



CITY OF WEST CARROLLTON

DAYTON REGION, MONTGOMERY COUNTY

REGULAR AUDIT

JANUARY 1, 2001 – DECEMBER 31, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Columbus, Ohio 43215

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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 Plattenburg & Associates, Inc., for the audit period January 1, 2001 through December 31, 2001. 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.

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JIM PETRO
Auditor of State

July 13, 2002

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CITY OF WEST CARROLLTON
MONTGOMERY COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Elected Officials and Administrative Personnel	(i)
Index of Funds	(ii)
Report of Independent Accountants	(iii)
Combined Balance Sheet – All Fund Types and Account Groups - As of December 31, 2001	1-2
Combined Statement of Revenues, Expenditures and Changes In Fund Balances – All Governmental Fund Types and Expendable Trust Funds – For the Year Ended December 31, 2001	3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types and Expendable Trust Funds - For the Year Ended December 31, 2001	4
Combined Statement of Revenues, Expenses and Changes in Retained Earnings – Proprietary Fund Type - For the Year Ended December 31, 2001	5
Combined Statement of Cash Flows – Proprietary Fund Type - For the Year Ended December 31, 2001	6
Notes to the Financial Statements	7-26
Report on Compliance and on Internal Control Required by Government Auditing Standards	27-28

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY

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

ELECTED OFFICIALS AND ADMINISTRATIVE PERSONNEL
AS OF DECEMBER 31, 2001

Council Member

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

ADMINISTRATIVE PERSONNEL

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

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY
INDEX OF FUNDS

GOVERNMENTAL FUND TYPES

General Fund Class

General Fund

Special Revenue Fund Class

Street Construction, Maintenance and Repair Fund

Law Enforcement and Education Fund

Miami Conservancy District Fund

Recreation Fund

Parks Fund

Law Enforcement Fund

Motor Vehicle License Fund

Special Assessments Fund

Debt Service Fund Class

Bond Retirement Fund

Capital Improvement Project Notes

Capital Project Fund Class

One Half Percent Tax Fund

Street Improvement Fund

Civic Center Fund

Parks and Playgrounds Improvement Fund

Vehicle Replacement Fund

Other Capital Expenditures Fund

Federal Grants Fund

PROPRIETARY FUND TYPES

Enterprise Fund Class

Water Fund

Sanitary Sewer Fund

Municipal Swimming Pool Fund

FIDUCIARY FUND TYPES

Trust and Agency Fund Class

Expendable Trust Fund

Police Pension Fund

Bonds Returnable Fund

Inspection Fund

Agency Funds

Mayor's Court Appearance Bond

Mayor's Court Fund

Income Tax Fund

Unclaimed Money Fund

PLATTENBURG & ASSOCIATES, INC./CERTIFIED PUBLIC ACCOUNTANTS

8260 NORTHCREEK DRIVE, SUITE 330/ CINCINNATI, OH 45236 • (513) 891-2722 • FAX (513) 891-2760
2211 SOUTH DIXIE AVENUE/ DAYTON, OH 45409 • (937) 294-1505 • FAX (937) 294-1507

April 29, 2002

Honorable City Council
City of West Carrollton, Ohio

REPORT OF INDEPENDENT ACCOUNTANTS

We have audited the accompanying general purpose financial statements of the City of West Carrollton, Ohio, (the City) as of and for the year ended December 31, 2001. These general purpose financial statements are the responsibility of the management of the City. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City, as of December 31, 2001, and the results of its operations and cash flows of its proprietary fund type for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 29, 2002 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Plattenburg & Associates, Inc.
Certified Public Accountants

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**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**COMBINED BALANCE SHEET - ALL FUND TYPES
AND ACCOUNT GROUPS
DECEMBER 31, 2001**

	GOVERNMENTAL FUND TYPES				PROPRIETARY	FIDUCIARY	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	FUND TYPE	FUND TYPE	GENERAL	GENERAL	
					ENTERPRISE	TRUST AND AGENCY	FIXED ASSETS	LONG-TERM OBLIGATIONS	
ASSETS & OTHER DEBITS:									
Pooled Cash & Investments	\$3,759,426	\$118,311	\$53,161	\$2,754,509	\$2,768,281	\$27,612	\$0	\$0	\$9,481,300
Receivables (Net)									
Taxes	573,371	32,182	0	0	0	532,128	0	0	1,137,681
Accounts	517	0	0	0	329,026	0	0	0	329,543
Intergovernmental	192,330	163,114	0	200,000	91,000	0	0	0	646,444
Special Assessments	0	97,851	564,838	0	0	0	0	0	662,689
Accrued Interest	11,180	113	0	7,288	8,293	0	0	0	26,874
Inventory at Cost	0	0	0	0	45,296	0	0	0	45,296
Due from Other Funds	8,135	0	0	13,103	0	0	0	0	21,238
Prepaid Expenses	2,845	0	0	0	0	0	0	0	2,845
Advance to Other Funds	3,917	0	0	72,696	0	0	0	0	76,613
Other Assets	0	0	0	0	0	0	0	0	0
Property, Plant & Equipment	0	0	0	0	17,763,506	0	13,521,902	0	31,285,408
Less: Accumulated Depreciation	0	0	0	0	(13,491,210)	0	0	0	(13,491,210)
Amount Available in Debt									
Service Funds	0	0	0	0	0	0	0	53,161	53,161
Amount to be Provided from									
Special Assessments	0	0	0	0	0	0	0	408,000	408,000
Amount to be Provided for									
Retirement of General Long- Term Obligations	0	0	0	0	0	0	0	3,748,295	3,748,295
Total Assets & Other Debits	\$4,551,721	\$411,571	\$617,999	\$3,047,596	\$7,514,192	\$559,740	\$13,521,902	\$4,209,456	\$34,434,177

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**COMBINED BALANCE SHEET - ALL FUND TYPES
AND ACCOUNT GROUPS
DECEMBER 31, 2001**

	GOVERNMENTAL FUND TYPES				PROPRIETARY	FIDUCIARY	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE	TRUST AND AGENCY	GENERAL	GENERAL	
							FIXED ASSETS	LONG-TERM OBLIGATIONS	
ASSETS & OTHER DEBITS:									
LIABILITIES:									
Accrued Wages and Benefits	\$184,458	\$13,210	\$0	\$0	\$28,658	\$0	\$0	\$0	\$226,326
Accounts Payable	28,808	75,508	0	11,788	25,718	200	0	0	142,022
Accrued Pensions	0	0	0	0	29,128	0	0	175,939	205,067
Deferred Revenue	688,707	97,467	564,838	285,799	91,000	51,579	0	0	1,779,390
Due to Other Funds	0	21,238	0	0	0	0	0	0	21,238
Advance from Other Funds	0	76,613	0	0	0	0	0	0	76,613
Bonds Payable	0	0	0	0	0	0	0	3,000,000	3,000,000
Special Assessment Debt with Governmental Commitment	0	0	0	0	0	0	0	408,000	408,000
Vacation and Sick Leave Liabilities	0	0	0	0	85,118	0	0	625,517	710,635
Undistributed Monies	0	0	0	0	0	501,168	0	0	501,168
Total Liabilities	901,973	284,036	564,838	297,587	259,622	552,947	0	4,209,456	7,070,459
FUND EQUITY:									
Investment in General Fixed Assets	0	0	0	0	0	0	13,521,902	0	13,521,902
Contributed Capital	0	0	0	0	6,067,343	0	0	0	6,067,343
Retained Earnings:									
Unreserved	0	0	0	0	1,187,227	0	0	0	1,187,227
Fund Balance:									
Reserved for Encumbrances	42,270	18,326	0	109,538	0	0	0	0	170,134
Reserved for Prepaids	2,845	0	0	0	0	0	0	0	2,845
Reserved for Advances	3,917	0	0	72,696	0	0	0	0	76,613
Reserved for Debt Service	0	0	53,161	0	0	0	0	0	53,161
Unreserved/Undesignated	3,600,716	109,209	0	2,567,775	0	6,793	0	0	6,284,493
Total Fund Equity	3,649,748	127,535	53,161	2,750,009	7,254,570	6,793	13,521,902	0	27,363,718
Total Liabilities and Equity	\$4,551,721	\$411,571	\$617,999	\$3,047,596	\$7,514,192	\$559,740	\$13,521,902	\$4,209,456	\$34,434,177

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001**

	GOVERNMENTAL FUND TYPES				FIDUCIARY	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST	
REVENUES:						
Local Taxes	\$4,612,719	\$99,469	\$0	\$1,617,278	\$74,313	\$6,403,779
Special Assessments	0	38,318	59,943	0	0	98,261
Intergovernmental	805,295	542,308	0	481,887	0	1,829,490
Charges for Services	185,838	78,152	0	0	6,850	270,840
Investment Earnings	163,597	2,274	0	49,770	0	215,641
Fines & Forfeitures	114,745	6,480	0	0	0	121,225
License & Permits	47,202	0	0	0	0	47,202
Other Revenue	155,149	6,383	0	60	0	161,592
Total Revenues	6,084,545	773,384	59,943	2,148,995	81,163	9,148,030
EXPENDITURES:						
General Government	1,257,076	0	0	0	0	1,257,076
Security of Persons	3,225,350	21,950	0	0	258,996	3,506,296
Leisure Time Activities	516,858	71,787	0	71,763	0	660,408
Community Environment	393,981	78,727	0	520,180	166	993,054
Basic Utility Services	386,086	0	0	0	0	386,086
Capital Outlay	0	0	0	2,745,968	0	2,745,968
Transportation	0	626,078	0	0	0	626,078
Debt Service:						
Principal	0	0	31,000	0	0	31,000
Interest & Fiscal Charges	0	0	36,469	0	0	36,469
Other	0	0	0	0	0	0
Total Expenditures	5,779,351	798,542	67,469	3,337,911	259,162	10,242,435
Excess (Deficiency) of Revenue Over Expenditures	305,194	(25,158)	(7,526)	(1,188,916)	(177,999)	(1,094,405)
Other Financing Sources (Uses):						
Transfers-In	37,131	210,294	6,194	2,132,642	181,071	2,567,332
Transfers-Out	(326,365)	(105,752)	0	(2,135,215)	0	(2,567,332)
Bond Proceeds	0	0	0	3,000,000	0	3,000,000
Total Other Financing Sources (Uses)	(289,234)	104,542	6,194	2,997,427	181,071	3,000,000
Excess of Revenues & Other Financing Sources Over Expenditures & Other Financing Uses	15,960	79,384	(1,332)	1,808,511	3,072	1,905,595
Fund Balance - Beginning of Year	3,633,788	48,151	54,493	941,498	3,721	4,681,651
Fund Balance - End of Year	<u>\$3,649,748</u>	<u>\$127,535</u>	<u>\$53,161</u>	<u>\$2,750,009</u>	<u>\$6,793</u>	<u>\$6,587,246</u>

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001

	GENERAL FUND			SPECIAL REVENUE			DEBT SERVICE			CAPITAL PROJECTS		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES												
Local Taxes	\$5,095,600	\$4,608,761	(\$486,839)	\$99,000	\$99,224	\$224	\$0	\$0	\$0	\$2,015,000	\$1,617,279	(\$397,721)
Special Assessments	0	0	0	21,100	38,318	17,218	59,943	59,943	0	0	0	0
Charges for Services	209,000	186,373	(22,627)	95,780	78,152	(17,628)	0	0	0	0	0	0
Intergovernmental	638,500	720,207	81,707	480,725	444,724	(36,001)	0	0	0	697,427	481,887	(215,540)
Investment Earnings	205,000	197,110	(7,890)	1,410	2,301	891	0	0	0	40,000	59,004	19,004
Fines & Forfeitures	111,800	114,745	2,945	3,600	6,480	2,880	0	0	0	0	0	0
License and Permits	40,800	47,202	6,402	0	0	0	0	0	0	0	0	0
Other Revenue	98,100	155,149	57,049	10,000	6,383	(3,617)	0	0	0	10,000	60	(9,940)
Total Revenues	6,398,800	6,029,547	(369,253)	711,615	675,582	(36,033)	59,943	59,943	0	2,762,427	2,158,230	(604,197)
EXPENDITURES												
General Government	1,508,220	1,255,988	252,232	0	0	0	0	0	0	0	0	0
Security of Persons	3,515,919	3,230,948	284,971	26,307	21,950	4,357	0	0	0	0	0	0
Leisure Time Activities	557,450	516,618	40,832	77,699	71,576	6,123	0	0	0	80,000	71,763	8,237
Community Environment	408,100	393,796	14,304	78,700	78,727	(27)	0	0	0	565,240	520,180	45,060
Basic Utility	409,175	379,423	29,752	0	0	0	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0	0	0	0	5,083,760	3,152,051	1,931,709
Transportation	0	0	0	598,950	575,670	23,280	0	0	0	0	0	0
Debt Service:												
Principal	0	0	0	0	0	0	31,000	31,000	0	0	0	0
Interest & fiscal charges	0	0	0	0	0	0	140,400	36,469	103,931	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures	6,398,864	5,776,773	622,091	781,656	747,923	33,733	171,400	67,469	103,931	5,729,000	3,743,994	1,985,006
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(64)	252,774	252,838	(70,041)	(72,341)	(2,300)	(111,457)	(7,526)	103,931	(2,966,573)	(1,585,764)	1,380,809
Other Financing Sources (Uses)												
Transfers In	23,000	37,131	14,131	212,900	210,294	(2,606)	110,000	6,194	(103,806)	4,818,500	2,132,641	(2,685,859)
Transfers Out	(362,300)	(326,365)	35,935	(91,200)	(105,752)	(14,552)	0	0	0	(4,950,000)	(2,135,215)	2,814,785
Bond Proceeds	0	0	0	0	0	0	0	0	0	3,000,000	3,000,000	0
Total Other Financing Sources (Uses)	(339,300)	(289,234)	50,066	121,700	104,542	(17,158)	110,000	6,194	(103,806)	2,868,500	2,997,426	128,926
Excess/(Deficiency) of Revenues & Other Sources over/(under) Expenditures and Other Uses	(339,364)	(36,460)	302,904	51,659	32,201	(19,458)	(1,457)	(1,332)	125	(98,073)	1,411,662	1,509,735
Fund Balance - 1/1/01	3,633,788	3,633,788	0	48,151	48,151	0	54,493	54,493	0	941,498	941,498	0
Fund Balance - 12/31/01	<u>\$3,294,424</u>	<u>\$3,597,328</u>	<u>\$302,904</u>	<u>\$99,810</u>	<u>\$80,352</u>	<u>(\$19,458)</u>	<u>\$53,036</u>	<u>\$53,161</u>	<u>\$125</u>	<u>\$843,425</u>	<u>\$2,353,160</u>	<u>\$1,509,735</u>

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001**

	PROPRIETARY FUND TYPE ENTERPRISE
REVENUES:	
Charges for Services	\$1,609,415
Other Operating Revenues	<u>8,165</u>
Total Revenues	<u>1,617,580</u>
EXPENSES:	
Personal Services	1,105,533
Contractual Services	118,286
Materials and Supplies	237,873
Utilities	189,393
Depreciation	466,417
Other Expenses	<u>3,212</u>
Total Expenses	<u>2,120,714</u>
Operating Loss	(503,134)
Nonoperating Revenues:	
Investment Earnings	129,680
Intergovernmental	<u>20,586</u>
Total Non-Operating Revenues	150,266
Net Loss	(352,868)
Retained Earnings - Beginning of Year	<u>1,540,095</u>
Retained Earnings - End of Year	<u><u>\$1,187,227</u></u>

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001**

	PROPRIETARY FUND TYPE ENTERPRISE
Increase in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash received from charges for services	\$1,634,477
Cash received from other operating services	8,165
Cash payments for personal services	(1,010,176)
Cash payments for contractual services	(118,533)
Cash payments for material and supplies	(269,704)
Cash payments for utilities	(189,393)
Cash payments for other expenses	(3,188)
Net cash provided by operating activities	51,648
Cash flows from noncapital financing activities:	
Intergovernmental receipts	20,586
Net cash provided by noncapital financing activities	20,586
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(287,089)
Net cash used for capital and related financing activities	(287,089)
Cash flows from investing activities:	
Interest earnings	137,806
Net cash provided by investing activities	137,806
Net decrease in cash and cash equivalents	(77,049)
Cash and cash equivalents at beginning of year	2,845,330
Cash and cash equivalents at end of year	\$2,768,281
Reconciliation of operating income to net cash provided by operating activities:	
Operating loss	(\$503,134)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	466,417
Decrease in accounts receivable	25,096
Increase in accounts payable	18,189
Increase in accrued wages and benefits	45,080
Total adjustments	554,782
Net cash provided by operating activities	\$51,648

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

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

The City was organized in 1830 and is a home rule municipal corporation under the laws of the State of Ohio. The City operates under a council-manager form of government and provides the following services as authorized by its charter: public safety, public services, recreation, and community development. Educational services are provided by West Carrollton City School District. The District is a separate governmental entity and its financial statements are not included in this audit report.

The Miami Valley Risk Management Association (MVRMA) is a jointly governed organization established as a joint self-insurance pool for the purpose of enabling the subscribing political subdivisions to obtain liability insurance and providing a formalized, jointly administered self-insurance fund for its members. Also, the Miami Valley Fire/EMS Alliance is a jointly governed organization among thirty townships, cities, and other public entities that was formed on April 1, 1995. See Note 11.

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

B. BASIS OF PRESENTATION

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

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

The City uses the following fund types and account groups.

GOVERNMENTAL FUNDS

General Fund

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

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

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

PROPRIETARY FUNDS

Enterprise Funds

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

FIDUCIARY FUNDS

Trust and Agency Funds

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

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

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

ACCOUNT GROUPS

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

General Fixed Assets Account Group

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

General Long-Term Debt Account Group

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

C. **BASIS OF ACCOUNTING**

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

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

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

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

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

from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

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

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

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

D. **BUDGETARY PROCESS**

1. **Budget**

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

2. **Estimated Resources**

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

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

Prior to December 31, the City must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

3. **Appropriations**

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year, as new information becomes available. Appropriations may not exceed estimated resources. Unencumbered appropriations lapse at the end of the fiscal year.

4. **Encumbrances**

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

E. **INVENTORY**

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

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

F. FIXED ASSETS

Fixed assets used in the governmental fund-type operations are recorded in the General Fixed

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

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

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

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

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

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

G. INTER-FUND TRANSACTIONS

During the course of normal operations, the City has numerous transactions among funds, most of which are in the form of transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. The classification of amounts recorded as subsidies, advances, or equity contributions is determined by City management.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. INTER-FUND TRANSACTIONS (Continued)

Quasi-external transactions, transactions that would be accounted for as revenues, expenditures or expenses if they involved a party external to the government, are accounted for as revenues in the receiving fund and expenditures or expenses by the paying fund. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it, that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund, and as reductions of expenditures/expenses in the fund that is reimbursed. All other inter-fund transactions are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

H. FUND BALANCE RESERVES

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

I. POOLED CASH AND INVESTMENTS

Cash and investment balances of the City's funds, except cash held by a trustee or fiscal agent, are pooled and invested in short-term investments in order to provide improved cash management. Investments are stated at fair value. The fair value of investments was determined through the use of published market values. For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments with original maturities of three months or less are considered to be cash and cash equivalents.

J. TOTAL COLUMNS ON FINANCIAL STATEMENTS

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

2. PROPERTY TAX

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

2. PROPERTY TAX (Continued)

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

The tax rate applied to all real property for the fiscal year ended December 31, 2001 was \$2.74 per \$1,000 of assessed valuation. Real property owners' tax bills are reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback deductions is reimbursed to the City by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the fiscal year ended December 31, 2001 was \$2.74 per \$1,000 of assessed valuation. The assessed values per category are as follows:

Real Estate	\$169,278,730
Public Utilities	15,180
Public Utilities Personal Property	6,439,950
Tangible Personal Property	<u>68,589,177</u>

Total Valuation	<u>\$244,323,037</u>
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The Montgomery County Treasurer collects property tax on behalf of all taxing districts within the county. The Montgomery County Auditor periodically remits to the taxing districts their portions of the taxes collected.

3. LOCAL INCOME TAX

This locally levied tax of 1.75 percent applied to gross salaries, wages and other personal service compensation earned by residents both in and out of the City and to earnings of nonresidents (except certain transients) earned in the City. It also applied to net income of business organizations conducted within the City. In 2001, tax receipts net of refunds amounted to \$5,660,483 of which \$4,043,204 was recorded in the General Fund and \$1,617,279 was recorded in the One Half Percent Tax Fund for use in various capital improvements.

4. INSURANCE

The City is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. In 1989, the City joined the Miami Valley Risk Management Association, Inc. (MVRMA, Inc.), a joint insurance pool. The pool

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

4. INSURANCE (Continued)

consists of sixteen 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, hc. will be self-sustaining through member premiums and will purchase excess and stop-loss insurance. The deductible per occurrence for all types of claims is \$2,500.

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

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The City also pays for ninety percent of the health insurance premium and a term life insurance premium for it's full-time employees.

5. EMPLOYEES RETIREMENT SYSTEM

A. Public Employees' Retirement System (PERS)

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

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

Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual-covered salary to fund pension obligations and the City is required to contribute 13.55 percent. Contributions are authorized by state statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2001, 2000 and 1999, were \$320,203, \$281,414, and \$331,379, respectively. The full amount has been contributed for 2000 and 1999. Seventy-four percent has been contributed for 2001 with the remainder being reported as an accrued liability. It should be noted that the Retirement Board instituted a temporary employer contribution rate rollback for calendar year 2000 that affected one payment in 2000 and one payment in 2001.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

5. EMPLOYEES RETIREMENT SYSTEM (Continued)

B. Police and Firemen's Disability and Pension Fund

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

Police and firefighters are required to contribute 10 percent of their annual-covered salary to fund pension obligations and the City is required to contribute 19.5 percent for the police and 24 percent for the firefighters. Contributions are authorized by state statute. An actuary, however, is used to determine the actuarial implications of the statutory requirements. The City's required contributions to the Fund for police and firefighters for the year ended December 31, 2001, 2000, and 1999 were \$371,924, \$385,289, and \$369,804, respectively. The full amount has been contributed for 2000 and 1999. Seventy-one percent has been contributed for 2001 with the remainder being reported as an accrued liability.

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

6. POST-EMPLOYMENT BENEFITS

A. Public Employees' Retirement System (PERS)

The Public Employees' Retirement System of Ohio provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability and primary survivor recipients is available. A portion of each employer's contribution to PERS is set aside for the funding of post-retirement health care based on authority granted by State Statute. Of the 13.55 percent employer contribution, 4.3 percent is used to fund health care, which amounted to \$101,600.

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

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

6. POST-EMPLOYMENT BENEFITS (Continued)

A. Public Employees' Retirement System (PERS)

The significant assumption and calculation described below were based on PERS of Ohio's latest unaudited information as of December 31, 2000. There were 411,076 active contributing participants. Estimated net assets available for future benefits payments were \$11,736 million. Estimated accrued liability and the unfunded estimated accrued liability, based on the actuarial cost method used, were \$14,265 million and 2,629 million, respectively. Benefits are financed through employer contributions and investment earnings there on. The contributions, investment income, and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

B. Police and Firemen's Disability and Pension Fund

The Ohio Revised Code provides the authority allowing the Police and Firemen's Disability and Pension Fund's board of trustees to provide health care coverage stating that health care cost paid from the Police and Firemen's Disability and Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total employer contribution rates are 19.5 percent and 24 percent for police and fire respectively, of which 6.5 percent of covered payroll is applied to the post-employment health care program. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

As of December 31, 2000, the number of participants eligible to receive health care benefits was 12,853 for police and 10,037 for fire. The portion of the current year City contribution that was used to fund post-employment benefits was \$134,988. Funding and accounting are on a pay-as-you-go basis. The PFDPF System of Ohio does not provide separate data on the funded status and funding progress of post-employment health care benefits. The Fund's total health care expenses for the year ended December 31, 2000 (latest available information) were \$106,160,054, which was net of member contributions of \$5,657, 431.

7. NON-GAAP BUDGETARY BASIS

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

7. NON-GAAP BUDGETARY BASIS (Continued)

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$15,960	\$79,384	(\$1,332)	\$1,808,511
Revenue Accruals	(54,998)	(97,802)	0	9,235
Expenditure Accruals	2,578	(50,619)	0	(406,084)
Other Financing	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Budgetary Basis	<u>(\$36,460)</u>	<u>\$32,201</u>	<u>(\$1,332)</u>	<u>\$1,411,662</u>

8. GENERAL LONG-TERM DEBT OBLIGATIONS

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance 1/1/01</u>	<u>Increase/ (Decrease)</u>	<u>Balance 12/31/01</u>
<i><u>Special Assessments:</u></i>						
<i><u>Street Improvements</u></i>						
Water Tower Lane	8.625%	12-1-85	12-1-05	\$ 45,000	\$ (5,000)	\$ 40,000
Marina Drive	7.375%	5-1-90	12-1-10	84,000	(6,000)	78,000
Gargrave Road	6.875%	6-1-91	12-1-11	175,000	(10,000)	165,000
Infirmary Road	6.050%	9-1-92	12-1-12	135,000	(10,000)	125,000
Fire Stations Bond	4.250%	3-22-01	3-22-04	0	3,000,000	3,000,000
Accrued Pensions				169,216	6,723	175,939
Accrued Vacation & Sick Leave Benefits				<u>660,777</u>	<u>(35,260)</u>	<u>625,517</u>
Total				<u>\$1,268,993</u>	<u>\$ 2,940,463</u>	<u>\$ 4,209,456</u>

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

The Fire Stations Bond is an unvoted general obligation bond issued for the purpose of acquiring real estate for, and constructing, equipping and furnishing two fire stations in the City. It will be paid through the General Obligation Bond Retirement Debt Service Fund from City income tax revenue transferred from the Capital Improvement Fund.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

(Continued)

8. GENERAL LONG-TERM DEBT OBLIGATIONS(Continued)

The City records accumulated unpaid vacation and vested sick leave benefits as accrued payroll when earned by employees. For Governmental Funds, the portion of the liability which is not currently due and payable is recorded in the General Long-Term Obligations Account Group; for Proprietary Funds, as vacation and sick leave liabilities. Employees earn vacation time at varying rates depending upon length of service.

The City recognizes as a liability, all of the accumulated sick leave benefits payable upon retirement, earned by vested employees, which exceed certain levels as determined by city policy or union contract for employees with fifteen years of service or more.

The annual requirements of general governmental revenues to pay principal and interest on the long-term debt at December 31, 2001 are as follows:

<u>Year Ending December 31</u>	<u>Special Assessment Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2002	36,000	28,109
2003	42,000	25,511
2004	42,000	22,496
2005	43,000	19,481
2006	33,000	16,393
2007	34,000	14,167
2008	40,000	11,866
2009	41,000	8,360
2010-2012	<u>97,000</u>	<u>10,455</u>
Total	<u>\$408,000</u>	<u>\$156,838</u>

<u>Year Ending December 31</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2002	1,000,000	127,500
2003	1,000,000	85,000
2004	1,000,000	42,500
Total	<u>\$3,000,000</u>	<u>\$255,000</u>

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

(Continued)

9. FIXED ASSET BALANCES

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

Category	Beginning Balance As of 1/1/01	Additions	Deletions	Ending Balance As of 12/31/01
Land	\$1,386,699	\$20,089	0	\$1,406,788
Building and Improvements	5,406,270	2,425,270	0	7,831,540
Machinery and Equipment	4,086,771	327,856	(131,053)	4,283,574
Total	\$10,879,740	\$2,773,215	(\$131,053)	\$13,521,902

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

Category	Cost Balance As of 1/1/01	Additions	Deletions	Accumulated Depreciation	Net Balance As of 12/31/01
Land	\$53,500	0	0	0	\$53,500
Building and Improvements	8,436,601	26,500	0	(5,281,458)	3,181,643
Machinery and Equipment	1,087,548	257,136	(17,554)	(866,771)	460,359
Infrastructure	7,898,768	21,007	0	(7,342,981)	576,794
Total	\$17,476,417	\$304,643	(17,554)	(\$13,491,210)	\$4,272,296

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

(Continued)

10. POOLED CASH AND INVESTMENTS

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

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

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

A. Government Securities

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

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

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

C. Repurchase Agreements and Reverse Purchase Agreements

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

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

D. Money Market Funds

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

(Continued)

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

E. **Now Accounts**

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

F. **STAR Ohio**

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

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

Category 1

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

Category 2

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

Category 3

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

Deposits: At year-end, the carrying amount of the City's cash and deposits was \$467,390 and the bank balance was \$560,663. The amount of the bank balance covered by Federal Depository Insurance was \$200,000 (Category 1) with the remaining \$360,663 being collateralized by the financial institutions' public entity deposit pools (Category 3).

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

(Continued)

10. POOLED CASH AND INVESTMENTS (Continued)

Based on the above criteria, the City's deposits and investments at December 31, 2001 are classified as follows:

	Category 1	Category 2	Category 3	Carrying/ Fair Value
Investments:				
Money Market Funds			\$14,027	\$14,027
Repurchase Agreement			1,028,205	\$1,028,205
Firststar Public Funds Plus			\$313,402	\$313,402
Star Ohio (1)				\$623,605
U S Treasury Notes		\$252,970		\$252,970
Government Obligations		\$6,781,701		\$6,781,701
Total Investments	\$0	\$7,034,671	\$1,355,634	\$9,013,910

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

11. JOINTLY-GOVERNED ORGANIZATION

The City is a member of the Miami Valley Risk Management Association (MVRMA) which is a jointly governed organization established as a joint insurance pool. As of December 31, 2001, the pool had sixteen members. This organization covers all property, crime, liability, boiler and machinery and public liability insurance. It is intended to provide broad based coverage up to the limits stated in note 4, with increased emphasis on safety and loss prevention and to create an opportunity for other local governments to participate.

MVRMA is a corporation governed by a sixteen-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, 2001, the participant cities were: Beavercreek, Blue Ash, Indian Hill, Kettering, Maderia, Mason, Miamisburg, Montgomery, Sidney, Springdale, Tipp City, Troy, Vandalia, West Carrollton, Wilmington, and Wyoming.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

(Continued)

11. JOINTLY- GOVERNED ORGANIZATION (Continued)

Member contributions are calculated annually to produce a sufficient sum of money within the self-insurance pool to fund administrative expenses of the association and to create adequate reserves for claims and unallocated loss adjustment expenses. West Carrollton's contribution for 2001 was \$45,461.

The City has no explicit and measurable equity interest in MVRMA and no ongoing financial responsibility for MVRMA.

The following is a summary of the MVRMA audited financial statements presented in conformity with generally accepted principles as of and for the year ended December 31, 2000 (latest available information):

Assets	<u>\$ 5,269,299</u>
Liabilities	3,606,375
Fund Equity	<u>1,662,924</u>
Total Liabilities and Fund Equity	<u>\$ 5,269,299</u>
Revenues	2,779,344
Expenses	<u>2,893,127</u>
Net Loss	(113,783)
Retained Earnings – Beginning of Year	<u>1,776,707</u>
Retained Earnings – End of Year	<u>\$ 1,662,924</u>

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

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

(Continued)

11. JOINTLY- GOVERNED ORGANIZATION (Continued)

The legislative and advisory body is the assembly that is comprised of one delegate from each participating public subdivision. The degree of control exercised by any participating public subdivision is limited to its representation on the assembly, which elects the board of directors. The board of directors exercises total control over the operation of the Alliance including budgeting, appropriating, contracting, and designating management and significant management control over CareNOW, a billing agent organized to manage health care costs. The five member board of directors consists of: one full-time and one volunteer fire department representative; two representatives from combined fire departments; and one representative from the City of Dayton fire department. Revenues are generated from Federal and State funding and an annual fee of \$ 0.24 per capita charged to participating subdivisions. The City paid \$3,409 to the Miami Valley Fire/EMS Alliance during 2001. Financial information can be obtained by writing to Glen Alexander, Miami Valley Fire/EMS Alliance, 444 W. Third Street, Suite 13-204, Dayton, Ohio 45402.

12. ENTERPRISE FUND SEGMENT INFORMATION

Significant financial data for the service provided by the City which are intended to be financed by user charges for the year ending December 31, 2001 are as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Pool</u>	<u>Total</u>
Operating Revenue	\$651,816	\$807,664	\$158,100	\$1,617,580
Operating Expenses	780,545	1,147,175	192,994	2,120,714
Depreciation	109,421	312,616	44,380	466,417
Operating Loss	(128,729)	(339,511)	(34,894)	(503,134)
Intergovernmental Revenue	0	0	20,586	20,586
Investment Earnings	52,609	75,482	1,589	129,680
Net Income Loss	(76,120)	(264,029)	(12,719)	(352,868)
Total Assets	2,722,891	4,118,573	672,728	7,514,192
Net Working Capital	1,319,949	1,719,002	28,441	3,067,392
Total Equity	2,559,489	4,023,559	671,522	7,254,570
Asset Additions	40,527	237,616	26,500	304,643

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

(Continued)

13. DUE TO/ FROM OTHER FUNDS

As of December 31, 2001, inter-fund receivables and payables resulting from various inter-fund transactions were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 8,135	
CIP	\$ 13,103	
Special Revenue Fund:		
Special Assessments Fund		\$ 21,238
	<u>Advance To Other Funds</u>	<u>Advance From Other Funds</u>
General Fund	\$ 3,917	
CIP	\$ 72,696	
Special Revenue Funds:		
Special Assessment Fund		\$ 76,613

14. LEGAL COMPLIANCE

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

15. CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2001, the City has implemented GASB Statement No. 33, "Accounting and Financial Reporting For Nonexchange Transactions." At December 31, 2000, there was no effect on fund balance as a result of implementing GASB 33.

PLATTENBURG & ASSOCIATES, INC./CERTIFIED PUBLIC ACCOUNTANTS

8260 NORTHCREEK DRIVE, SUITE 330/ CINCINNATI, OH 45236 • (513) 891-2722 • FAX (513) 891-2760
2211 SOUTH DIXIE AVENUE/ DAYTON, OH 45409 • (937) 294-1505 • FAX (937) 294-1507

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

April 29, 2002

Honorable City Council
City of West Carrollton, Ohio

We have audited the general purpose financial statements of the City of West Carrollton, Ohio (the City), as of and for the year ended December 31, 2001, and have issued our report thereon dated April 29, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

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

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

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

Plattenburg & Associates, Inc.
Certified Public Accountants



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
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Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

CITY OF WEST CARROLLTON

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 6, 2002**