



WEST CARROLLTON

CITY OF WEST CARROLLTON

DAYTON REGION, MONTGOMERY COUNTY

REGULAR AUDIT

JANUARY 1, 2010 – DECEMBER 31, 2010

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY

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CITY OF WEST CARROLLTON
MONTGOMERY COUNTY

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

ELECTED OFFICIALS AND ADMINISTRATIVE PERSONNEL
AS OF DECEMBER 31, 2010

Council Member

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>
Jeffery W. Sanner	Mayor	1/1/08 – 12/31/11
James R. Bowers	Deputy Mayor	1/1/10 – 12/31/13
Angie Fryman	Council Member	1/1/08 – 12/31/11
James Folker	Council Member	1/1/10 – 12/31/13
Erica Shade	Council Member	1/1/08 – 12/31/11
Linda M. Lotspaih	Council Member	1/1/10 – 12/31/13
Harold L. Robinson	Council Member	1/1/10 – 12/31/13

ADMINISTRATIVE PERSONNEL

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

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY
INDEX OF FUNDS

GOVERNMENTAL FUND TYPES

General Fund Class

General Fund

Special Revenue Fund Class

Street Construction, Maintenance and Repair Fund

Law Enforcement and Education Fund

Miami Conservancy District Fund

Recreation Fund

Parks Fund

Law Enforcement Fund

Motor Vehicle License Fund

Economic Development

Neighborhood Improvement

Special Assessments Fund

Police Pension Fund

Debt Service Fund Class

Bond Retirement Fund

Capital Project Fund Class

One Half Percent Tax Fund

Street Improvement Fund

Parks and Playgrounds Improvement Fund

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PROPRIETARY FUND TYPES

Enterprise Fund Class

Water Fund

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Municipal Swimming Pool Fund

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FIDUCIARY FUND TYPES

Agency Funds

Bonds Returnable Fund

Income Tax Fund

Inspection Fund

Mayor's Court Appearance Bond

Mayor's Court Fund

Unclaimed Money Fund

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Carrollton (the City) as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
June 24, 2011

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2010**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section provides an overview of the City's financial activities for the year ended December 31, 2010.

FINANCIAL HIGHLIGHTS

The City's total net assets increased \$1,556,649 in 2010.

The general fund reported a net decrease in fund balance of \$893,183.

USING THIS ANNUAL FINANCIAL REPORT

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

The Statement of Net Assets and Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds combined in one column.

REPORTING THE CITY AS A WHOLE

Statement of Net Assets and the Statement of Activities

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

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

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

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2010**

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial statements provide detailed information about the City's major funds, not the City as a whole. An analysis of the City's major funds is presented later in the Management's Discussion and Analysis. Some funds are required by State law and bond covenants. Other funds may be established by the Finance Director, with approval of council, to help control, manage and report money received for a particular purpose. The City's major funds in 2010 are General, Street Improvement, Half Percent, Water, Sewer, and Refuse.

Governmental Funds – Most of the City's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future on services provided to our residents. The differences between the governmental activities and governmental funds, is reconciled in the financial statements.

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

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

THE CITY AS A WHOLE

As previously stated, the Statement of Net Assets looks at the City as a whole. The following tables provides a summary of the City's net assets and changes in net assets first as a whole and then broken down between governmental and business-type activities for 2010 and 2009.

	<u>NET ASSETS</u>	
<u>City as a Whole</u>	<u>2010</u>	<u>2009</u>
Assets:		
Current and Other Assets	\$ 9,581,693	\$10,159,897
Capital Assets	<u>25,573,807</u>	<u>23,920,266</u>
Total Assets	<u>35,155,500</u>	<u>34,080,163</u>

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2010**

Liabilities:

Current and Other Liabilities	2,427,171	2,747,602
Long-Term Liabilities	<u>8,150,330</u>	<u>8,311,211</u>
Total Liabilities	<u>10,577,501</u>	<u>11,058,813</u>

Net Assets:

Invested in Capital Assets, Net of Debt	18,344,893	16,250,725
Restricted	922,709	1,422,879
Unrestricted	<u>5,310,397</u>	<u>5,347,746</u>
Total Net Assets	<u>\$ 24,577,999</u>	<u>\$ 23,021,350</u>

In 2010 the City's net assets increased 6.8%.

CHANGE IN NET ASSETS

	<u>2010</u>	<u>2009</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 5,332,564	\$ 4,939,161
Capital Grants and Contributions	39,437	195,048
Operating Grants and Contributions	<u>1,941,815</u>	<u>158,404</u>
Total Program Revenues	<u>7,313,816</u>	<u>5,292,613</u>
General Revenues:		
Income Taxes	6,021,025	6,249,398
Property Taxes	1,137,521	1,324,154
Unrestricted Grants and Entitlements	591,985	581,219
Investment Earnings	43,290	60,886
Refunds and Reimbursements	532,444	402,685
Other	<u>29,581</u>	<u>26,424</u>
Total General Revenue	<u>8,355,846</u>	<u>8,644,766</u>
Total Revenues	<u>\$ 15,669,662</u>	<u>\$ 13,937,379</u>

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2010**

	<u>2010</u>	<u>2009</u>
Program Expenses:		
General Government	\$ 921,691	\$ 884,814
Security of Persons	5,491,196	5,748,681
Leisure Time Activities	802,193	845,424
Community Environment	2,073,770	1,690,731
Transportation	900,103	797,190
Interest and Fiscal Charges	177,301	163,100
Water	1,555,097	1,530,716
Sewer	1,262,851	1,169,942
Refuse	702,453	690,833
Pool	<u>226,358</u>	<u>235,186</u>
Total Expenses	<u>14,113,013</u>	<u>13,756,617</u>
Other:		
Transfers-In	31,623	27,500
Transfers-Out	<u>(31,623)</u>	<u>(27,500)</u>
Total Transfers	<u>0</u>	<u>0</u>
Net Increase in Net Assets	<u>\$ 1,556,649</u>	<u>\$ 180,762</u>

Revenues increased 12.4 % mainly due to a large capital grant for the Exit 47 project. This project will improve Exit 47 access. Expenses increased 2.6%. Community Environment had the largest increase at 22.7% from several community projects.

Governmental Activities

NET ASSETS

	<u>2010</u>	<u>2009</u>
Assets:		
Current and Other Assets	\$ 7,083,266	\$ 7,987,587
Capital Assets	<u>20,242,338</u>	<u>18,323,483</u>
Total Assets	<u>27,325,604</u>	<u>26,311,070</u>
Liabilities:		
Current and Other Liabilities	2,273,542	2,576,496
Long-Term Liabilities	<u>4,462,519</u>	<u>4,567,247</u>
Total Liabilities	<u>6,736,061</u>	<u>7,143,743</u>
Net Assets:		
Invested in Capital Assets, Net of Debt	16,626,427	14,250,657
Restricted	922,709	1,422,879
Unrestricted	<u>3,040,407</u>	<u>3,493,791</u>
Total Net Assets	<u>\$20,589,543</u>	<u>\$19,167,327</u>

Governmental Activities' net assets increased 7.4% in 2010.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2010**

CHANGE IN NET ASSETS

Revenues	<u>2010</u>	<u>2009</u>
Program Revenues:		
Charges for Services and Sales	\$ 1,529,166	\$ 1,385,318
Capital Grants and Contributions	39,437	195,048
Operating Grants and Contributions	<u>1,941,815</u>	<u>158,404</u>
Total Program Revenues	<u>3,510,418</u>	<u>1,738,770</u>
General Revenues:		
Income Taxes	6,021,025	6,249,398
Property Taxes	1,137,521	1,324,154
Unrestricted Grants and Entitlements	591,985	581,219
Investment Earnings	26,700	39,654
Refunds and Reimbursements	<u>532,444</u>	<u>402,685</u>
Total General Revenue	<u>8,309,675</u>	<u>8,597,110</u>
 Total Revenues	 <u>11,820,093</u>	 <u>10,335,880</u>
Program Expenses:		
General Government	921,691	884,814
Security of Persons	5,491,196	5,748,681
Leisure Time Activities	802,193	845,424
Community Environment	2,073,770	1,690,731
Transportation	900,103	797,190
Interest and Fiscal Charges	<u>177,301</u>	<u>163,100</u>
Total Expenses	<u>10,366,254</u>	<u>10,129,940</u>
Other:		
Transfers-Out	<u>(31,623)</u>	<u>(27,500)</u>
Total Other	(31,623)	(27,500)
Change in Net Assets	1,422,216	178,440
Beginning Net Assets	<u>19,167,327</u>	<u>18,988,887</u>
Ending Net Assets	<u>\$ 20,589,543</u>	<u>\$ 19,167,327</u>

Total revenues increased 14.4% even with the largest revenue stream, income tax, falling 3.7% due to the economy. Income tax was \$6,021,025 representing 50.9% of total revenue compared to 60.5% in 2009. Operating grants jump significantly due to the Exit 47 project reducing the income tax impact. Total expenditures increased modestly at 2.3%. The transfer-out activities came from the general fund to provide resources for the pool operation in the business-type activities.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2010**

Program Expenses Percentage breakdown:

	<u>2010</u>		<u>2009</u>	
General Government	\$ 921,691	8.9%	\$ 884,814	8.7%
Security of Persons	5,491,196	53.0%	5,748,681	56.8%
Leisure Time Activities	802,193	7.7%	845,424	8.3%
Community Environment	2,073,770	20.0%	1,690,731	16.7%
Transportation	900,103	8.7%	797,190	7.9%
Interest and Fiscal Charges	<u>177,301</u>	<u>1.7%</u>	<u>163,100</u>	<u>1.6%</u>
Totals	<u>\$ 10,366,254</u>	<u>100%</u>	<u>\$ 10,129,940</u>	<u>100%</u>

The largest program expense is Security of Persons at 53.0% primarily represents the operation of the police and fire departments. These expenses were partially funded by \$517,385 in direct charges to users of service. Community Environment had the largest increase from 16.7% to 20.0% from more community projects than the year before.

	Total Cost of Services <u>2010</u>	Net Expense (Revenue) <u>2010</u>	Total Cost of Services <u>2009</u>	Net Expense <u>2009</u>
Program Expenses:				
General Government	\$ 921,691	\$ 858,071	\$ 884,814	\$ 749,356
Security of Persons	5,491,196	4,807,334	5,748,681	5,131,740
Leisure Time Activities	802,193	735,890	845,424	771,324
Community Environment	2,073,770	627,993	1,690,731	1,553,023
Transportation	900,103	(350,753)	797,190	22,627
Interest and Fiscal Charges	<u>177,301</u>	<u>177,301</u>	<u>163,100</u>	<u>163,100</u>
Total	<u>\$ 10,366,254</u>	<u>\$ 6,855,836</u>	<u>\$10,129,940</u>	<u>\$ 8,391,170</u>

As detailed in the above table, the programs are 66% and 83% dependent on general revenues for 2010 and 2009 respectively.

Business-Type Activities

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

NET ASSETS

	<u>2010</u>	<u>2009</u>
Assets:		
Current and Other Assets	\$ 2,498,427	\$ 2,172,310
Capital Assets	<u>5,331,469</u>	<u>5,596,783</u>
Total Assets	<u>7,829,896</u>	<u>7,769,093</u>

Liabilities:

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2010**

Current and Other Liabilities	153,629	383,923
Long-Term Liabilities	<u>3,687,811</u>	<u>3,531,147</u>
Total Liabilities	<u>3,841,440</u>	<u>3,915,070</u>
Net Assets:		
Invested in Capital Assets, Net of Debt	1,718,466	2,000,068
Unrestricted	<u>2,269,990</u>	<u>1,853,955</u>
Total Net Assets	<u>\$ 3,988,456</u>	<u>\$ 3,854,023</u>

In 2010 the Business-Type Activities' net assets increased \$134,433(3.5%).

CHANGE IN NET ASSETS

	<u>2010</u>	<u>2009</u>
Revenues		
Program Revenues:		
Charges for Services	<u>\$ 3,803,398</u>	<u>\$ 3,553,843</u>
General Revenues:		
Investment Earnings	16,590	21,232
Other	<u>29,581</u>	<u>26,424</u>
Total General Revenue	<u>46,171</u>	<u>47,656</u>
Total Revenues	<u>3,849,569</u>	<u>3,601,499</u>
Program Expenses:		
Water	1,555,097	1,530,716
Sewer	1,262,851	1,169,942
Refuse	702,453	690,833
Nonmajor – Pool	<u>226,358</u>	<u>235,186</u>
Total Expenses	<u>3,746,759</u>	<u>3,626,677</u>
Transfers-In	<u>31,623</u>	<u>27,500</u>
Changes in Net Assets	<u>\$ 134,433</u>	<u>\$ 2,322</u>

Business-Type operations had \$3,803,398 total revenues, \$31,623 of transfers-in against \$3,746,759 of total expense in 2010. Most of the 6.9% increase in revenues was generated from increases in sewer charges for service. Expenses increased 3.3%.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2010**

Financial Analysis of the Government Funds

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

Governmental Funds

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

The City's governmental funds reported a combined fund balance of \$3,150,553 and \$3,551,801 in 2010 and 2009 respectively. The schedule below shows the fund balances and the total change in fund balances as of December 31, 2010 for all major and nonmajor governmental funds.

	<u>2010</u>	<u>2009</u>
Major Funds:		
General	\$1,633,484	\$2,526,667
Street Improvement	37,037	92,877
Half % Fund	458,866	440,718
Other Nonmajor Governmental Funds	<u>1,021,166</u>	<u>491,539</u>
Total	<u>\$ 3,150,553</u>	<u>\$ 3,551,801</u>

General Fund

The City's general fund balance decreased \$893,183.

	<u>2010</u>	<u>2009</u>
Revenues		
Local Taxes	\$5,756,777	\$5,787,368
Intergovernmental	613,861	506,343
Charges for Services	238,123	153,594
Investment Earnings	19,117	25,085
Fines and Forfeitures	311,745	333,120
License and Permits	71,987	51,635
Other	<u>251,885</u>	<u>306,756</u>
Total Revenue	<u>\$ 7,263,495</u>	<u>\$ 7,163,901</u>

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2010**

	<u>2010</u>	<u>2009</u>
Expenditures		
General Government	\$ 945,930	\$ 829,903
Security of Persons	4,794,200	4,681,042
Leisure Time Activities	676,476	661,900
Community Environment	<u>977,195</u>	<u>608,589</u>
Total Expenses	<u>\$ 7,393,801</u>	<u>\$ 6,781,434</u>

The expenditures increased 9.0% versus a 1.4% increase in revenue. The expenditure increase was led by more community environment projects.

Other Major Funds

The Street Improvement Fund expenditures of \$2,195,260 exceeded \$1,525,495 of revenue, \$284,999 of debt proceeds, and \$328,926 of transfers-in by \$55,840. This brought the fund balance down to \$37,037.

The Half Percent Fund revenue of \$1,493,557 exceeded transfers-out of \$1,475,409 by \$18,148. This increased the 2010 fund balance to \$458,866.

Budgeting Highlights

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

The budgetary information is presented for only the general fund.

In the general fund, the actual revenues of \$7,151,929 were less than the final budget of \$7,321,114 by \$169,185. The general fund final expenditures and transfers-out budget increased \$1,604,000 over the original budget. Overall actual expenditures of \$8,082,860 were less than the final budget of \$9,753,000 by \$1,670,140. The overall net positive variance, including transfers totaled \$1,563,300.

Proprietary Funds

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

The Water Fund operating revenue of \$1,513,602 exceeded operating expenses of \$1,429,825 producing operating income of \$83,777. After factoring in non-operating activity, net assets decreased \$37,836 from \$1,683,256 in 2009 to \$1,645,420 in 2010.

The Sewer Fund Net Assets rose \$167,466 from \$1,476,763 to \$1,644,229. User fees were adjusted in 2010.

The Refuse Fund operating revenues of \$717,180 outpaced expenses of \$702,453 generating an operating income of \$14,727. After including investment earnings totaling \$1,913, net assets increased to \$375,197 in 2010 from \$358,557 in 2009.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2010**

CAPITAL ASSETS

A two-year comparison of capital asset balances, net of accumulated depreciation, for 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
<u>Governmental Activities</u>		
Land	\$ 4,100,557	\$ 3,494,881
Building and Improvements	6,781,615	7,246,206
Machinery and Equipment	2,217,679	2,174,302
Infrastructure	<u>7,142,487</u>	<u>5,408,094</u>
Total	<u>\$ 20,242,338</u>	<u>\$ 18,323,483</u>

	<u>2010</u>	<u>2009</u>
<u>Business-Type Activities</u>		
Land	\$ 53,500	\$ 53,500
Building and Improvements	3,852,574	4,165,534
Machinery and Equipment	200,214	265,682
Infrastructure	<u>1,225,181</u>	<u>1,112,067</u>
Total	<u>\$ 5,331,469</u>	<u>\$ 5,596,783</u>

	<u>2010</u>	<u>2009</u>
City as a Whole	<u>\$ 25,573,807</u>	<u>\$ 23,920,266</u>

A detailed summary of capital asset activity for the year ended December 31, 2010 is disclosed in note 8.

Debt Administration

<u>Short-Term</u>	<u>2010</u>	<u>2009</u>
Governmental Activities	\$ 1,094,000	\$ 400,000

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
DECEMBER 31, 2010**

<u>Long-Term</u>	<u>2010</u>	<u>2009</u>
Governmental Activities	\$ 4,462,519	\$ 4,567,247
Business-Type Activities	<u>3,687,811</u>	<u>3,743,964</u>
Total	<u>\$ 8,150,330</u>	<u>\$ 8,311,211</u>
Due Within One Year	<u>\$ 990,584</u>	<u>\$ 1,001,942</u>

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

Contacting the City's Financial Management

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

STATEMENT OF NET ASSETS

AS OF DECEMBER 31, 2010

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:			
Equity in Pooled Cash & Investments	\$3,250,680	\$1,606,106	\$4,856,786
Receivables (Net)			
Taxes	2,474,037	0	2,474,037
Accounts	61,203	853,443	914,646
Intergovernmental	771,783	0	771,783
Special Assessments	468,032	0	468,032
Loan	52,015	0	52,015
Accrued Interest	1,918	1,263	3,181
Prepaid Items	3,598	0	3,598
Inventory	0	37,615	37,615
Nondepreciable Capital Assets	4,100,557	53,500	4,154,057
Depreciable Capital Assets, Net	16,141,781	5,277,969	21,419,750
Total Assets	<u>27,325,604</u>	<u>7,829,896</u>	<u>35,155,500</u>
LIABILITIES:			
Accounts Payable	82,113	13,056	95,169
Accrued Wages and Benefits	369,237	62,792	432,029
Accrued Pensions	161,896	16,169	178,065
Accrued Interest	20,924	61,612	82,536
Deferred Revenue	545,372	0	545,372
Note Payable	1,094,000	0	1,094,000
Long-term Liabilities:			
Due Within One Year	770,343	220,241	990,584
Due In More Than One Year	3,692,176	3,467,570	7,159,746
Total Liabilities	<u>6,736,061</u>	<u>3,841,440</u>	<u>10,577,501</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	16,626,427	1,718,466	18,344,893
Restricted for:			
Debt Service	50,744	0	50,744
Special Revenue	614,032	0	614,032
Capital Project	257,933	0	257,933
Unrestricted	3,040,407	2,269,990	5,310,397
Total Net Assets	<u>\$20,589,543</u>	<u>\$3,988,456</u>	<u>\$24,577,999</u>

See accompanying notes to the basic financial statements.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2010

	Program Revenues				Net Revenue (Expense) and Changes in Net Assets		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Government Activities							
General Government	\$921,691	\$42,117	\$21,503	\$0	(\$858,071)	\$0	(\$858,071)
Security of Persons	5,491,196	517,385	300	166,177	(4,807,334)	0	(4,807,334)
Leisure Time Activities	802,193	16,405	17,634	32,264	(735,890)	0	(735,890)
Community Environment	2,073,770	295,777	0	1,150,000	(627,993)	0	(627,993)
Transportation	900,103	657,482	0	593,374	350,753	0	350,753
Interest and Fiscal Charges	177,301	0	0	0	(177,301)	0	(177,301)
Total Government Activities	10,366,254	1,529,166	39,437	1,941,815	(6,855,836)	0	(6,855,836)
Business-Type Activities							
Water	1,555,097	1,502,319	0	0	0	(52,778)	(52,778)
Sewer	1,262,851	1,410,548	0	0	0	147,697	147,697
Refuse	702,453	708,644	0	0	0	6,191	6,191
Pool	226,358	181,887	0	0	0	(44,471)	(44,471)
Total Business-Type Activities	\$3,746,759	\$3,803,398	\$0	\$0	0	56,639	56,639
General Revenues:							
Income Taxes					6,021,025	0	6,021,025
Property Taxes Levied for:							
General Purposes					1,036,381	0	1,036,381
Special Revenue Purposes					101,140	0	101,140
Grants and Entitlements not Restricted					591,985	0	591,985
Investment Earnings					26,700	16,590	43,290
Refunds and Reimbursements					532,444	0	532,444
Other					0	29,581	29,581
Total General Revenues					8,309,675	46,171	8,355,846
Other:							
Transfer-In					0	31,623	31,623
Transfers-Out					(31,623)	0	(31,623)
Total Other					(31,623)	31,623	0
Change in Net Assets					1,422,216	134,433	1,556,649
Net Assets Beginning of the Year					19,167,327	3,854,023	23,021,350
Net Assets End of Year					\$20,589,543	\$3,988,456	\$24,577,999

See accompanying notes to the basic financial statements.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

AS OF DECEMBER 31, 2010

	<u>GENERAL</u>	<u>STREET IMPROVEMENT</u>	<u>HALF PERCENT</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS:					
Pooled Cash & Investments	\$2,071,482	\$37,702	\$267,429	\$874,067	\$3,250,680
Receivables (Net)					
Taxes	2,077,134	0	309,726	87,177	2,474,037
Accounts	61,203	0	0	0	61,203
Intergovernmental	345,027	84,162	0	342,594	771,783
Special Assessments	0	0	0	468,032	468,032
Loans	0	0	0	52,015	52,015
Accrued Interest	1,346	0	198	374	1,918
Due from Other Funds	0	0	62,317	0	62,317
Prepaid Items	3,598	0	0	0	3,598
Advance to Other Funds	0	0	351,618	0	351,618
Total Assets	<u>\$4,559,790</u>	<u>\$121,864</u>	<u>\$991,288</u>	<u>\$1,824,259</u>	<u>\$7,497,201</u>
LIABILITIES:					
Accounts Payable	\$36,036	\$665	\$0	\$45,412	\$82,113
Accrued Wages and Benefits	350,018	0	0	19,219	369,237
Accrued Pensions	155,584	0	0	6,312	161,896
Compensated Absences	84,432	0	0	3,593	88,025
Due to Other Funds	0	0	0	62,317	62,317
Advance from Other Funds	0	0	0	351,618	351,618
Note Payable	1,094,000	0	0	0	1,094,000
Deferred Revenue	1,206,236	84,162	532,422	314,622	2,137,442
Total Liabilities	<u>2,926,306</u>	<u>84,827</u>	<u>532,422</u>	<u>803,093</u>	<u>4,346,648</u>
FUND BALANCES:					
Fund Balance:					
Reserved for Encumbrances	68,339	35,742	0	154,985	259,066
Reserved for Prepaids	3,598	0	0	0	3,598
Reserved for Advances	0	0	351,618	0	351,618
Reserved for Loans	0	0	0	52,015	52,015
Reserved for Debt Service	0	0	0	50,744	50,744
Unreserved Reported in:					
General Fund	1,561,547	0	0	0	1,561,547
Special Revenue Funds	0	0	0	614,032	614,032
Capital Project Funds	0	1,295	107,248	149,390	257,933
Total Fund Balances	<u>1,633,484</u>	<u>37,037</u>	<u>458,866</u>	<u>1,021,166</u>	<u>3,150,553</u>
Total Liabilities and Fund Balances	<u>\$4,559,790</u>	<u>\$121,864</u>	<u>\$991,288</u>	<u>\$1,824,259</u>	<u>\$7,497,201</u>

See accompanying notes to the basic financial statements.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

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

AS OF DECEMBER 31, 2010

Total Governmental Fund Balance	\$3,150,553
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	20,242,338
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	1,592,070
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In the statement of net assets, interest is accrued, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.	(20,924)
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Some liabilities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.	(758,583)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(3,615,911)</u>
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Net Assets of Governmental Activities	<u><u>\$20,589,543</u></u>
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See accompanying notes to the basic financial statements.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

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

FOR THE YEAR ENDED DECEMBER 31, 2010

	GENERAL	STREET IMPROVEMENT	HALF PERCENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local Taxes	\$5,756,777	\$0	\$1,452,139	\$101,227	\$7,310,143
Special Assessments	0	0	38,073	69,032	107,105
Charges for Services	238,123	0	0	250,254	488,377
Intergovernmental	613,861	1,392,232	0	974,977	2,981,070
Investment Earnings	19,117	0	3,345	4,238	26,700
Fines & Forfeitures	311,745	0	0	40,585	352,330
License & Permits	71,987	0	0	0	71,987
Other Revenue	251,885	133,263	0	60,295	445,443
Total Revenues	7,263,495	1,525,495	1,493,557	1,500,608	11,783,155
EXPENDITURES:					
General Government	945,930	0	0	8,640	954,570
Security of Persons	4,794,200	0	0	753,182	5,547,382
Leisure Time Activities	676,476	0	0	130,295	806,771
Community Environment	977,195	2,195,260	0	537,980	3,710,435
Transportation	0	0	0	907,699	907,699
Debt Service:					
Principal	0	0	0	341,914	341,914
Interest & Fiscal Charges	0	0	0	169,008	169,008
Total Expenditures	7,393,801	2,195,260	0	2,848,718	12,437,779
Excess (Deficiency) of Revenue Over/(Under) Expenditures	(130,306)	(669,765)	1,493,557	(1,348,110)	(654,624)
Other Financing Sources (Uses):					
Debt Proceeds	0	284,999	0	0	284,999
Transfers-In	0	328,926	0	1,974,360	2,303,286
Transfers-Out	(762,877)	0	(1,475,409)	(96,623)	(2,334,909)
Total Other Financing Sources (Uses)	(762,877)	613,925	(1,475,409)	1,877,737	253,376
Net Change in Fund Balance(Deficit)	(893,183)	(55,840)	18,148	529,627	(401,248)
Fund Balance - Beginning of Year	2,526,667	92,877	440,718	491,539	3,551,801
Fund Balance - End of Year	\$1,633,484	\$37,037	\$458,866	\$1,021,166	\$3,150,553

See accompanying notes to the basic financial statements.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

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

FOR THE YEAR ENDED DECEMBER 31, 2010

Net Change in Fund Balance - Total Governmental Funds **(\$401,248)**

Amounts reported for governmental activities in the statement of activities are different because:

The difference between governmental funds reporting capital outlays as expenditures while the in the statement of activities, those costs are allocated over the capital assets' estimated useful lives as depreciation expense. 1,918,855

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. **(248,061)**

In the statement of activities, interest is accrued, In governmental funds interest expenditures are reported when due. **(8,293)**

Repayment of long-term debt is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net assets. 341,914

Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net assets. **(284,999)**

Some expenses, such as compensated absences, do not require the use of current financial resources and therefore are not reported as an expenditure in governmental funds. 104,048

Change in Net Assets of Governmental Activities **\$1,422,216**

See accompanying notes to the basic financial statements.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET
REVENUES:				
Local Taxes	\$6,080,600	\$6,074,564	\$5,709,045	(365,519)
Charges for Services	284,000	284,000	255,202	(28,798)
Intergovernmental	360,450	360,450	532,468	172,018
Investment Earnings	35,000	35,000	19,597	(15,403)
Fines & Forfeitures	304,000	304,000	311,745	7,745
Licenses & Permits	44,500	44,500	71,987	27,487
Other Revenue	218,600	218,600	251,885	33,285
Total Revenues	7,327,150	7,321,114	7,151,929	(169,185)
EXPENDITURES:				
Council - Personnel Services	25,000	25,000	24,422	578
Council - Other	14,000	14,000	5,601	8,399
Mayor - Personnel Services	125,000	128,000	116,027	11,973
Mayor - Other	15,000	15,000	14,042	958
Law - Personnel Services	50,000	63,000	46,383	16,617
Law - Other	30,000	60,000	46,083	13,917
City Manager - Personnel Services	270,000	278,000	256,350	21,650
City Manager - Other	25,000	25,000	8,861	16,139
Finance - Personnel Services	195,000	201,000	184,718	16,282
Finance - Other	20,000	20,000	8,298	11,702
Income Tax - Personnel Services	230,000	237,000	219,118	17,882
Income Tax - Other	30,000	30,000	21,028	8,972
Police - Personnel Services	2,765,000	2,860,000	2,597,497	262,503
Police - Other	650,000	650,000	243,973	406,027
Fire - Personnel Services	1,500,000	1,545,000	1,291,766	253,234
Fire - Other	200,000	200,000	137,768	62,232
Building Inspection - Personnel Services	190,000	196,000	150,197	45,803
Building Inspection - Other	85,000	85,000	57,881	27,119
Economic Development - Personnel Services	150,000	155,000	119,279	35,721
Economic Development - Other	15,000	15,000	9,576	5,424
Parks and Recreation - Personnel Services	540,000	556,000	503,634	52,366
Parks and Recreation - Other	175,000	175,000	93,759	81,241
Planning - Personnel Services	180,000	185,000	175,768	9,232
Planning - Other	25,000	25,000	10,232	14,768
Building Maintenance - Personnel Services	165,000	170,000	154,808	15,192
Building Maintenance - Other	120,000	200,000	183,687	16,313
Other Services - Other	340,000	1,220,000	984,653	235,347
Debt Principal	0	400,000	400,000	0
Debt Interest	20,000	20,000	17,451	2,549
Total Expenditures	8,149,000	9,753,000	8,082,860	1,670,140
Excess (Deficiency) of Revenues Over (Under) Expenditures	(821,850)	(2,431,886)	(930,931)	1,500,955
Other Financing Sources (Uses):				
Debt Proceeds	0	1,094,000	1,094,000	0
Transfers-In	427,500	427,500	427,722	222
Transfers-Out	(425,000)	(425,000)	(362,877)	62,123
Total Other Financing Sources (Uses)	2,500	1,096,500	1,158,845	62,345
Net Change in Fund Balance	(819,350)	(1,335,386)	227,914	1,563,300
Fund Balance - Beginning of the Year (includes prior year appropriated encumbrances)	1,775,229	1,775,229	1,775,229	0
Fund Balance - End of the Year	\$955,879	\$439,843	\$2,003,143	\$1,563,300

See accompanying notes to the basic financial statements.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

AS OF DECEMBER 31, 2010

	<u>Business-Type Activities - Proprietary Funds</u>				
	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>REFUSE FUND</u>	<u>NONMAJOR POOL FUND</u>	<u>TOTAL PROPRIETARY FUNDS</u>
ASSETS:					
Equity in Pooled Cash & Investments	\$416,547	\$1,082,222	\$87,474	\$19,863	\$1,606,106
Receivables (Net)					
Accounts	363,187	298,051	192,205	0	853,443
Accrued Interest	327	779	143	14	1,263
Inventory	27,805	9,810	0	0	37,615
Total Current Assets	<u>807,866</u>	<u>1,390,862</u>	<u>279,822</u>	<u>19,877</u>	<u>2,498,427</u>
Nondepreciable Capital Assets	29,500	24,000	0	0	53,500
Depreciable Capital Assets, Net	<u>4,344,729</u>	<u>497,334</u>	<u>130,937</u>	<u>304,969</u>	<u>5,277,969</u>
Total Assets	<u>5,182,095</u>	<u>1,912,196</u>	<u>410,759</u>	<u>324,846</u>	<u>7,829,896</u>
LIABILITIES:					
Accounts Payable	6,448	5,181	191	1,236	13,056
Accrued Wages and Benefits	25,012	24,885	12,895	0	62,792
Accrued Interest	61,612	0	0	0	61,612
Accrued Pensions	6,047	6,946	3,176	0	16,169
Compensated Absences	5,350	1,886	2,109	0	9,345
Loan Payable Due Within One Year	<u>205,520</u>	<u>5,376</u>	<u>0</u>	<u>0</u>	<u>210,896</u>
Total Current Liabilities	<u>309,989</u>	<u>44,274</u>	<u>18,371</u>	<u>1,236</u>	<u>373,870</u>
Long-term Liabilities					
Compensated Absences	34,235	14,037	17,191	0	65,463
Loans Payable	<u>3,192,451</u>	<u>209,656</u>	<u>0</u>	<u>0</u>	<u>3,402,107</u>
Total Liabilities	<u>3,536,675</u>	<u>267,967</u>	<u>35,562</u>	<u>1,236</u>	<u>3,841,440</u>
NET ASSETS:					
Invested in Capital Assets, Net of Debt	976,258	306,302	130,937	304,969	1,718,466
Unrestricted	<u>669,162</u>	<u>1,337,927</u>	<u>244,260</u>	<u>18,641</u>	<u>2,269,990</u>
Total Net Assets	<u>\$1,645,420</u>	<u>\$1,644,229</u>	<u>\$375,197</u>	<u>\$323,610</u>	<u>\$3,988,456</u>

See accompanying notes to the basic financial statements.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

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

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Business-Type Activities - Proprietary Funds</u>				<u>TOTAL PROPRIETARY FUNDS</u>
	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>REFUSE FUND</u>	<u>NONMAJOR POOL FUND</u>	
Operating Revenues:					
Charges for Services	\$1,502,319	\$1,410,548	\$708,644	\$181,887	\$3,803,398
Other	11,283	8,942	8,536	820	29,581
Total Operating Revenues	<u>1,513,602</u>	<u>1,419,490</u>	<u>717,180</u>	<u>182,707</u>	<u>3,832,979</u>
Operating Expenses:					
Personal Services	669,929	765,972	328,862	93,672	1,858,435
Contractual Services	17,472	178,268	278,359	1,010	475,109
Material and Supplies	206,138	137,295	51,467	56,153	451,053
Utilities	180,719	120,067	0	20,621	321,407
Depreciation	354,712	59,066	41,897	51,614	507,289
Other	855	2,183	1,868	3,288	8,194
Total Operating Expenses	<u>1,429,825</u>	<u>1,262,851</u>	<u>702,453</u>	<u>226,358</u>	<u>3,621,487</u>
Operating Income (Loss)	<u>83,777</u>	<u>156,639</u>	<u>14,727</u>	<u>(43,651)</u>	<u>211,492</u>
Non-Operating Revenues(Expense):					
Transfer-In	0	0	0	31,623	31,623
Investment Earnings	3,659	10,827	1,913	191	16,590
Interest Expense	(125,272)	0	0	0	(125,272)
Total Non-Operating Revenues(Expense)	<u>(121,613)</u>	<u>10,827</u>	<u>1,913</u>	<u>31,814</u>	<u>(77,059)</u>
Change in Net Assets	(37,836)	167,466	16,640	(11,837)	134,433
Net Assets Beginning of the Year	<u>1,683,256</u>	<u>1,476,763</u>	<u>358,557</u>	<u>335,447</u>	<u>3,854,023</u>
Net Assets End of the Year	<u>\$1,645,420</u>	<u>\$1,644,229</u>	<u>\$375,197</u>	<u>\$323,610</u>	<u>\$3,988,456</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, 2010

	<u>Business-Type Activities - Enterprise Funds</u>				TOTAL PROPRIETARY FUNDS
	WATER FUND	SEWER FUND	REFUSE FUND	NONMAJOR POOL FUND	
Increase (Decrease) in Cash and Cash Equivalents					
Cash Flows from Operating Activities:					
Cash Received from Charges for Services	\$1,485,255	\$1,424,353	\$668,372	\$181,887	\$3,759,867
Cash Received from Other Operating Services	11,283	8,942	8,536	820	29,581
Cash Payments for Personal Services	(660,688)	(842,632)	(324,207)	(93,672)	(1,921,199)
Cash Payments for Contractual Services	(17,715)	(178,814)	(300,296)	(1,010)	(497,835)
Cash Payments for Material and Supplies	(200,606)	(133,612)	(51,411)	(55,778)	(441,407)
Cash Payments for Utilities	(184,364)	(122,752)	0	(20,621)	(327,737)
Cash Payments for Other Expenses	(921)	(2,183)	(1,868)	(3,288)	(8,260)
Net Cash Provided by (Used in) Operating Activities	<u>432,244</u>	<u>153,302</u>	<u>(874)</u>	<u>8,338</u>	<u>593,010</u>
Cash Flows from Noncapital Financing Activities:					
Transfers from Other Funds	0	0	0	31,623	31,623
Net Cash Provided by Noncapital Financing Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>31,623</u>	<u>31,623</u>
Cash Flows from Capital and Related Financing Activities:					
Loan Proceeds	0	215,032	0	0	215,032
Acquisition of Capital Assets	0	(220,352)	0	(21,623)	(241,975)
Debt Principal Payments	(198,742)	0	0	0	(198,742)
Debt Interest Payments	(128,632)	0	0	0	(128,632)
Net Cash Used for Capital and Related Financing Activities	<u>(327,374)</u>	<u>(5,320)</u>	<u>0</u>	<u>(21,623)</u>	<u>(354,317)</u>
Cash Flows from Investing Activities:					
Interest Earnings	3,698	11,028	2,006	177	16,909
Net Cash Provided by Investing Activities	<u>3,698</u>	<u>11,028</u>	<u>2,006</u>	<u>177</u>	<u>16,909</u>
Net Increase (Decrease) in Cash and Cash Equivalents	108,568	159,010	1,132	18,515	287,225
Cash and Cash Equivalents at Beginning of the Year	<u>307,979</u>	<u>923,212</u>	<u>86,342</u>	<u>1,348</u>	<u>1,318,881</u>
Cash and Cash Equivalents at End of the Year	<u><u>\$416,547</u></u>	<u><u>\$1,082,222</u></u>	<u><u>\$87,474</u></u>	<u><u>\$19,863</u></u>	<u><u>\$1,606,106</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating Income (Loss)	\$83,777	\$156,639	\$14,727	(\$43,651)	\$211,492
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	354,712	59,066	41,897	51,614	507,289
(Increase) Decrease in Accounts Receivable	(17,064)	13,805	(40,272)	0	(43,531)
(Increase) Decrease in Inventory	2,780	1,540	0	0	4,320
Increase (Decrease) in Accounts Payable	(1,200)	290	(21,881)	375	(22,416)
Increase (Decrease) in Accrued Wages and Benefits	3,667	1,326	1,628	0	6,621
Increase (Decrease) in Accrued Pensions	986	90	600	0	1,676
Increase (Decrease) in Deferred Revenue	0	0	0	0	0
Increase (Decrease) in Compensated Absences	4,586	(79,454)	2,427	0	(72,441)
Total Adjustments	<u>348,467</u>	<u>(3,337)</u>	<u>(15,601)</u>	<u>51,989</u>	<u>381,518</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$432,244</u></u>	<u><u>\$153,302</u></u>	<u><u>(\$874)</u></u>	<u><u>\$8,338</u></u>	<u><u>\$593,010</u></u>

See accompanying notes to the basic financial statements.

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

AS OF DECEMBER 31, 2010

	<u>AGENCY FUNDS</u>
ASSETS:	
Segregated Cash & Investments	\$ 25,037
Receivables (Net) Taxes	<u>1,238,903</u>
Total Assets	<u><u>\$ 1,263,940</u></u>
LIABILITIES:	
Accounts Payable	106
Deferred Revenue	\$ 473,949
Undistributed Monies	<u>789,885</u>
Total Liabilities	<u><u>\$ 1,263,940</u></u>

See accompanying notes to the basic financial statements.

**CITY OF WEST CARROLLTON
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY AND REPORTING ENTITY

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

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

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

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

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

B. BASIS OF PRESENTATION

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

Government-wide Financial Statements

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

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

**CITY OF WEST CARROLLTON
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

Fund Financial Statements

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

Governmental Funds

The City reports the following major governmental funds:

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

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

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

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

Proprietary Funds

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

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

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

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

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

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

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, unclaimed money funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City does not possess any trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's fiduciary funds account for mayor's court, bonds returnable fund, inspection fund, and income tax holding account.

C. BASIS OF ACCOUNTING

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

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

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

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

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

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

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

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

D. BUDGETARY PROCESS

1. Budget

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

2. Estimated Resources

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

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

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

3. Appropriations

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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4. Encumbrances

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

5. Budgetary Basis of Accounting

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Non-GAAP Budgetary Basis) reported for the General Fund and special revenue major fund, Economic Development, are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

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

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

Net Change in Fund Balances

	<u>General Fund</u>
Budget Basis	\$ 227,913
Net Adjustment for revenue	(1,010,156)
Net Adjustment for expenditure	(110,940)
GAAP Basis	<u>\$ (893,183)</u>

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

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

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

F. INVENTORY

On the government-wide financial statements and proprietary funds, inventories are stated at the lower of cost or market on a first-in, first-out basis and are expensed when consumed. On governmental fund financial statements, reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets.

G. CAPITAL ASSETS

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

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

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

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

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

H. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims, judgments, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

I. COMPENSATED ABSENCES

The City reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits.

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

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

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

J. INTERFUND TRANSACTIONS

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

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

K. FUND BALANCE RESERVES

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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L. NET ASSETS

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

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

M. ESTIMATES

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

N. PREPAID ITEMS

Payments made to vendors for services that will benefit beyond year-end are recorded as prepaid expenditures. Prepayments are accounted for using the consumption method.

O. EXTRAORDINARY AND SPECIAL ITEMS

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the current year.

2. POOLED CASH AND INVESTMENTS

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

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

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

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

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must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items 1 and 2 above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool, State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.
Protection of City deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company

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bonds deposited with the City Auditor by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Finance Director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

STAR Ohio

STAR Ohio is a collateralized investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2010.

Deposits: At year-end, the carrying amount of the City's cash and deposits was \$3,694,521. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosure", as of December 31, 2010 \$2,607,977 of the City's \$3,983,266 bank balance was exposed to custodial risk as discussed below. The \$1,375,289 difference was covered by Federal Deposit Insurance. The remaining balance was uninsured and uncollateralized as defined by GASB even though it was covered by collateral held by third party trustees pursuant to Section 135.81, Ohio Revised Code, in single institution collateral pools securing all public funds on deposit with specific depository institutions.

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

As of December 31, 2010 the City had the following investments and maturities.

<u>Investment Type</u>	<u>Carrying/ Fair Value</u>	<u>Investment Maturities (in Years)</u>		<u>% of Total</u>
		<u>Less than 1</u>	<u>1 to 3</u>	
Money Market Funds	\$ 273,909	\$ 273,909		23.1
Star Ohio	872,431	872,431		73.5
FFCB	<u>40,087</u>	<u>40,087</u>	<u>\$ 0</u>	<u>3.4</u>
Total	<u>\$ 1,186,427</u>	<u>\$ 1,186,427</u>	<u>\$ 0</u>	<u>100.0</u>

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

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

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The City's investment policy places a 50% limit on the amount that may be invested with one issuer.

Reconciliation of Cash and Investments to the Statement of Net Assets

Cash and Investments per Footnote

Carrying Amount of Deposits	\$ 3,694,521
Investments	1,186,427
Cash on Hand	<u>875</u>
Total	<u>\$ 4,881,823</u>

Cash and Investments per Statement of Net Assets

Government Activities	\$ 3,250,680
Business-Type Activities	1,606,106
Fiduciary Funds	<u>25,037</u>
Total	<u>\$ 4,881,823</u>

3. PROPERTY TAX

Property taxes include amounts levied against all real and public utility property located in the City. Property taxes are levied each December 31 on the assessed value listed as of the prior December 31. Assessed values are established at 35% of true value for real property and 100% of true value for public utility property. Property market values are required to be updated every three years and revalued every six years. A revaluation was completed in 2008.

The tax rate applied to all real property for the fiscal year ended December 31, 2010 was \$6.25 per \$1,000 of assessed valuation. Real property owners' tax bills are reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback deductions is reimbursed to

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the City by the State of Ohio.

The assessed 12-31-10 values per category are as follows:

Real Estate	\$205,570,950
Public Utilities	25,120
Public Utilities Personal Property	<u>4,775,440</u>
Total Valuation	<u>\$210,371,510</u>

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

4. LOCAL INCOME TAX

This locally levied tax of 2.0 percent applied to gross salaries, wages and other personal service compensation earned by residents both in and out of the City and to earnings of nonresidents (except certain transients) earned in the City. It also applied to net income of business organizations conducted within the City. In 2010 on a cash basis, tax receipts net of refunds amounted to \$5,947,301 of which \$4,519,949 was recorded in the General Fund and \$1,427,352 was recorded in the One Half Percent Tax Fund for use in various capital improvements.

5. RECEIVABLES

Receivables at year end, consisted primarily of income and property taxes, special assessments, accounts (billings for user charged services), intergovernmental receivables arising from grants, entitlements, and shared revenue. Receivables have been reported to the extent that they are both measurable and available at December 31, 2010 as well as intended to finance fiscal 2010 operations.

A summary of the receivables is as follows:

<u>Governmental Funds</u>	<u>General</u>	<u>Street Improvement</u>	<u>Half % Half % Tax</u>	<u>Nonmajor</u>
Taxes	\$ 2,077,134	\$ 0	\$ 309,726	\$ 87,177
Accounts	61,203	0	0	0
Intergovernmental	345,027	84,162	0	342,594
Special Assessments	0	0	0	468,032
Loans	<u>0</u>	<u>0</u>	<u>0</u>	<u>52,015</u>
Total	<u>\$ 2,483,364</u>	<u>\$ 84,162</u>	<u>\$ 309,726</u>	<u>\$ 949,818</u>
 <u>Proprietary Funds</u>	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	
Accounts	\$ 363,187	\$ 298,051	\$ 192,205	

**CITY OF WEST CARROLLTON
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6. LOANS RECEIVABLE

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

7. INTERFUND TRANSACTIONS

Interfund Transfers

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

Transfers to the Nonmajor Pool Fund from:

Nonmajor Governmental Funds	\$ 21,623
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Transfers to the Nonmajor Governmental Fund from:

Nonmajor Governmental Funds	\$ 75,000
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Transfers to the Street Improvement Fund from:

Half Percent Tax Fund	\$ 328,926
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Transfers to Nonmajor Governmental Funds from:

General Fund	\$ 752,877
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Transfers to the Nonmajor Pool Fund from:

General Fund	\$ 10,000
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Transfer to the Nonmajor Funds from:

Half Percent Tax Fund	<u>\$ 1,146,483</u>
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Total Transfers	<u>\$ 2,334,909</u>
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All transfers were legal and in compliance with the Ohio Revised Code.

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Half Percent Tax Fund	Nonmajor – Special Assessment Fund	\$ 62,317

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The balance resulted from the time lag between the annual curb, gutter, and sidewalk project expenditures and the property owner reimbursement made through special assessments payable in 2010. The amount due after 2010 is reported in advances to/from noted below.

Advances To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Half Percent Tax Fund	Nonmajor – Special Assessment Fund	\$ 351,618

The balance resulted from the time lag between the annual curb, gutter, and sidewalk project expenditures and the property owner reimbursement made through special assessments payable after 2010. The amount due in 2010 is reported in due to/from noted above.

8. CAPITAL ASSETS

A summary of capital asset activity for the year ended December 31, 2010, was as follows:

Governmental Activities

Category	Cost Balance As of 1/1/10	Additions	Deletions	Accumulated Depreciation	Net Balance As of 12/31/10
Land	\$3,494,881	\$ 605,676	\$ 0	\$ 0	\$4,100,557
Building and Improvements	13,744,278	32,075	0	(6,994,738)	6,781,615
Machinery and Equipment	6,286,794	544,335	(148,536)	(4,464,914)	2,217,679
Infrastructure	14,912,132	2,577,283	0	(10,346,928)	7,142,487
Total	\$38,438,085	\$ 3,759,369	(\$148,536)	(\$21,806,580)	\$20,242,338

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Governmental Activities

Category	Accumulated Depreciation Balance As of 1/1/10	Depreciation	Disposals	Accumulated Depreciation Balance As of 12/31/10
Building and Improvements	\$ 6,498,072	\$ 496,666	\$ 0	\$ 6,994,738
Machinery and Equipment	4,112,492	500,958	(148,536)	4,464,914
Infrastructure	9,504,038	842,890	0	10,346,928
Total	\$ 20,114,602	\$ 1,840,514	(\$148,536)	\$21,806,580

Governmental Activities depreciation expense was charged as follows:

General Government	\$ 233,048
Security of Persons	621,420
Leisure Time Activities	71,178
Community Environment	11,368
Transportation	<u>903,500</u>
Total	<u>\$ 1,840,514</u>

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Business-Type Activities

Category	Cost Balance As of 1/1/10	Additions	Deletions	Accumulated Depreciation	Net Balance As of 12/31/10
Land	\$ 53,500	\$ 0	\$ 0	\$ 0	\$ 53,500
Building and Improvements	13,351,571	21,623	0	(9,520,620)	3,852,574
Machinery and Equipment	1,949,117	5,320	0	(1,754,223)	200,214
Infrastructure	9,348,054	215,032	0	(8,337,905)	1,225,181
Total	\$24,702,242	\$ 241,975	\$ 0	(\$19,612,748)	\$5,331,469

Category	Accumulated Depreciation Balance As of 1/1/10	Depreciation	Disposals	Accumulated Depreciation Balance As of 12/31/10
Building and Improvements	\$ 9,186,037	\$ 334,583	\$ 0	\$ 9,520,620
Machinery and Equipment	1,683,435	70,788	0	1,754,223
Infrastructure	8,235,987	101,918	0	8,337,905
Total	\$ 19,105,459	\$ 507,289	\$ 0	\$ 19,612,748

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Business-Type depreciation expense was charged as follows:

Water	\$ 354,712
Sewer	59,066
Pool	51,614
Refuse	<u>41,897</u>
 Total	 <u>\$ 507,289</u>

9. INSURANCE

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

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

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

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

10. EMPLOYEES RETIREMENT SYSTEM

A. Ohio Public Employees' Retirement System (OPERS)

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans, a Traditional Pension Plan (TP), a Member-Directed Plan (MD) and a Combined Plan (CO). The TP Plan is a cost-sharing multiple-employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate

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retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings. The CO Plan is a cost sharing, multiple-employer defined benefit pension plan. Under the CO Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the TP Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

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

The Ohio Revised Code provides statutory authority for member and employer contributions. Plan members and employer contributions rates were consistent across all three plans. Plan members are required to contribute 10% of their annual covered salary to fund pension obligations. The employer pension contribution rate for the City is 14% of covered payroll. The contribution rates are determined actuarially. The City's required contributions to OPERS for the years ended December 31, 2010, 2009 and 2008 were \$451,313, \$457,050 and \$445,091, respectively. The full amount has been contributed for all three years.

B. Police and Firemen's Disability and Pension Fund

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers (the City) are required to contribute 19.5% for police officers and 24.0% for firefighters. The City's contributions to OP&F for the years ending December 31, 2010, 2009 and 2008 were \$484,934, \$489,766, and \$490,544, respectively. The full amount has been contributed for 2008, 76% has been contributed for 2009, and 75% has been contributed for 2010.

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

A. Ohio Public Employees' Retirement System (OPERS)

Plan Description

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The

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Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

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

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

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

Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, the City contributed at 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determined the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contribution allocated to the health care plan was 5.5% from January 1 through March 31, 2010 and 5.0% from April 1 through December 31, 2010. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

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Information from City's Records

The City's required contributions for the current year, which were used to fund postemployment benefits, were \$44,325 for the period of January 1 through March 31, 2010 and \$132,974 for the period of April 1 through December 31, 2010, \$84,538 for the period of January 1 through March 31, 2009 and \$199,701 for the period of April 1 through December 31, 2009, and \$222,547 total for 2008. The full amount (actual) has been contributed for all three years.

OPERS Retirement Board Implements its Health Care Preservation Plan

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

B. Ohio Police and Fire Pension Fund

Plan Description

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

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

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

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

Funding Policy

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively.

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The Ohio Revised Code states that the employer contribution may not exceed 19.5% of the covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and Section 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

Information from City's Records

The City's required contributions to OP&F were \$110,659 for police and \$45,199 for fire for the year ending December 31, 2010; \$112,716 for police and \$44,709 for fire for the year ending December 31, 2009; and \$115,345 for police and \$44,082 for fire for the year ending December 31, 2007, respectively, was allocated to the healthcare plan. The actual contributions for 2008 was 100% and 76% has been contributed for 2009 and 2010.

12. GENERAL SHORT AND LONG-TERM DEBT OBLIGATIONS

Short-Term Governmental Activities:	Interest <u>Rate</u>	Issue <u>Date</u>	Maturity <u>Date</u>	Balance <u>12/31/09</u>	Increase <u>(Decrease)</u>	Balance <u>12/31/10</u>	Due Within <u>One Year</u>
Bowman Property	4.38%	9-25-09	9-24-10	\$ 400,000	(\$ 400,000)	\$ 0	\$ 0
Lyon Property	4.00%	9-25-10	9-24-11	0	920,000	920,000	920,000
McDonald Property	3.03%	12-29-10	12-28-11	0	174,000	174,000	174,000
Total Governmental Activities Short-Term Debt				<u>\$ 400,000</u>	<u>\$ 694,000</u>	<u>\$1,094,000</u>	<u>\$1,094,000</u>

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Long-Term Governmental Activities:	Interest Rate	Issue Date	Maturity Date	Balance 12/31/09	Increase (Decrease)	Balance 12/31/10	Due Within One Year
Marina Drive	7.375%	5-1-90	12-1-10	\$ 12,000	(\$12,000)	\$ 0	\$ 0
Gargrave Road	6.875%	6-1-91	12-1-11	40,000	(20,000)	20,000	20,000
Infirmary Road	6.050%	9-1-92	12-1-12	45,000	(15,000)	30,000	15,000
Gibbons Road	0%	12-31-08	1-1-29	95,826	(4,914)	90,912	4,914
Mayrose Bridge	0%	12-31-10	1-1-31	0	284,999	284,999	7,125
YMCA Bonds	4.175%	7-1-04	12-1-19	3,480,000	(290,000)	3,190,000	300,000
Comp Absences additions					461,538		
Compensated Absences				<u>894,421</u>	<u>(509,351)</u>	<u>846,608</u>	<u>423,304</u>
Total Governmental Activities Long-Term Debt				<u>\$4,567,247</u>	<u>(\$104,728)</u>	<u>\$4,462,519</u>	<u>\$ 770,343</u>
Long-Term Business-Type Activities:	Interest Rate	Issue Date	Maturity Date	Balance 12/31/09	Increase (Decrease)	Balance 12/31/10	Due Within One Year
Water Plant	3.50%	12-31-04	7-1-24	\$3,542,565	(\$191,975)	\$3,350,590	\$198,752
Water Main	0%	1-01-08	7-1-17	54,150	(6,769)	47,381	6,768
Sewer Improvements	0%	12-31-10	1-1-31	0	215,032	215,032	5,376
Comp Absences additions					138,461		
Compensated Absences				<u>147,249</u>	<u>(210,902)</u>	<u>74,808</u>	<u>9,345</u>
Total Business-Type Activities Long-Term Debt				<u>3,743,964</u>	<u>(56,153)</u>	<u>3,687,811</u>	<u>220,241</u>
Long-Term Debt Grand Total				<u>\$8,311,211</u>	<u>(\$ 160,881)</u>	<u>\$8,150,330</u>	<u>\$ 990,584</u>

The property debt, also listed as a short-term notes payable, are one-year property acquisition revenue bond anticipation notes with Lebanon City National Bank and U.S. Bank. They will be paid through the Half Percent Tax Fund.

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

The Gibbons Road, Mayrose Bridge, and Sewer Improvements projects all received twenty-year, zero-interest loans from the Ohio Public Works Commission. The Gibbons and Mayrose projects will be paid through the Half Percent Tax Fund while the Sewer Improvements project will be paid with sewer fees detailed in the Sewer Fund.

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

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

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

The City records accumulated unpaid vacation and vested sick leave benefits as accrued payroll when earned by employees. For governmental funds, the portion of the liability which is not currently due and payable is recorded in the governmental activities within the statement of net assets; while this liability is recorded within the respective proprietary funds. Employees earn vacation time at varying rates depending upon length of service. The City recognizes as a liability, all of the accumulated sick leave benefits payable upon retirement, earned by vested employees, which exceed certain levels as determined by city policy or union contract for employees with fifteen years of service or more. For governmental activities, compensated absences additions totaled \$461,538 and uses were \$509,351 for a net decrease of \$47,813. For business type activities, compensated absences additions \$138,461 and uses were \$210,902 for a net decrease of \$72,441.

The annual requirements of general governmental revenues to pay principal and interest on the long-term debt at December 31, 2010 are as follows:

<u>Year Ending December 31</u>	<u>Special Assessment Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2011	35,000	3,190
2012	<u>15,000</u>	<u>907</u>
Total	<u>\$ 50,000</u>	<u>\$ 4,097</u>

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<u>Year Ending December 31</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 300,000	\$ 134,324
2012	310,000	122,324
2013	325,000	109,924
2014	340,000	96,111
2015	350,000	81,661
2016 - 2019	<u>1,565,000</u>	<u>172,247</u>
Total	<u>\$ 3,190,000</u>	<u>\$ 716,591</u>

<u>Year Ending December 31</u>	<u>Gibbons Road Loan Principal</u>
2011	\$ 4,914
2012	4,914
2013	4,914
2014	4,914
2015	4,914
2016 - 2020	24,571
2021 - 2025	24,571
2026 - 2029	<u>17,200</u>
Total	<u>\$ 90,912</u>

<u>Year Ending December 31</u>	<u>Mayrose Bridge Loan Principal</u>
2011	\$ 7,125
2012	14,250
2013	14,250
2014	14,250
2015	14,250

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2016 - 2020	71,250
2021 - 2025	71,250
2026 - 2030	71,250
2031	<u>7,124</u>
Total	<u>\$ 284,999</u>

<u>Year Ending December 31</u>	<u>Water Softening Plant Loan</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 198,752	\$ 121,500
2012	205,770	114,483
2013	213,035	107,218
2014	220,556	99,697
2015	228,343	91,910
2016 - 2020	1,268,491	332,773
2021 - 2024	<u>1,015,643</u>	<u>95,267</u>
Total	<u>\$ 3,350,590</u>	<u>\$ 962,848</u>

<u>Year Ending December 31</u>	<u>Bit and Bridle Water Main Loan</u>
	<u>Principal</u>
2011	\$ 6,768
2012	6,769
2013	6,769
2014	6,768
2015	6,769
2016 - 2017	<u>13,538</u>
Total	<u>\$ 47,381</u>

<u>Year Ending December 31</u>	<u>Sewer Improvements Loan</u>
	<u>Principal</u>
2011	\$ 5,376
2012	10,752
2013	10,751

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2014	10,752
2015	10,751
2016 - 2020	53,758
2021 - 2025	53,758
2026 - 2030	53,758
2031	<u>5,376</u>
Total	<u>\$ 215,032</u>

13. JOINTLY-GOVERNED ORGANIZATION

The City is a member of the Miami Valley Risk Management Association (MVRMA) which is a jointly governed organization established as a joint insurance pool. As of December 31, 2010, the pool had twenty members. This organization covers all property, crime, liability, boiler and machinery and public liability insurance. It is intended to provide broad based coverage up to the limits with increased emphasis on safety and loss prevention and to create an opportunity for other local governments to participate.

MVRMA is a corporation governed by a seventeen-member board of trustees, consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation, with each trustee having a single vote. The board is responsible for its own financial matters, and the corporation maintains its own book of account. Budgeting and financing of MVRMA is subject to the approval of the board. As of December 31, 2010, the participant cities were: Beavercreek, Bellbrook, Blue Ash, Centerville, Englewood, Indian Hill, Kettering, Maderia, Mason, Miamisburg, Montgomery, Piqua, Sidney, Springdale, Tipp City, Troy, Vandalia, West Carrollton, Wilmington, and Wyoming.

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

The City has no explicit and measurable equity interest in MVRMA and no ongoing financial responsibility for MVRMA. The following is a summary of the MVRMA audited financial statements presented in conformity with generally accepted principles as of and for the year ended December 31, 2009 (latest available):

Assets	<u>\$ 18,448,229</u>
Liabilities	<u>6,663,664</u>
Net Assets	<u>\$ 11,784,565</u>

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

The legislative and advisory body is the assembly that is comprised of one delegate from each participating public subdivision. The degree of control exercised by any participating public subdivision is limited to its representation on the assembly, which elects the board of directors. The board of directors' exercises total control over the operation of the Alliance including budgeting, appropriating, contracting, and designating management and significant management control over CareNOW, a billing agent organized to manage health care costs. The five member board of directors consists of: one full-time and one volunteer fire department representative; two representatives from combined fire departments; and one representative from the City of Dayton fire department. Revenues are generated from Federal and State funding and an annual fee of \$ 0.24 per capita charged to participating subdivisions. The City paid \$3,409 to the Miami Valley Fire/EMS Alliance during 2010.

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

14. CONTINGENCIES

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

The City receives significant financial assistance from numerous federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2010.