vehicle fund (a nonmajor governmental fund).

On September 30, 2021, the City issued \$1,840,000 in various purpose general obligation refunding bonds series 2021B. The proceeds were used to repay the short-term notes payable series 2020B of \$1,750,000 that was issued October 1, 2021. The interest on the various purpose general obligation refunding bonds is 2.030%. The bonds have a final maturity date of October 1, 2036. The bonds will be retired through the bond retirement carrollton center fund (a nonmajor governmental fund).

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

Legal Debt Margin

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2021, the City's total debt margin was \$14,396,601 and the unvoted debt margin was \$11,697,505.

The annual requirements to amortize all long-term debt outstanding as of December 31, 2021 are as follows:

Year Ended	Governmental Activities Various Purpose General Obligation Refunding Bonds - Series 2021A			Governmental Activities Various Purpose General Obligation Refunding Bonds - Series 2021B		
	Principal	Interest	Total	Principal	Interest	Total
	2022	\$ 230,000	\$ 19,037	\$ 249,037	\$ 105,000	\$ 37,456
2023	235,000	16,385	251,385	110,000	35,220	145,220
2024	235,000	13,729	248,729	110,000	32,988	142,988
2025	240,000	11,074	251,074	115,000	30,754	145,754
2026	245,000	8,362	253,362	115,000	28,420	143,420
2027 - 2031	495,000	8,419	503,419	610,000	105,966	715,966
2032 - 2036	-	-	-	675,000	41,717	716,717
Total	<u>\$ 1,680,000</u>	<u>\$ 77,006</u>	<u>\$ 1,757,006</u>	<u>\$ 1,840,000</u>	<u>\$ 312,521</u>	<u>\$ 2,152,521</u>

Year Ended	Governmental Activities OPWC Loans Payable			Business-Type Activities OPWC Loans Payable		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 60,197	\$ -	\$ 60,197	\$ 52,862	\$ -	\$ 52,862
2023	76,813	-	76,813	52,863	-	52,863
2024	76,813	-	76,813	52,863	-	52,863
2025	76,813	-	76,813	52,863	-	52,863
2026	76,815	-	76,815	52,866	-	52,866
2027 - 2031	364,654	-	364,654	258,941	-	258,941
2032 - 2036	202,786	-	202,786	164,879	-	164,879
2037 - 2041	166,161	-	166,161	54,070	-	54,070
2042	16,616	-	16,616	-	-	-
Total	<u>\$ 1,117,668</u>	<u>\$ -</u>	<u>\$ 1,117,668</u>	<u>\$ 742,207</u>	<u>\$ -</u>	<u>\$ 742,207</u>

**CITY OF WEST CARROLLTON  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

Year Ended	Business-Type Activities OWDA Loans Payable		
	Principal	Interest	Total
2022	\$ 342,156	\$ 44,367	\$ 386,523
2023	354,155	33,807	387,962
2024	212,398	22,876	235,274
2025	62,934	18,540	81,474
2026	65,066	16,408	81,474
2027 - 2031	359,933	47,438	407,371
2032 - 2033	79,466	2,008	81,474
Total	<u>\$ 1,476,108</u>	<u>\$ 185,444</u>	<u>\$ 1,661,552</u>

**NOTE 13 - 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-one 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	\$ 1,000,000,000	per occurrence
Flood/Earthquake	\$ 25,000,000	per occurrence
Boiler and Machinery	\$ 100,000,000	per occurrence
Public Official Liability	\$ 12,000,000	per occurrence

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

The City also pays for eighty-eight percent of the health insurance premium and a term life insurance premium for its full-time employees. The City pays to a private insurance company and retains no risk.

There have been no significant reductions in insurance coverage and no insurance settlement has exceeded insurance coverage in the past three years. There has been no significant reduction in crime liability coverage from the prior year.

**NOTE 14 - DEFINED BENEFIT PENSION PLANS**

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

***Net Pension Liability/Asset and Net OPEB Liability/Asset***

Pensions and OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period.

**CITY OF WEST CARROLLTON  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The net pension liability/asset and the net OPEB liability/asset represent the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost-of-living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability/asset is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability/asset on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in pension obligation payable on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the pension disclosures. See Note 15 for the OPEB disclosures.

***Plan Description - Ohio Public Employees Retirement System (OPERS)***

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.



**CITY OF WEST CARROLLTON  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Report referenced above for additional information, including requirements for reduced and unreduced benefits):

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final Average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

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**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
<b>2021 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee *	10.0 %
<b>2021 Actual Contribution Rates</b>	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
Employee	10.0 %

\* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

\*\* This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$470,882 for 2021. Of this amount, \$54,636 is reported as pension obligation payable.

**CITY OF WEST CARROLLTON  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Plan Description - Ohio Police & Fire Pension Fund (OP&F)***

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

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.00% of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.00% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>Police</u>	<u>Firefighters</u>
<b>2021 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
<b>2021 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50 %</u>	<u>0.50 %</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$621,494 for 2021. Of this amount, \$77,718 is reported as pension obligation payable.

***Net Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability and net pension asset for OPERS was measured as of December 31, 2020, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	<u>OPERS - Traditional</u>	<u>OPERS - Combined</u>	<u>OPERS - Member- Directed</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the net pension liability/asset prior measurement date	0.022105%	0.006509%	0.016254%	0.107413%	
Proportion of the net pension liability/asset current measurement date	<u>0.021453%</u>	<u>0.007532%</u>	<u>0.016769%</u>	<u>0.108626%</u>	
Change in proportionate share	<u>-0.000652%</u>	<u>0.001023%</u>	<u>0.000515%</u>	<u>0.001213%</u>	
Proportionate share of the net pension liability	\$ 3,176,722	\$ -	\$ -	\$ 7,405,125	\$ 10,581,847
Proportionate share of the net pension asset	-	(21,742)	(3,057)	-	(24,799)
Pension expense	50,905	513	(2,193)	639,188	688,413

**CITY OF WEST CARROLLTON  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
<b>Deferred outflows of resources</b>					
Differences between expected and actual experience	\$ -	\$ -	\$ 2,103	\$ 309,558	\$ 311,661
Changes of assumptions	-	1,357	89	124,187	125,633
Changes in employer's proportionate percentage/ difference between employer contributions	50,012	-	-	173,508	223,520
Contributions subsequent to the measurement date	454,914	5,272	10,696	621,494	1,092,376
Total deferred outflows of resources	<u>\$ 504,926</u>	<u>\$ 6,629</u>	<u>\$ 12,888</u>	<u>\$ 1,228,747</u>	<u>\$ 1,753,190</u>
<b>Deferred inflows of resources</b>					
Differences between expected and actual experience	\$ 132,885	\$ 4,105	\$ -	\$ 288,480	\$ 425,470
Net difference between projected and actual earnings on pension plan investments	1,238,195	3,233	334	359,194	1,600,956
Changes in employer's proportionate percentage/ difference between employer contributions	120,314	-	-	27,960	148,274
Total deferred inflows of resources	<u>\$ 1,491,394</u>	<u>\$ 7,338</u>	<u>\$ 334</u>	<u>\$ 675,634</u>	<u>\$ 2,174,700</u>

\$1,092,376 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2022.

**CITY OF WEST CARROLLTON  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Year Ending December 31:					
2022	\$ (563,287)	\$ (1,557)	\$ 235	\$ 19,179	\$ (545,430)
2023	(204,491)	(988)	283	178,901	(26,295)
2024	(504,729)	(1,734)	211	(280,418)	(786,670)
2025	(168,875)	(808)	257	(7,923)	(177,349)
2026	-	(349)	263	21,880	21,794
Thereafter	-	(545)	609	-	64
Total	<u>\$ (1,441,382)</u>	<u>\$ (5,981)</u>	<u>\$ 1,858</u>	<u>\$ (68,381)</u>	<u>\$ (1,513,886)</u>

**Actuarial Assumptions - OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020, are presented below.

Wage inflation	3.25%
Future salary increases, including inflation	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 0.50%, simple through 2021, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In October 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.40% simple through 2020 then 2.15% simple to 0.50% simple through 2021 then 2.15% simple.

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

**CITY OF WEST CARROLLTON  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The most recent experience study was completed for the five-year period ended December 31, 2015.

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 11.70% for 2020.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed income	25.00 %	1.32 %
Domestic equities	21.00	5.64
Real estate	10.00	5.39
Private equity	12.00	10.42
International equities	23.00	7.36
Other investments	9.00	4.75
Total	<u>100.00 %</u>	<u>5.43 %</u>

**Discount Rate** - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2020 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate** - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.20%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.20%) or one-percentage-point higher (8.20%) than the current rate:

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 6,059,614	\$ 3,176,722	\$ 779,602
Combined Plan	(15,139)	(21,742)	(26,663)
Member-Directed Plan	(2,683)	(3,057)	(3,354)

***Actuarial Assumptions - OP&F***

OP&F's total pension liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2021, are presented below.

Valuation date	1/1/20 with actuarial liabilities rolled forward to 12/31/20
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of 0.50%
Cost of living adjustments	2.20% per year simple

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.



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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five-year period ended December 31, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy and Guidelines. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2020 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation		
Linked Bonds *	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
<b>Total</b>	<b><u>125.00 %</u></b>	

Note: assumptions are geometric.

\* levered 2x

\*\* numbers include inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

**CITY OF WEST CARROLLTON  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**Discount Rate** - The total pension liability was calculated using the discount rate of 8.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%), or one percentage point higher (9.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 10,308,883	\$ 7,405,125	\$ 4,974,973

**NOTE 15 - DEFINED BENEFIT OPEB PLANS**

**Net OPEB Liability/Asset**

See Note 14 for a description of the net OPEB liability/asset.

**Plan Description - Ohio Public Employees Retirement System (OPERS)**

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

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**NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$4,278 for 2021. Of this amount, \$496 is reported as pension obligation payable.

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**NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***Plan Description - Ohio Police & Fire Pension Fund (OP&F)***

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2021, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was \$15,215 for 2021. Of this amount, \$1,903 is reported as pension obligation payable.

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**NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***Net OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability/asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.021418%	0.107413%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.020865%</u>	<u>0.108626%</u>	
Change in proportionate share	<u>-0.000553%</u>	<u>0.001213%</u>	
Proportionate share of the net OPEB liability	\$ -	\$ 1,150,909	\$ 1,150,909
Proportionate share of the net OPEB asset	(371,727)	-	(371,727)
OPEB expense	(2,257,656)	99,417	(2,158,239)

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Changes of assumptions	\$ 182,747	\$ 635,814	\$ 818,561
Changes in employer's proportionate percentage/difference between employer contributions	34,304	20,879	55,183
Contributions subsequent to the measurement date	4,278	15,215	19,493
Total deferred outflows of resources	<u>\$ 221,329</u>	<u>\$ 671,908</u>	<u>\$ 893,237</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 335,482	\$ 189,840	\$ 525,322
Net difference between projected and actual earnings on OPEB plan investments	197,987	42,769	240,756
Changes of assumptions	602,309	183,477	785,786
Changes in employer's proportionate percentage/ difference between employer contributions	67,426	36,607	104,033
Total deferred inflows of resources	<u>\$ 1,203,204</u>	<u>\$ 452,693</u>	<u>\$ 1,655,897</u>

\$19,493 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Year Ending December 31:			
2022	\$ (512,331)	\$ 38,708	\$ (473,623)
2023	(364,457)	48,836	(315,621)
2024	(86,037)	32,871	(53,166)
2025	(23,328)	39,762	16,434
2026	-	22,187	22,187
Thereafter	-	21,636	21,636
Total	<u>\$ (986,153)</u>	<u>\$ 204,000</u>	<u>\$ (782,153)</u>

***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020.

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**NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	6.00%
Prior Measurement date	3.16%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	2.00%
Prior Measurement date	2.75%
Health Care Cost Trend Rate	
Current measurement date	8.50% initial, 3.50% ultimate in 2035
Prior Measurement date	10.50%, initial 3.50%, ultimate in 2030
Actuarial Cost Method	Individual Entry Age Normal

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 10.50% for 2020.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
Total	<u>100.00 %</u>	<u>4.43 %</u>

**Discount Rate** - A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20- year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

**Change in Benefit Terms** - On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation which are reported by the City at December 31, 2021. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.



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**NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate*** - The following table presents the proportionate share of the net OPEB asset calculated using the single discount rate of 6.00%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB asset	\$ 92,432	\$ 371,727	\$ 601,329

***Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate*** - Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	<u>1% Decrease</u>	<u>Current Health Care Trend Rate Assumption</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB asset	\$ 380,786	\$ 371,727	\$ 361,590

***Actuarial Assumptions - OP&F***

OP&F's total OPEB liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

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**NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	2.96%
Prior measurement date	3.56%
Cost of Living Adjustments	2.20% simple per year

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five-year period ended December 31, 2016.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2020, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation		
Linked Bonds *	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	<u>125.00 %</u>	

Note: assumptions are geometric.

\* levered 2.5x

\*\* numbers include inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** - For 2020, the total OPEB liability was calculated using the discount rate of 2.96%. For 2019, the total OPEB liability was calculated using the discount rate of 3.56%. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8.00%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.12% at December 31, 2020 and 2.75% at December 31, 2019, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 2.96% for 2020 and 3.56% for 2019. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2034. The long-term expected rate of return on health care investments was applied to projected costs through 2034, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.96%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.96%), or one percentage point higher (3.96%) than the current rate.

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**NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 1,435,118	\$ 1,150,909	\$ 916,470

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate*** - The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

**NOTE 16 - 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, 2021, the pool had twenty-one 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 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 twenty-one 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, 2021, the participant cities were: Beavercreek, Bellbrook, Blue Ash, Centerville, Englewood, Fairfield, Indian Hill, Kettering, Madeira, 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 accounting principles generally accepted in the United States of America as of and for the year ended December 31, 2020 (latest available):

Assets and Deferred Outflows	\$19,047,827
Liabilities and Deferred Inflows	<u>9,795,601</u>
Net Position	<u>\$9,252,226</u>

To obtain additional financial information write to Miami Valley Risk Management Association, Inc., at 3085 Woodman Drive, Suite 200, Kettering, Ohio, 45420.

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 BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 16 - 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. 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 \$3,154 to the Miami Valley Fire/EMS Alliance during 2021.

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

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (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 statements of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and the fire special revenue fund 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 the GAAP basis are that:

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

**CITY OF WEST CARROLLTON  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

<b>Net Change in Fund Balance</b>		
	<u>General Fund</u>	<u>Fire Fund</u>
Budget basis	\$ 442,773	\$ 485,054
Net adjustment for revenue accruals	164,354	-
Net adjustment for expenditure accruals	(79,266)	-
Funds budgeted elsewhere	7,403	-
Adjustment for encumbrances	115,137	4
GAAP basis	\$ 650,401	\$ 485,058

Certain funds that are legally budgeted in separate fund classifications by the City are considered part of the general fund on a GAAP basis. This includes the recreation fund, the bonds returnable fund, and the inspection fund.

**NOTE 18 - CONTINGENCIES**

**A. Grants**

The City received financial assistance from 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 adverse effect on the overall financial position of the City at December 31, 2021.

**B. Litigation**

The City is currently involved in no litigation for which there is a risk of financial liability.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 19 - FUND BALANCE**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all nonmajor governmental funds are presented below:

Fund Balance	General	Fire	Bond Retirement Carrollton Plaza	Half Percent	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepayments	\$ 1,000	\$ -	\$ -	\$ -	\$ 3,752	\$ 4,752
Total nonspendable	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,752</u>	<u>4,752</u>
Restricted:						
Capital improvement programs	-	-	-	1,000,347	284,710	1,285,057
Debt service	-	-	33,099	-	660	33,759
Transportation projects	-	-	-	-	1,010,100	1,010,100
Community environment	-	-	-	-	543,115	543,115
Public safety	-	485,058	-	-	159,834	644,892
Leisure time activities	-	-	-	-	13,934	13,934
Total restricted	<u>-</u>	<u>485,058</u>	<u>33,099</u>	<u>1,000,347</u>	<u>2,012,353</u>	<u>3,530,857</u>
Assigned:						
General government	46,577	-	-	-	-	46,577
Public safety	63,108	-	-	-	-	63,108
Community environment	3,578	-	-	-	-	3,578
Leisure time activities	13,570	-	-	-	-	13,570
Subsequent year appropriations	1,622,283	-	-	-	-	1,622,283
Total assigned	<u>1,749,116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,749,116</u>
Unassigned	1,587,204	-	-	-	(250,829)	1,336,375
Total fund balances	<u>\$ 3,337,320</u>	<u>\$ 485,058</u>	<u>\$ 33,099</u>	<u>\$ 1,000,347</u>	<u>\$ 1,765,276</u>	<u>\$ 6,621,100</u>

**NOTE 20 - OTHER COMMITMENTS**

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the City's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	Year End <u>Encumbrances</u>
General	\$ 63,964
Fire	4
Nonmajor governmental funds	<u>134,997</u>
Total	<u>\$ 198,965</u>

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 21 - TAX ABATEMENTS**

**A. Real Estate Tax Abatements**

As of December 31, 2021, the City provides tax abatements through the Ohio Community Reinvestment Area (CRA) program. This program relates to the abatement of property taxes.

CRA - Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill. The City has no "clawback" provisions to recapture abated taxes; however, a review board annually evaluates future status of each CRA.

<u>2021 Real Estate Tax Abatements</u>	
Commercial/Industrial	\$ 186,770
Residential	<u>3,060</u>
Total	<u>\$ 189,830</u>

**B. Income Tax Abatement Programs**

The City has an Economic Development Job Creation and Retention Program remain competitive as a site for new businesses as well as retaining and expanding existing businesses. The City can provide incentives based on gross annual payroll, the number of jobs created or retained, or income tax generated. The abatement is administered as a refund based on performance.

<u>2021 Income Tax Abatements</u>	
Manufacturing	<u>\$ 152,876</u>

**NOTE 22 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the City received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**NOTE 23 - SUBSEQUENT EVENT**

On April 29, 2022, the City refinanced the Series 2021 Various Purpose Real Estate Acquisition Bond Anticipation Note with the issuance of the Series 2022 Various Purpose Real Estate Acquisition Bond Anticipation Note in the amount of \$4,720,000 for the purpose of acquiring real estate for economic purposes. \$4,165,000 of the note issue was used to refinance the Series 2021 Notes and the remaining \$555,000 was for the purchase of real estate made in 2022. The note matures May 2, 2023 with an interest rate of 3.15%.



REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY/NET PENSION ASSET  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST EIGHT YEARS (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.021453%	0.022105%	0.021720%	0.021569%
City's proportionate share of the net pension liability	\$ 3,176,722	\$ 4,369,203	\$ 5,948,668	\$ 3,383,758
City's covered payroll	\$ 3,060,186	\$ 3,117,193	\$ 2,949,950	\$ 2,853,900
City's proportionate share of the net pension liability as a percentage of its covered payroll	103.81%	140.16%	201.65%	118.57%
Plan fiduciary net position as a percentage of the total pension liability	86.88%	82.17%	74.70%	84.66%
<i>Combined Plan:</i>				
City's proportion of the net pension asset	0.007532%	0.006509%	0.006282%	0.006298%
City's proportionate share of the net pension asset	\$ 21,742	\$ 13,572	\$ 7,026	\$ 8,573
City's covered payroll	\$ 33,193	\$ 28,971	\$ 26,864	\$ 25,792
City's proportionate share of the net pension asset as a percentage of its covered payroll	65.50%	46.85%	26.15%	33.24%
Plan fiduciary net position as a percentage of the total pension asset	157.67%	145.28%	126.64%	137.28%
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.016769%	0.016254%	0.013624%	0.015534%
City's proportionate share of the net pension asset	\$ 3,057	\$ 614	\$ 310	\$ 542
City's covered payroll	\$ 100,710	\$ 96,620	\$ 77,880	\$ 85,140
City's proportionate share of the net pension asset as a percentage of its covered payroll	3.04%	0.64%	0.40%	0.64%
Plan fiduciary net position as a percentage of the total pension asset	188.21%	118.84%	113.42%	124.46%

(1) Information for the Traditional Plan prior to 2014 was unavailable.

Information for the Combined Plan prior to 2017 was unavailable.

Information for the Member Directed Plan prior to 2016 was unavailable.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the

City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.021872%	0.023446%	0.024488%	0.024488%
\$ 4,966,759	\$ 4,061,143	\$ 2,953,526	\$ 2,886,816
\$ 2,912,867	\$ 2,910,933	\$ 3,002,167	\$ 2,974,475
170.51%	139.51%	98.38%	97.05%
77.25%	81.08%	86.45%	86.36%
0.005637%	n/a	n/a	n/a
\$ 3,137	n/a	n/a	n/a
\$ 21,942	n/a	n/a	n/a
14.30%	n/a	n/a	n/a
116.55%	n/a	n/a	n/a
0.014032%	0.015006%	n/a	n/a
\$ 58	\$ 57	n/a	n/a
\$ 57,667	\$ 12,208	n/a	n/a
0.10%	0.47%	n/a	n/a
103.40%	103.91%	n/a	n/a

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST EIGHT YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net pension liability	0.108626%	0.107413%	0.105084%	0.105550%
City's proportionate share of the net pension liability	\$ 7,405,125	\$ 7,235,893	\$ 8,577,631	\$ 6,478,094
City's covered payroll	\$ 2,792,461	\$ 2,666,163	\$ 2,536,433	\$ 2,431,894
City's proportionate share of the net pension liability as a percentage of its covered payroll	265.18%	271.40%	338.18%	266.38%
Plan fiduciary net position as a percentage of the total pension liability	70.65%	69.89%	63.07%	70.91%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
0.106382%	0.105463%	0.102996%	0.102996%
\$ 6,738,130	\$ 6,784,528	\$ 5,335,602	\$ 5,016,208
\$ 2,089,903	\$ 2,177,566	\$ 2,117,043	\$ 2,961,856
322.41%	311.56%	252.03%	169.36%
68.36%	66.77%	72.20%	73.00%

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

	LAST NINE YEARS (1)			
	2021	2020	2019	2018
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 454,914	\$ 428,426	\$ 436,407	\$ 412,993
Contributions in relation to the contractually required contribution	(454,914)	(428,426)	(436,407)	(412,993)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 3,249,386	\$ 3,060,186	\$ 3,117,193	\$ 2,949,950
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 5,272	\$ 4,647	\$ 4,056	\$ 3,761
Contributions in relation to the contractually required contribution	(5,272)	(4,647)	(4,056)	(3,761)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 37,657	\$ 33,193	\$ 28,971	\$ 26,864
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 10,696	\$ 10,071	\$ 9,662	\$ 7,788
Contributions in relation to the contractually required contribution	(10,696)	(10,071)	(9,662)	(7,788)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 106,960	\$ 100,710	\$ 96,620	\$ 77,880
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

(1) Information for the Traditional Plan prior to 2013 was unavailable.  
Information for the Combined Plan prior to 2016 was unavailable.  
Information for the Member Directed Plan prior to 2015 was unavailable.  
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 371,007	\$ 349,544	\$ 349,312	\$ 360,260	\$ 356,937
<u>(371,007)</u>	<u>(349,544)</u>	<u>(349,312)</u>	<u>(360,260)</u>	<u>(356,937)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,853,900	\$ 2,912,867	\$ 2,910,933	\$ 3,002,167	\$ 2,974,475
13.00%	12.00%	12.00%	12.00%	12.00%
\$ 3,353	\$ 2,633			
<u>(3,353)</u>	<u>(2,633)</u>			
<u>\$ -</u>	<u>\$ -</u>			
\$ 25,792	\$ 21,942			
13.00%	12.00%			
\$ 8,514	\$ 6,920	\$ 1,465		
<u>(8,514)</u>	<u>(6,920)</u>	<u>(1,465)</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
\$ 85,140	\$ 57,667	\$ 12,208		
10.00%	12.00%	12.00%		

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS  
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST NINE YEARS (1)

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<i>Police:</i>				
Contractually required contribution	\$ 395,189	\$ 371,240	\$ 369,070	\$ 364,389
Contributions in relation to the contractually required contribution	(395,189)	(371,240)	(369,070)	(364,389)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 2,079,942	\$ 1,953,895	\$ 1,942,474	\$ 1,917,837
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
 <i>Fire:</i>				
Contractually required contribution	\$ 226,305	\$ 197,063	\$ 170,067	\$ 145,370
Contributions in relation to the contractually required contribution	(226,305)	(197,063)	(170,067)	(145,370)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 963,000	\$ 838,566	\$ 723,689	\$ 618,596
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

(1) Information prior to 2013 was unavailable.  
Information was not available to break police and fire pension contributions for years 2014 and 2013.  
Amounts representing both police and fire pension contributions are listed under police for 2014 and 2013.  
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 347,996	\$ 300,370	\$ 320,935	\$ 431,030	\$ 505,885
<u>(347,996)</u>	<u>(300,370)</u>	<u>(320,935)</u>	<u>(431,030)</u>	<u>(505,885)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,831,558	\$ 1,580,894	\$ 1,681,660	\$ 2,117,043	\$ 2,961,856
19.00%	19.00%	19.00%	20.36%	17.08%
\$ 141,079	\$ 119,617	\$ 116,538		
<u>(141,079)</u>	<u>(119,617)</u>	<u>(116,538)</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
\$ 600,336	\$ 509,009	\$ 495,906		
23.50%	23.50%	23.50%		

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY/NET OPEB ASSET  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST FIVE YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability/asset	0.020865%	0.021418%	0.020948%	0.020910%	0.021071%
City's proportionate share of the net OPEB liability/(asset)	\$ (371,727)	\$ 2,958,383	\$ 2,731,126	\$ 2,270,672	\$ 2,128,204
City's covered payroll	\$ 3,194,089	\$ 3,242,784	\$ 3,054,694	\$ 2,964,832	\$ 2,992,476
City's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	11.64%	91.23%	89.41%	76.59%	71.12%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	115.57%	47.80%	46.33%	54.14%	54.05%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY  
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST FIVE YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.108626%	0.107413%	0.105084%	0.105550%	0.106382%
City's proportionate share of the net OPEB liability	\$ 1,150,909	\$ 1,060,994	\$ 956,951	\$ 5,980,338	\$ 5,049,714
City's covered payroll	\$ 2,792,461	\$ 2,666,163	\$ 2,536,433	\$ 2,431,894	\$ 2,089,903
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	41.21%	39.79%	37.73%	245.91%	241.62%
Plan fiduciary net position as a percentage of the total OPEB liability	45.42%	47.08%	46.57%	14.13%	15.96%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Contractually required contribution	\$ 4,278	\$ 4,029	\$ 3,865	\$ 3,115
Contributions in relation to the contractually required contribution	(4,278)	(4,029)	(3,865)	(3,115)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 3,394,003	\$ 3,194,089	\$ 3,242,784	\$ 3,054,694
Contributions as a percentage of covered payroll	0.13%	0.13%	0.12%	0.10%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 32,202	\$ 61,975	\$ 59,922	\$ 64,594	\$ 122,504	\$ 123,322
<u>(32,202)</u>	<u>(61,975)</u>	<u>(59,922)</u>	<u>(64,594)</u>	<u>(122,504)</u>	<u>(123,322)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,964,832	\$ 2,992,476	\$ 2,923,141	\$ 3,002,167	\$ 2,974,475	\$ -
1.09%	2.07%	2.05%	2.15%	4.12%	0.00%

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS  
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<i>Police:</i>				
Contractually required contribution	\$ 10,400	\$ 9,769	\$ 9,712	\$ 9,589
Contributions in relation to the contractually required contribution	(10,400)	(9,769)	(9,712)	(9,589)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 2,079,942	\$ 1,953,895	\$ 1,942,474	\$ 1,917,837
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%
 <i>Fire:</i>				
Contractually required contribution	\$ 4,815	\$ 4,193	\$ 3,618	\$ 3,093
Contributions in relation to the contractually required contribution	(4,815)	(4,193)	(3,618)	(3,093)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 963,000	\$ 838,566	\$ 723,689	\$ 618,596
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

(1) Information was not available to break police and fire for City's covered payroll for years 2014 and 2013. Amounts representing both police and fire for City's covered payroll are listed under police for 2014 and 2013.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 9,158	\$ 8,118	\$ 8,870	\$ 8,648	\$ 75,747	\$ 110,519
<u>(9,158)</u>	<u>(8,118)</u>	<u>(8,870)</u>	<u>(8,648)</u>	<u>(75,747)</u>	<u>(110,519)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,831,558	\$ 1,580,894	\$ 1,681,660	\$ 2,117,043	\$ 2,961,856	\$ -
0.50%	0.50%	0.50%	0.50%	3.62%	6.75%
\$ 3,002	\$ 2,545	\$ 2,545	\$ 2,579	\$ 22,304	\$ 31,536
<u>(3,002)</u>	<u>(2,545)</u>	<u>(2,545)</u>	<u>(2,579)</u>	<u>(22,304)</u>	<u>(31,536)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 600,336	\$ 509,009	\$ 495,906	\$ -	\$ -	\$ -
0.50%	0.50%	0.50%	0.50%	3.62%	6.75%

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2021

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PENSION

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*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for 2014-2021.

*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for 2014-2021.

*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017.
- For 2018, the following were the most significant changes of assumptions that affected the total pension since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.50% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.
- There were no changes in assumptions for 2019.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.

(Continued)



**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2021

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OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for 2017-2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% down to 3.16%, (b) the municipal bond rate was decreased from 3.71% down to 2.75% and (c) the health care cost trend rate was increased from 10.50%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% down to 2.00% and (c) the health care cost trend rate was decreased from 10.00%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for 2017-2018.
- For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.

*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66%. For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% down to 3.56%.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% down to 3.56%.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.56% down to 2.96%.

## **SUPPLEMENTARY INFORMATION**

CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	PASS-THROUGH/ ENTITY NUMBER/ ADDITIONAL AWARD IDENTIFICATION	ASSISTANCE LISTING NUMBER	TOTAL EXPENDITURES OF FEDERAL AWARDS
<b>United States Department of Housing and Urban Development</b>			
<i>Passed through Montgomery County</i>			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grants/Entitlement Grants	N/A	14.218	\$ 238,284
<b>Total CDBG - Entitlement Grants Cluster and United States Department of Housing and Urban Development</b>			<b>238,284</b>
<b>United States Department of Transportation</b>			
<i>Passed through the Ohio Department of Transportation</i>			
Highway Planning and Construction Cluster			
Highway Planning and Construction	113230	20.205	182,167
<b>Total Highway Planning and Construction Cluster and United States Department of Transportation</b>			<b>182,167</b>
<b>United States Department of the Treasury</b>			
<i>Direct</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	COVID-19	21.027	673,758
<b>Total United States Department of the Treasury</b>			<b>673,758</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 1,094,209</b>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
*2 CFR § 200.510(b)(6)*  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of West Carrollton under programs of the federal government for the year ended December 31, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of West Carrollton, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of West Carrollton. Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE 2 – DE MINIMIS INDIRECT COST RATE**

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The City of West Carrollton has not elected to use the 10% de minimis indirect cost rate.

**Independent Auditor's 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***

City of West Carrollton  
Montgomery County  
300 East Central Avenue  
West Carrollton, Ohio 45449

To the Members of the City Council and Mayor:

We have audited, in accordance with the 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, 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, Montgomery County, Ohio, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of West Carrollton's basic financial statements, and have issued our report thereon dated July 21, 2022, wherein we noted as described in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of West Carrollton's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 of West Carrollton's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of West Carrollton's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of West Carrollton's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-002 that we consider to be a material weakness.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of West Carrollton's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2021-001 and 2021-002.

### **City of West Carrollton's Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of West Carrollton's responses to the findings identified in our audit and described in the accompanying corrective action plan. The City of West Carrollton's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of West Carrollton's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of West Carrollton's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.  
July 21, 2022

**Independent Auditor’s Report on Compliance for Each Major Federal Program  
and on Internal Control Over Compliance Required by the Uniform Guidance**

City of West Carrollton  
Montgomery County  
300 East Central Avenue  
West Carrollton, Ohio 45449

To the Members of the City Council and Mayor:

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of West Carrollton’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of West Carrollton’s major federal programs for the year ended December 31, 2021. The City of West Carrollton’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings.

In our opinion, the City of West Carrollton complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the “Auditor’s Responsibilities for the Audit of Compliance” section of our report.

We are required to be independent of the City of West Carrollton and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of West Carrollton’s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of West Carrollton’s federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of West Carrollton's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of West Carrollton's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of West Carrollton's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of West Carrollton's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of West Carrollton's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.



Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Julian & Grube, Inc.*

Julian & Grube, Inc.  
July 21, 2022

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2021**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (ALN 21.027)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	No

<b>2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2021-001

Noncompliance – Purchase Orders:

Ohio Revised Code Section 5705.41 (D) requires that no orders or contracts involving the disbursement of monies are to be made unless there is certificate of the finance director that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The City had 59% of disbursements tested with an invoice that was dated prior to the purchase order, thus causing those disbursements not to be certified in a timely manner.

**CITY OF WEST CARROLLTON  
MONTGOMERY COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2021**

<b>2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)</b>	
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Finding Number	2021-001 – (Continued)
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Without proper certification, the City may expend more funds than available in the treasury or in the process of collection, or than funds appropriated. It may also result in unnecessary or undesirable purchases.

We recommend that all orders or contracts involving the disbursement of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. The City should consider using “Then and Now” certificates where applicable.

Finding Number	2021-002
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Material Weakness/Noncompliance – ARPA Fund:

Ohio Revised Code Section 5705.09(F) requires subdivisions to establish separate funds for each class of revenue derived from a source other than the general property tax, which the law requires to be used for a particular purpose.

The City did not establish a separate fund for grant activity related to the American Rescue Plan Act (ARPA) and recorded ARPA receipts into the General fund, Half Percent fund, and the Pool fund (a nonmajor enterprise fund). These receipts were subsequently spent out of these funds. Adjustments were made to the financial statements and note disclosures to properly account for receipts and disbursements related to the ARPA monies.

Not posting monies to the proper fund could result in expenditures being made that are not allowable based on the restrictions of the fund.

We recommend the City follow Ohio Revised Code Section 5705.09(F) and create new funds for each new class of revenue.

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



# WEST CARROLLTON

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
2 CFR § 200.511(b)  
DECEMBER 31, 2021**

<b>Finding Number</b>	<b>Year Initially Occurred</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2020-001	2016	<u>Noncompliance – Purchase Orders</u> – Ohio Revised Code Section 5705.41(D) requires in part that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. The City had 41% of expenditures that were not timely certified during the year ended December 31, 2020.	Not Corrected	Finding repeated as 2021-001 as expenditures were not timely certified.
2020-002	2020	<u>Significant Deficiency/Noncompliance – Transfers</u> – Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16 provide that no transfer can be made from one fund of a subdivision to any other fund, except for purposes defined by statute. Therefore, transferring cash restricted for one purpose to a fund with a different restricted purpose potentially permits the transfer in violation of the originating fund’s restricted purpose. The City transferred \$24,353 from the half percent fund to the police pension fund (a non-major governmental fund). This transfer did not meet the requirements set by Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16.	Corrective Action Taken and Finding Fully Corrected	N/A



**CORRECTIVE ACTION PLAN  
2 CFR § 200.511(c)  
DECEMBER 31, 2021**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2021-001	It is in the intent of the City to improve compliance by more closely following as described in the finding to ensure prior certification for exceptions to ORC 5704.41 (D) and, when necessary, to have Council approved payments by resolution.	Unknown	Tom Reilly, Finance Director
2021-002	The City has created a new fund to account for activity related to the American Rescue Plan Act and will continue to account for all ARPA activity within that fund in the future.	Immediately	Tom Reilly, Finance Director

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# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF WEST CARROLLTON**

**MONTGOMERY COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 9/27/2022**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)