



WEST CARROLLTON

CITY OF WEST CARROLLTON

DAYTON REGION, MONTGOMERY COUNTY

REGULAR AUDIT

JANUARY 1, 2011 – DECEMBER 31, 2011

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, 2011

Council Member

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>
Jeffery W. Sanner	Mayor	1/1/08 – 12/31/15
James R. Bowers	Deputy Mayor	1/1/10 – 12/31/13
Angie Fryman	Council Member	1/1/08 – 12/31/15
James Folker	Council Member	1/1/10 – 12/31/13
Erica Shade	Council Member	1/1/08 – 12/31/15
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

Vehicle Replacement Fund

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PROPRIETARY FUND TYPES

Enterprise Fund Class

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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, 2011, 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, 2011, 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.

As described in Note 15 to the financial statements, during the year ended December 31, 2011, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*".

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2012, 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 15, 2012

CITY OF WEST CARROLLTON MONTGOMERY COUNTY

Management's Discussion and Analysis For the Year Ended December 31, 2011 (UNAUDITED)

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section provides an overview of the City's financial activities for the year ended December 31, 2011.

FINANCIAL HIGHLIGHTS

The City's total net assets declined \$361,474 in 2011.

The general fund reported a net increase in fund balance of \$120,663.

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
For the Year Ended December 31, 2011
(UNAUDITED)**

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 2011 are General, Half Percent, Water, Sewer, and Refuse.

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

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

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

THE CITY AS A WHOLE

As previously stated, the Statement of Net Assets looks at the City as a whole. The following tables provides a summary of the City's net assets and changes in net assets first as a whole and then broken down between governmental and business-type activities for 2011 and 2010.

	<u>NET ASSETS</u>	
<u>City as a Whole</u>	<u>2011</u>	<u>2010</u>
Assets:		
Current and Other Assets	\$ 10,246,044	\$9,581,693
Capital Assets	<u>24,824,113</u>	<u>25,573,807</u>
Total Assets	<u>35,070,157</u>	<u>35,155,500</u>

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2011
(UNAUDITED)**

Liabilities:

Current and Other Liabilities	2,989,416	2,427,171
Long-Term Liabilities	<u>7,864,216</u>	<u>8,150,330</u>
Total Liabilities	<u>10,853,632</u>	<u>10,577,501</u>

Net Assets:

Invested in Capital Assets, Net of Debt	16,523,320	18,344,893
Restricted	1,504,420	922,709
Unrestricted	<u>6,188,785</u>	<u>5,310,397</u>
Total Net Assets	<u>\$ 24,216,525</u>	<u>\$ 24,577,999</u>

In 2011 the City's net assets decreased 1.5%.

CHANGE IN NET ASSETS

	<u>2011</u>	<u>Restated 2010</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 5,564,625	\$ 5,332,564
Capital Grants and Contributions	418,368	1,941,815
Operating Grants and Contributions	<u>17,720</u>	<u>39,437</u>
Total Program Revenues	<u>6,000,813</u>	<u>7,313,816</u>
General Revenues:		
Income Taxes	5,869,951	5,864,562
Property Taxes	1,397,211	1,293,984
Unrestricted Grants and Entitlements	387,021	591,985
Investment Earnings	33,887	43,290
Refunds and Reimbursements	358,780	532,444
Other	<u>28,249</u>	<u>29,581</u>
Total General Revenue	<u>8,075,099</u>	<u>8,355,846</u>
Total Revenues	<u>\$ 14,075,912</u>	<u>\$ 15,669,662</u>

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2011
(UNAUDITED)**

	<u>2011</u>	<u>2010</u>
Program Expenses:		
General Government	\$ 896,692	\$ 921,691
Public Safety	5,233,384	5,491,196
Leisure Time Activities	782,492	802,193
Community Environment	2,600,305	2,073,770
Transportation	1,032,508	900,103
Interest and Fiscal Charges	178,375	177,301
Water	1,517,313	1,555,097
Sewer	1,229,685	1,262,851
Refuse	745,452	702,453
Pool	<u>221,080</u>	<u>226,358</u>
Total Expenses	<u>14,437,286</u>	<u>14,113,013</u>
Other:		
Transfers-In	0	31,623
Transfers-Out	<u>0</u>	<u>(31,623)</u>
Total Transfers	<u>0</u>	<u>0</u>
Net Increase (Decrease) in Net Assets	<u>(\$ 361,474)</u>	<u>\$ 1,556,649</u>

Revenues decreased 10.2 % mainly due to a \$1,150,000 capital grant for the Exit 47 project received in 2010. Expenses increased 2.3%. Community Environment had the largest increase from several community projects.

Governmental Activities

	<u>NET ASSETS</u>	
	<u>2011</u>	<u>2010</u>
Assets:		
Current and Other Assets	\$ 7,077,926	\$ 7,083,266
Capital Assets	<u>19,714,405</u>	<u>20,242,338</u>
Total Assets	<u>26,792,331</u>	<u>27,325,604</u>
Liabilities:		
Current and Other Liabilities	2,842,336	2,273,542
Long-Term Liabilities	<u>4,154,153</u>	<u>4,462,519</u>
Total Liabilities	<u>6,996,489</u>	<u>6,736,061</u>
Net Assets:		
Invested in Capital Assets, Net of Debt	15,051,533	16,626,427
Restricted	1,504,420	922,709
Unrestricted	<u>3,239,889</u>	<u>3,040,407</u>
Total Net Assets	<u>\$19,795,842</u>	<u>\$20,589,543</u>

Governmental Activities' net assets decreased 3.9% in 2011.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2011
(UNAUDITED)**

CHANGE IN NET ASSETS

	<u>2011</u>	<u>Restated 2010</u>
Revenues		
Program Revenues:		
Charges for Services and Sales	\$ 1,533,616	\$ 1,529,166
Capital Grants and Contributions	349,306	1,941,815
Operating Grants and Contributions	<u>17,720</u>	<u>39,437</u>
Total Program Revenues	<u>1,900,642</u>	<u>3,510,418</u>
General Revenues:		
Income Taxes	5,869,951	5,864,562
Property Taxes	1,397,211	1,293,984
Unrestricted Grants and Entitlements	387,021	591,985
Investment Earnings	16,450	26,700
Refunds and Reimbursements	<u>358,780</u>	<u>532,444</u>
Total General Revenue	<u>8,029,413</u>	<u>8,309,675</u>
 Total Revenues	 <u>9,930,055</u>	 <u>11,820,093</u>
Program Expenses:		
General Government	896,692	921,691
Public Safety	5,233,384	5,491,196
Leisure Time Activities	782,492	802,193
Community Environment	2,600,305	2,073,770
Transportation	1,032,508	900,103
Interest and Fiscal Charges	<u>178,375</u>	<u>177,301</u>
Total Expenses	<u>10,723,756</u>	<u>10,366,254</u>
Other:		
Transfers-Out	<u>0</u>	<u>(31,623)</u>
Total Other	0	(31,623)
Change in Net Assets	(793,701)	1,422,216
Beginning Net Assets	<u>20,589,543</u>	<u>19,167,327</u>
Ending Net Assets	<u>\$ 19,795,842</u>	<u>\$ 20,589,543</u>

Total revenues decreased 16% for the most part due to the previously mention \$1,150,000 capital grant for exit 47 received in 2010. The largest revenue stream, income tax, was stagnant due to the economy. Income tax was \$5,869,951 representing 59.1% of total revenue compared to 49.6% in 2010. Total expenditures increased modestly at 3.4%. The transfer-out in 2010 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
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Program Expenses Percentage breakdown:

	<u>2011</u>		<u>2010</u>	
General Government	\$ 896,692	8.4%	\$ 921,691	8.9%
Public Safety	5,233,384	48.8%	5,491,196	53.0%
Leisure Time Activities	782,492	7.3%	802,193	7.7%
Community Environment	2,600,305	24.2%	2,073,770	20.0%
Transportation	1,032,508	9.6%	900,103	8.7%
Interest and Fiscal Charges	<u>178,375</u>	<u>1.7%</u>	<u>177,301</u>	<u>1.7%</u>
Totals	<u>\$ 10,723,756</u>	<u>100%</u>	<u>\$ 10,366,254</u>	<u>100%</u>

The largest program expense is Public Safety at 48.8% which primarily represents the operation of the police and fire departments. These expenses were partially funded by \$556,991 in direct charges to users of service. Community Environment had the largest increase from 20.0% to 24.2% from more community projects than the year before.

	<u>Total Cost of Services 2011</u>	<u>Net Expense 2011</u>	<u>Total Cost of Services 2010</u>	<u>Net Expense (Revenue) 2010</u>
Program Expenses:				
General Government	\$ 896,692	\$ 863,717	\$ 921,691	\$ 858,071
Public Safety	5,233,384	4,534,784	5,491,196	4,807,334
Leisure Time Activities	782,492	705,693	802,193	735,890
Community Environment	2,600,305	2,174,384	2,073,770	627,993
Transportation	1,032,508	366,161	900,103	(350,753)
Interest and Fiscal Charges	<u>178,375</u>	<u>178,375</u>	<u>177,301</u>	<u>177,301</u>
Total	<u>\$ 10,723,756</u>	<u>\$ 8,823,114</u>	<u>\$10,366,254</u>	<u>\$ 6,855,836</u>

As detailed in the above table, the programs are 85% and 66% dependent on general revenues for 2011 and 2010 respectively.

Business-Type Activities

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

NET ASSETS

	<u>2011</u>	<u>2010</u>
Assets:		
Current and Other Assets	\$ 3,168,118	\$ 2,498,427
Capital Assets	<u>5,109,708</u>	<u>5,331,469</u>
Total Assets	<u>8,277,826</u>	<u>7,829,896</u>

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2011
(UNAUDITED)**

Liabilities:

Current and Other Liabilities	147,080	153,629
Long-Term Liabilities	<u>3,710,063</u>	<u>3,687,811</u>
Total Liabilities	<u>3,857,143</u>	<u>3,841,440</u>

Net Assets:

Invested in Capital Assets, Net of Debt	1,471,787	1,718,466
Unrestricted	<u>2,948,896</u>	<u>2,269,990</u>
Total Net Assets	<u>\$ 4,420,683</u>	<u>\$ 3,988,456</u>

In 2011 the Business-Type Activities' net assets increased \$432,227 (10.8%).

CHANGE IN NET ASSETS

	<u>2011</u>	<u>2010</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 4,031,009	\$ 3,803,398
Operating Grants and Contributions	<u>69,062</u>	<u>0</u>
Total Program Revenues	<u>4,100,071</u>	<u>3,803,398</u>
General Revenues:		
Investment Earnings	17,437	16,590
Other	<u>28,249</u>	<u>29,581</u>
Total General Revenue	<u>45,686</u>	<u>46,171</u>
Total Revenues	<u>4,145,757</u>	<u>3,849,569</u>
Program Expenses:		
Water	1,517,313	1,555,097
Sewer	1,229,685	1,262,851
Refuse	745,452	702,453
Nonmajor – Pool	<u>221,080</u>	<u>226,358</u>
Total Expenses	<u>3,713,530</u>	<u>3,746,759</u>
Transfers-In	<u>0</u>	<u>31,623</u>
Changes in Net Assets	<u>\$ 432,227</u>	<u>\$ 134,433</u>

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
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Business-Type operations had \$4,145,757 total revenues against \$3,713,530 of total expense in 2011. Most of the 7.7% increase in revenues was generated from increases in sewer and refuse charges for service. Expenses decreased .9%.

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 \$2,833,065 and \$3,150,533 in 2011 and 2010 respectively. The schedule below shows the fund balances and the total change in fund balances as of December 31, 2011 for all major and nonmajor governmental funds.

	<u>2011</u>	<u>Restated 2010</u>
Major Funds:		
General	\$1,778,784	\$1,658,121
Half % Fund	226,704	458,866
Other Nonmajor Governmental Funds	<u>827,577</u>	<u>1,033,566</u>
Total	<u>\$ 2,833,065</u>	<u>\$ 3,150,553</u>

General Fund

The City's general fund balance increased \$120,663.

	<u>2011</u>	<u>2010</u>
Revenues		
Local Taxes	\$5,831,233	\$5,756,777
Intergovernmental	474,744	613,861
Charges for Services	335,645	238,123
Special Assessments	37,842	36,325
Investment Earnings	12,736	19,117
Fines and Forfeitures	300,274	311,745
License and Permits	75,153	71,987
Other	<u>236,505</u>	<u>215,560</u>
Total Revenue	<u>\$ 7,304,132</u>	<u>\$ 7,263,495</u>

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2011
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	<u>2011</u>	<u>2010</u>
Expenditures		
General Government	\$ 871,530	\$ 945,930
Public Safety	4,536,356	4,794,200
Leisure Time Activities	674,016	676,476
Community Environment	<u>747,495</u>	<u>977,195</u>
Total Expenses	<u>\$ 6,829,397</u>	<u>\$ 7,393,801</u>

The expenditures decreased 7.6% versus a .6% increase in revenue. The expenditure decrease was led by fewer community environment projects.

Other Major Funds

The Half Percent Fund revenue of \$1,462,893 was outpaced by transfers-out of \$1,643,389 by \$180,496. This decreased the 2011 fund balance to \$232,162.

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 \$7,210,506 were less than the final budget of \$8,491,154 by \$1,280,648. The general fund final expenditures and transfers-out budget increased \$1,035,000 over the original budget. Overall actual expenditures of \$7,304,898 were less than the final budget of \$9,515,339 by \$2,210,441. The overall net positive variance, including transfers totaled \$958,452.

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 \$1,799,999 exceeded operating expenses of \$1,398,038 producing operating income of \$401,961. After factoring in non-operating activity, net assets increased \$291,627 from \$1,645,420 in 2010 to \$1,937,047 in 2011.

The Sewer Fund Net Assets rose \$186,321 from \$1,644,229 to \$1,830,550. User fees were adjusted in 2011.

The Refuse Fund operating revenues of \$735,872 were outpaced by expenses of \$745,452 generating an operating loss of \$9,580. After including investment earnings totaling \$1,277, net assets decreased to \$366,894 in 2011 from \$375,197 in 2010.

**CITY OF WEST CARROLLTON
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**Management's Discussion and Analysis
For the Year Ended December 31, 2011
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CAPITAL ASSETS

A two-year comparison of capital asset balances, net of accumulated depreciation, for 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
<u>Governmental Activities</u>		
Land	\$ 4,537,259	\$ 4,100,557
Building and Improvements	6,334,399	6,781,615
Machinery and Equipment	2,259,517	2,217,679
Infrastructure	<u>6,583,230</u>	<u>7,142,487</u>
Total	<u>\$ 19,714,405</u>	<u>\$ 20,242,338</u>

	<u>2011</u>	<u>2010</u>
<u>Business-Type Activities</u>		
Land	\$ 53,500	\$ 53,500
Building and Improvements	3,518,892	3,852,574
Machinery and Equipment	163,798	200,214
Infrastructure	<u>1,373,518</u>	<u>1,225,181</u>
Total	<u>\$ 5,109,708</u>	<u>\$ 5,331,469</u>

	<u>2011</u>	<u>2010</u>
City as a Whole	<u>\$ 24,824,113</u>	<u>\$ 25,573,807</u>

A detailed summary of capital asset activity for the year ended December 31, 2011 is disclosed in note 8.

Debt Administration

	<u>2011</u>	<u>2010</u>
Short-Term	\$ 1,394,000	\$ 1,094,000

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2011
(UNAUDITED)**

<u>Long-Term</u>	<u>2011</u>	<u>2010</u>
Governmental Activities	\$ 4,154,153	\$ 4,462,519
Business-Type Activities	<u>3,710,063</u>	<u>3,687,811</u>
Total	<u>\$ 7,864,216</u>	<u>\$ 8,150,330</u>
Due Within One Year	<u>\$ 1,024,667</u>	<u>\$ 990,584</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, 2011

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:			
Equity in Pooled Cash & Investments	\$3,716,188	\$2,198,916	\$5,915,104
Receivables (Net)			
Taxes	2,136,453	0	2,136,453
Accounts	58,682	939,359	998,041
Intergovernmental	678,784	0	678,784
Special Assessments	435,245	0	435,245
Loan	47,037	0	47,037
Accrued Interest	1,779	1,463	3,242
Prepaid Items	3,758	0	3,758
Inventory	0	28,380	28,380
Nondepreciable Capital Assets	4,537,269	53,500	4,590,769
Depreciable Capital Assets, Net	<u>15,177,136</u>	<u>5,056,208</u>	<u>20,233,344</u>
Total Assets	<u>26,792,331</u>	<u>8,277,826</u>	<u>35,070,157</u>
LIABILITIES:			
Accounts Payable	352,268	20,335	372,603
Accrued Wages and Benefits	347,676	56,345	404,021
Accrued Pensions	153,204	14,426	167,630
Accrued Interest	10,119	55,974	66,093
Deferred Revenue	585,069	0	585,069
Note Payable	1,394,000	0	1,394,000
Long-term Liabilities:			
Due Within One Year	786,805	237,862	1,024,667
Due In More Than One Year	<u>3,367,348</u>	<u>3,472,201</u>	<u>6,839,549</u>
Total Liabilities	<u>6,996,489</u>	<u>3,857,143</u>	<u>10,853,632</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	15,051,533	1,471,787	16,523,320
Restricted for:			
Debt Service	14,410	0	14,410
Capital Projects	331,732	0	331,732
Public Safety	98,724	0	98,724
Community Development	231,817	0	231,817
Transportation	827,737	0	827,737
Unrestricted	<u>3,239,889</u>	<u>2,948,896</u>	<u>6,188,785</u>
Total Net Assets	<u>\$19,795,842</u>	<u>\$4,420,683</u>	<u>\$24,216,525</u>

See accompanying notes to the basic financial statements.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2011

	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	\$896,692	\$32,975	\$0	\$0	(\$863,717)	\$0	(\$863,717)
Public Safety	5,233,384	556,991	250	141,359	(4,534,784)	0	(4,534,784)
Leisure Time Activities	782,492	38,950	17,470	20,379	(705,693)	0	(705,693)
Community Environment	2,600,305	298,366	0	127,555	(2,174,384)	0	(2,174,384)
Transportation	1,032,508	606,334	0	60,013	(366,161)	0	(366,161)
Interest and Fiscal Charges	178,375	0	0	0	(178,375)	0	(178,375)
Total Government Activities	10,723,756	1,533,616	17,720	349,306	(8,823,114)	0	(8,823,114)
Business-Type Activities							
Water	1,517,313	1,719,108	0	69,062	0	270,857	270,857
Sewer	1,229,685	1,400,648	0	0	0	170,963	170,963
Refuse	745,452	728,551	0	0	0	(16,901)	(16,901)
Pool	221,080	182,702	0	0	0	(38,378)	(38,378)
Total Business-Type Activities	\$3,713,530	\$4,031,009	\$0	\$69,062	0	386,541	386,541
Totals	\$14,437,286	\$5,564,625	\$17,720	\$418,368	(\$8,823,114)	\$386,541	(\$8,436,573)

General Revenues:

Income Taxes	5,869,951	0	5,869,951
Property Taxes Levied for:			
General Purposes	1,271,623	0	1,271,623
Special Revenue Purposes	125,588	0	125,588
Grants and Entitlements not Restricted	387,021	0	387,021
Investment Earnings	16,450	17,437	33,887
Refunds and Reimbursements	358,780	0	358,780
Other	0	28,249	28,249
Total General Revenues	8,029,413	45,686	8,075,099
Change in Net Assets	(793,701)	432,227	(361,474)
Net Assets Beginning of the Year	20,589,543	3,988,456	24,577,999
Net Assets End of Year	\$19,795,842	\$4,420,683	\$24,216,525

See accompanying notes to the basic financial statements.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

AS OF DECEMBER 31, 2011

	<u>GENERAL</u>	<u>HALF PERCENT</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS:				
Pooled Cash & Investments	\$2,713,869	\$58,857	\$943,462	\$3,716,188
Receivables (Net)				
Taxes	1,805,198	251,442	79,813	2,136,453
Accounts	58,682	0	0	58,682
Intergovernmental	204,665	0	474,119	678,784
Special Assessments	0	0	435,245	435,245
Loans	0	0	47,037	47,037
Accrued Interest	1,357	144	278	1,779
Due from Other Funds	0	68,110	0	68,110
Prepaid Items	3,758	0	0	3,758
Advance to Other Funds	0	351,228	0	351,228
Total Assets	<u>\$4,787,529</u>	<u>\$729,781</u>	<u>\$1,979,954</u>	<u>\$7,497,264</u>
LIABILITIES:				
Accounts Payable	\$42,722	\$0	\$309,546	\$352,268
Accrued Wages and Benefits	328,307	0	19,369	347,676
Accrued Pensions	147,911	0	5,293	153,204
Compensated Absences	47,102	0	2,175	49,277
Due to Other Funds	0	0	68,110	68,110
Advance from Other Funds	0	0	351,228	351,228
Note Payable	1,394,000	0	0	1,394,000
Deferred Revenue	1,048,703	503,077	396,656	1,948,436
Total Liabilities	<u>3,008,745</u>	<u>503,077</u>	<u>1,152,377</u>	<u>4,664,199</u>
FUND BALANCES:				
Fund Balance:				
Nonspendable	3,758	0	0	3,758
Restricted	0	226,704	1,122,640	1,349,344
Assigned	26,858	0	0	26,858
Unassigned(Deficit)	1,748,168	0	(295,063)	1,453,105
Total Fund Balances	<u>1,778,784</u>	<u>226,704</u>	<u>827,577</u>	<u>2,833,065</u>
Total Liabilities and Fund Balances	<u>\$4,787,529</u>	<u>\$729,781</u>	<u>\$1,979,954</u>	<u>\$7,497,264</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, 2011

Total Governmental Fund Balance	\$2,833,065
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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.	19,714,405
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	1,363,367
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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.	(10,119)
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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.	(836,004)
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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>(3,268,872)</u>
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Net Assets of Governmental Activities	<u><u>\$19,795,842</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, 2011

	GENERAL	HALF PERCENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Local Taxes	\$5,831,233	\$1,416,540	\$116,871	\$7,364,644
Special Assessments	37,842	44,798	248,794	331,434
Charges for Services	335,645	0	0	335,645
Intergovernmental	474,744	0	977,391	1,452,135
Investment Earnings	12,736	1,555	2,159	16,450
Fines & Forfeitures	300,274	0	20,825	321,099
License & Permits	75,153	0	0	75,153
Other Revenue	236,505	0	25,693	262,198
Total Revenues	<u>7,304,132</u>	<u>1,462,893</u>	<u>1,391,733</u>	<u>10,158,758</u>
EXPENDITURES:				
General Government	871,530	0	0	871,530
Public Safety	4,536,356	0	657,079	5,193,435
Leisure Time Activities	674,016	0	104,682	778,698
Community Environment	747,495	0	1,334,516	2,082,011
Transportation	0	0	1,026,392	1,026,392
Debt Service:				
Principal	0	0	335,000	335,000
Interest & Fiscal Charges	0	51,666	137,514	189,180
Total Expenditures	<u>6,829,397</u>	<u>51,666</u>	<u>3,595,183</u>	<u>10,476,246</u>
Excess (Deficiency) of Revenue Over/(Under) Expenditures	<u>474,735</u>	<u>1,411,227</u>	<u>(2,203,450)</u>	<u>(317,488)</u>
Other Financing Sources (Uses):				
Transfers-In	0	0	1,997,461	1,997,461
Transfers-Out	<u>(354,072)</u>	<u>(1,643,389)</u>	<u>0</u>	<u>(1,997,461)</u>
Total Other Financing Sources (Uses)	<u>(354,072)</u>	<u>(1,643,389)</u>	<u>1,997,461</u>	<u>0</u>
Net Change in Fund Balance(Deficit)	120,663	(232,162)	(205,989)	(317,488)
Fund Balance - Beginning of Year - Restated	<u>1,658,121</u>	<u>458,866</u>	<u>1,033,566</u>	<u>3,150,553</u>
Fund Balance - End of Year	<u><u>\$1,778,784</u></u>	<u><u>\$226,704</u></u>	<u><u>\$827,577</u></u>	<u><u>\$2,833,065</u></u>

See accompanying notes to the basic financial statements.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

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

FOR THE YEAR ENDED DECEMBER 31, 2011

Net Change in Fund Balance - Total Governmental Funds **(\$317,488)**

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. (527,933)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (228,703)

In the statement of activities, interest is accrued, In governmental funds interest expenditures are reported when due. 10,805

Repayment of long-term debt is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net assets. 347,039

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. (77,421)

Change in Net Assets of Governmental Activities **(\$793,701)**

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, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL BUDGET
REVENUES:				
Local Taxes	\$5,730,800	\$7,142,404	\$5,651,772	(\$1,490,632)
Charges for Services	242,000	242,000	280,514	38,514
Intergovernmental	448,450	448,450	615,721	167,271
Investment Earnings	30,000	30,000	12,725	(17,275)
Fines & Forfeitures	313,100	313,100	300,274	(12,826)
Licenses & Permits	59,100	59,100	75,153	16,053
Other Revenue	256,100	256,100	274,347	18,247
Total Revenues	7,079,550	8,491,154	7,210,506	(1,280,648)
EXPENDITURES:				
Council - Personnel Services	27,248	27,248	24,062	3,186
Council - Other	12,299	12,299	7,997	4,302
Mayor - Personnel Services	125,547	125,547	119,611	5,936
Mayor - Other	15,000	15,000	7,277	7,723
Law - Personnel Services	52,772	52,772	44,485	8,287
Law - Other	28,000	63,000	58,839	4,161
City Manager - Personnel Services	277,087	277,087	257,159	19,928
City Manager - Other	20,000	20,000	10,137	9,863
Finance - Personnel Services	196,536	196,536	186,676	9,860
Finance - Other	20,000	20,000	4,517	15,483
Income Tax - Personnel Services	236,820	236,820	204,211	32,609
Income Tax - Other	30,100	30,100	15,935	14,165
Police - Personnel Services	2,794,854	2,794,854	2,585,296	209,558
Police - Other	459,578	459,578	270,418	189,160
Fire - Personnel Services	1,503,573	1,503,573	1,298,454	205,119
Fire - Other	213,731	213,731	152,076	61,655
Building Inspection - Personnel Services	191,071	191,071	150,577	40,494
Building Inspection - Other	101,233	101,233	67,741	33,492
Economic Development - Personnel Services	130,852	130,852	92,152	38,700
Economic Development - Other	25,210	25,210	11,583	13,627
Parks and Recreation - Personnel Services	544,008	544,008	487,340	56,668
Parks and Recreation - Other	152,729	152,729	99,798	52,931
Planning - Personnel Services	181,264	181,264	151,979	29,285
Planning - Other	25,000	25,000	12,356	12,644
Building Maintenance - Personnel Services	166,464	166,464	151,286	15,178
Building Maintenance - Other	220,800	220,800	177,346	43,454
Other Services - Other	728,563	1,728,563	655,590	1,072,973
Total Expenditures	8,480,339	9,515,339	7,304,898	2,210,441
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,400,789)	(1,024,185)	(94,392)	929,793
Other Financing Sources (Uses):				
Debt Proceeds	300,000	300,000	300,000	0
Transfers-In	439,800	439,800	440,531	731
Transfers-Out	(382,000)	(382,000)	(354,072)	27,928
Total Other Financing Sources (Uses)	357,800	357,800	386,459	28,659
Net Change in Fund Balance	(1,042,989)	(666,385)	292,067	958,452
Fund Balance - Beginning of the Year (includes prior year appropriated encumbrances)	2,071,483	2,071,483	2,071,483	0
Fund Balance - End of the Year	\$1,028,494	\$1,405,098	\$2,363,550	\$958,452

See accompanying notes to the basic financial statements.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

AS OF DECEMBER 31, 2011

	<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	\$781,270	\$1,259,134	\$133,727	\$24,785	\$2,198,916
Receivables (Net)					
Accounts	413,633	342,409	183,317	0	939,359
Accrued Interest	503	788	157	15	1,463
Inventory	19,410	8,970	0	0	28,380
Total Current Assets	<u>1,214,816</u>	<u>1,611,301</u>	<u>317,201</u>	<u>24,800</u>	<u>3,168,118</u>
Nondepreciable Capital Assets	29,500	24,000	0	0	53,500
Depreciable Capital Assets, Net	<u>4,246,748</u>	<u>457,797</u>	<u>89,040</u>	<u>262,623</u>	<u>5,056,208</u>
Total Assets	<u>5,491,064</u>	<u>2,093,098</u>	<u>406,241</u>	<u>287,423</u>	<u>8,277,826</u>
LIABILITIES:					
Accounts Payable	9,006	6,818	3,280	1,231	20,335
Accrued Wages and Benefits	21,464	23,282	11,599	0	56,345
Accrued Interest	55,974	0	0	0	55,974
Accrued Pensions	5,353	6,548	2,525	0	14,426
Compensated Absences	6,253	10,383	852	0	17,488
Loan Payable Due Within One Year	<u>209,622</u>	<u>10,752</u>	<u>0</u>	<u>0</u>	<u>220,374</u>
Total Current Liabilities	<u>307,672</u>	<u>57,783</u>	<u>18,256</u>	<u>1,231</u>	<u>384,942</u>
Long-term Liabilities					
Compensated Absences	27,702	5,861	21,091	0	54,654
Loans Payable	<u>3,218,643</u>	<u>198,904</u>	<u>0</u>	<u>0</u>	<u>3,417,547</u>
Total Liabilities	<u>3,554,017</u>	<u>262,548</u>	<u>39,347</u>	<u>1,231</u>	<u>3,857,143</u>
NET ASSETS:					
Invested in Capital Assets, Net of Debt	847,983	272,141	89,040	262,623	1,471,787
Unrestricted	<u>1,089,064</u>	<u>1,558,409</u>	<u>277,854</u>	<u>23,569</u>	<u>2,948,896</u>
Total Net Assets	<u>\$1,937,047</u>	<u>\$1,830,550</u>	<u>\$366,894</u>	<u>\$286,192</u>	<u>\$4,420,683</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, 2011

	<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>
Operating Revenues:					
Charges for Services	\$1,719,108	\$1,400,648	\$728,551	\$182,702	\$4,031,009
Intergovernmental	69,062	0	0	0	69,062
Other	11,829	8,299	7,321	800	28,249
Total Operating Revenues	<u>1,799,999</u>	<u>1,408,947</u>	<u>735,872</u>	<u>183,502</u>	<u>4,128,320</u>
Operating Expenses:					
Personal Services	614,588	781,791	337,634	94,856	1,828,869
Contractual Services	18,568	159,958	290,479	679	469,684
Material and Supplies	237,592	106,930	75,142	56,041	475,705
Utilities	169,805	120,328	0	18,122	308,255
Depreciation	357,410	58,321	41,897	51,382	509,010
Other	75	2,357	300	0	2,732
Total Operating Expenses	<u>1,398,038</u>	<u>1,229,685</u>	<u>745,452</u>	<u>221,080</u>	<u>3,594,255</u>
Operating Income (Loss)	<u>401,961</u>	<u>179,262</u>	<u>(9,580)</u>	<u>(37,578)</u>	<u>534,065</u>
Non-Operating Revenues(Expense):					
Investment Earnings	8,941	7,059	1,277	160	17,437
Interest Expense	(119,275)	0	0	0	(119,275)
Total Non-Operating Revenues(Expense)	<u>(110,334)</u>	<u>7,059</u>	<u>1,277</u>	<u>160</u>	<u>(101,838)</u>
Change in Net Assets	291,627	186,321	(8,303)	(37,418)	432,227
Net Assets Beginning 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>
Net Assets End of the Year	<u>\$1,937,047</u>	<u>\$1,830,550</u>	<u>\$366,894</u>	<u>\$286,192</u>	<u>\$4,420,683</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, 2011

	<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	\$1,668,662	\$1,356,290	\$737,439	\$182,702	\$3,945,093
Cash Received from Intergovernmental Sources	69,062	0	0	0	69,062
Cash Received from Other Operating Services	11,829	8,299	7,321	800	28,249
Cash Payments for Personal Services	(653,651)	(783,471)	(336,938)	(94,856)	(1,868,916)
Cash Payments for Contractual Services	(18,568)	(155,119)	(290,479)	(679)	(464,845)
Cash Payments for Material and Supplies	(197,448)	(109,292)	(72,053)	(51,545)	(430,338)
Cash Payments for Utilities	(169,805)	(120,328)	0	(18,122)	(308,255)
Cash Payments for Other Expenses	(75)	(2,357)	(300)	(4,501)	(7,233)
Net Cash Provided by (Used in) Operating Activities	<u>710,006</u>	<u>194,022</u>	<u>44,990</u>	<u>13,799</u>	<u>962,817</u>
Cash Flows from Capital and Related Financing Activities:					
Loan Proceeds	189,127	0	0	0	189,127
Acquisition of Capital Assets	(259,429)	(18,784)	0	(9,036)	(287,249)
Debt Principal Payments	(158,833)	(5,376)	0	0	(164,209)
Debt Interest Payments	(119,275)	0	0	0	(119,275)
Net Cash Used for Capital and Related Financing Activities	<u>(348,410)</u>	<u>(24,160)</u>	<u>0</u>	<u>(9,036)</u>	<u>(381,606)</u>
Cash Flows from Investing Activities:					
Interest Earnings	3,127	7,050	1,263	159	11,599
Net Cash Provided by Investing Activities	<u>3,127</u>	<u>7,050</u>	<u>1,263</u>	<u>159</u>	<u>11,599</u>
Net Increase (Decrease) in Cash and Cash Equivalents	364,723	176,912	46,253	4,922	592,810
Cash and Cash Equivalents at Beginning of the Year	<u>416,547</u>	<u>1,082,222</u>	<u>87,474</u>	<u>19,863</u>	<u>1,606,106</u>
Cash and Cash Equivalents at End of the Year	<u><u>\$781,270</u></u>	<u><u>\$1,259,134</u></u>	<u><u>\$133,727</u></u>	<u><u>\$24,785</u></u>	<u><u>\$2,198,916</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating Income (Loss)	\$401,961	\$179,262	(\$9,580)	(\$37,578)	\$534,065
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	357,410	58,321	41,897	51,382	509,010
(Increase) Decrease in Accounts Receivable	(50,446)	(44,358)	8,888	0	(85,916)
(Increase) Decrease in Inventory	8,395	840	0	0	9,235
Increase (Decrease) in Accounts Payable	2,558	1,637	3,089	(5)	7,279
Increase (Decrease) in Accrued Wages and Benefits	(3,548)	(1,603)	(1,296)	0	(6,447)
Increase (Decrease) in Accrued Pensions	(694)	(398)	(651)	0	(1,743)
Increase (Decrease) in Compensated Absences	(5,630)	321	2,643	0	(2,666)
Total Adjustments	<u>308,045</u>	<u>14,760</u>	<u>54,570</u>	<u>51,377</u>	<u>428,752</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$710,006</u></u>	<u><u>\$194,022</u></u>	<u><u>\$44,990</u></u>	<u><u>\$13,799</u></u>	<u><u>\$962,817</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, 2011

	<u>AGENCY FUNDS</u>
ASSETS:	
Segregated Cash & Investments	\$ 17,277
Receivables (Net) Taxes	<u>1,005,766</u>
Total Assets	<u><u>\$ 1,023,043</u></u>
LIABILITIES:	
Accounts Payable	\$ 270
Deferred Revenue	334,954
Undistributed Monies	<u>687,819</u>
Total Liabilities	<u><u>\$ 1,023,043</u></u>

See accompanying notes to the basic financial statements.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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.

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

Fund Financial Statements

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

Governmental Funds

The City reports the following major governmental funds:

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

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

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

Proprietary Funds

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

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

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

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

Refuse Fund – The refuse fund reports the waste collection operation.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 assessments.

**CITY OF WEST CARROLLTON
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 60 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 appropriations represent the final appropriations approved by City Council. As a matter of budgetary control, the appropriations ordinance generally controls expenditures at the department, personal services, and other level for all funds.

4. Encumbrances

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 is 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 an assignment 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).
- 6) Some funds are reported as part of the general fund (GAAP basis as opposed to the general fund being reported alone(budget basis)).

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 Balance	<u>General Fund</u>
Budget Basis	\$ 292,067
Net Adjustment for revenue	(704,557)
Net Adjustment for expenditure	504,435
Funds Budgeted Elsewhere	<u>28,718</u>
GAAP Basis	<u>\$ 120,663</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 \$12,736.

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 nonspendable 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. 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

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

L. 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.

M. 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.

N. 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.

O. FUND BALANCES

In accordance with Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable – resources that are not in spendable form such as inventory or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, City Council.

Assigned – resources that are intended to be used for specific purposes, but are neither restricted nor committed.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific

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purposes exceeding amounts which had been restricted, committed or assigned for said purpose.

The City applies restricted resources first when an expense is incurred for purposes which both restricted and unrestricted net assets are available. The City considers committed, assigned and unassigned fund balances to be spent when expenditures are incurred for appropriate unrestricted purposes.

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 Equity in Pooled Cash and Investments.

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

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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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 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, 2011.

Deposits: At year-end, the carrying amount of the City's cash and deposits was \$4,807,738. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosure", as of December 31, 2011 \$3,516,863 of the City's \$4,984,752 bank balance was exposed to custodial risk as discussed below. The \$1,467,889 difference was covered by Federal Deposit Insurance. The remaining balance was uninsured

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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 Equity in "Pooled Cash & Investments".

As of December 31, 2011 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	\$ 251,337	\$ 251,337		22.4
Star Ohio	<u>872,431</u>	<u>872,431</u>	\$ <u>0</u>	<u>77.6</u>
Total	<u>\$ 1,123,768</u>	<u>\$ 1,123,768</u>	<u>\$ 0</u>	<u>100.0</u>

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

Credit Risk: 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	\$ 4,807,738
Investments	1,123,768
Cash on Hand	<u>875</u>
Total	<u>\$ 5,932,381</u>

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

Government Activities	\$ 3,716,188
Business-Type Activities	<u>2,198,916</u>
Subtotal	5,915,104
Fiduciary Funds	<u>17,277</u>
Total	<u>\$ 5,932,381</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, 2011 was \$6.25 per \$1,000 of assessed valuation. Real property owners' tax bills are reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback deductions is reimbursed to the City by the State of Ohio.

The assessed 12-31-11 values per category are as follows:

Real Estate	\$187,102,190
Public Utilities	26,140
Public Utilities Personal Property	<u>4,878,150</u>
Total Valuation	<u>\$192,006,480</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 2011 on a cash basis, tax receipts net of refunds amounted to \$6,000,315 of which \$4,560,239 was recorded in the General Fund and \$1,440,076 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,

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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, 2011 as well as intended to finance fiscal 2011 operations.

A summary of the receivables is as follows:

<u>Governmental Funds</u>	<u>General</u>	<u>Half % Tax</u>	<u>Nonmajor</u>
Taxes	\$ 1,805,198	\$ 251,442	\$ 79,813
Accounts	58,682	0	0
Intergovernmental	204,665	0	474,119
Special Assessments	0	0	435,245
Loans	<u>0</u>	<u>0</u>	<u>47,037</u>
Total	<u>\$ 2,068,545</u>	<u>\$ 251,442</u>	<u>\$ 1,036,214</u>
<u>Proprietary Funds</u>	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>
Accounts	\$ 413,633	\$ 342,409	\$ 183,317

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 Nonmajor Governmental Funds from:

General Fund \$ 354,072

Transfer to the Nonmajor Funds from:

Half Percent Tax Fund \$ 1,643,389

Total Transfers \$ 1,997,461

All transfers were legal and in compliance with the Ohio Revised Code.

**CITY OF WEST CARROLLTON
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Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Half Percent Tax Fund	Nonmajor – Special Assessment Fund	\$ 68,110

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 2011. The amount due after 2011 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	\$ 351,228

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 2011. The amount due in 2011 is reported in due to/from noted above.

8. CAPITAL ASSETS

A summary of capital asset activity for the year ended December 31, 2011, was as follows:

Governmental Activities

Category	Cost Balance As of 1/1/11	Additions	Deletions	Accumulated Depreciation	Net Balance As of 12/31/11
Land	\$4,100,557	\$ 436,702	\$ 0	\$ 0	\$4,537,259
Building and Improvements	13,776,353	44,474	0	(7,486,428)	6,334,399
Machinery and Equipment	6,682,593	589,898	(305,604)	(4,707,370)	2,259,517
Infrastructure	17,489,415	299,582	0	(11,205,767)	6,583,230
Total	\$42,048,918	\$ 1,370,656	(\$305,604)	(\$23,399,565)	\$19,714,405

**CITY OF WEST CARROLLTON
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Governmental Activities

Category	Accumulated Depreciation Balance As of 1/1/11	Depreciation	Disposals	Accumulated Depreciation Balance As of 12/31/11
Building and Improvements	\$ 6,994,738	\$ 491,690	\$ 0	\$ 7,486,428
Machinery and Equipment	4,464,914	548,060	(305,604)	4,707,370
Infrastructure	10,346,928	858,839	0	11,205,767
Total	\$ 21,806,580	\$1,898,589	(\$305,604)	\$23,399,565

Governmental Activities depreciation expense was charged as follows:

General Government	\$ 223,301
Public Safety	657,201
Leisure Time Activities	77,486
Community Environment	11,001
Transportation	<u>929,600</u>
Total	<u>\$ 1,898,589</u>

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Business-Type Activities

Category	Cost Balance As of 1/1/11	Additions	Deletions	Accumulated Depreciation	Net Balance As of 12/31/11
Land	\$ 53,500	\$ 0	\$ 0	\$ 0	\$ 53,500
Building and Improvements	13,373,194	0	0	(9,854,302)	3,518,892
Machinery and Equipment	1,954,437	29,060	(4,646)	(1,815,053)	163,798
Infrastructure	9,563,086	258,189	0	(8,447,757)	1,373,518
Total	\$24,944,217	\$ 287,249	(\$ 4,646)	(\$20,117,112)	\$5,109,708

Category	Accumulated Depreciation Balance As of 1/1/11	Depreciation	Disposals	Accumulated Depreciation Balance As of 12/31/11
Building and Improvements	\$ 9,520,620	\$ 333,682	\$ 0	\$ 9,854,302
Machinery and Equipment	1,754,223	65,476	(4,646)	1,815,053
Infrastructure	8,337,905	109,852	0	8,447,757
Total	\$ 19,612,748	\$ 509,010	(\$ 4,646)	\$ 20,117,112

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Business-Type depreciation expense was charged as follows:

Water	\$ 357,410
Sewer	58,321
Pool	51,382
Refuse	<u>41,897</u>
 Total	 <u>\$ 509,010</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, 2011, 2010 and 2009 were \$449,301, \$451,313 and \$457,050, 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 obligation to OP&F for the years ending December 31, 2011, 2010 and 2009 were \$490,646, \$484,934, and \$489,766, respectively. 76%, 100%, and 100% of the obligations were contributed for 2011, 2010 and 2009 respectively.

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 2011, 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 4% 2011. 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 \$128,365 for 2011, \$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. 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, 2011, 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 \$118,835 for police and \$41,361 for fire for the year ending December 31, 2011; \$110,659 for police and \$45,199 for fire for the year ending December 31, 2010; and \$112,716 for police and \$44,709 for fire for the year ending December 31, 2009, respectively, was allocated to the healthcare plan. 76%, 100%, and 100% of the obligations were paid for 2011, 2010 and 2009 respectively.

12. GENERAL SHORT AND LONG-TERM DEBT OBLIGATIONS

Short-Term	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance 12/31/10</u>	<u>Increase (Decrease)</u>	<u>Balance 12/31/11</u>	<u>Due Within One Year</u>
Development Property	2.00%	12-28-11	12-27-12	\$ 0	\$1,394,000	\$1,394,000	\$1,394,000
Lyon Property	4.00%	9-25-10	9-24-11	920,000	(920,000)	0	0
McDonald Property	3.03%	12-29-10	12-28-11	<u>174,000</u>	<u>(174,000)</u>	<u>0</u>	<u>0</u>
Total Short-Term Debt				<u>\$1,094,000</u>	<u>\$ 300,000</u>	<u>\$1,394,000</u>	<u>\$1,394,000</u>

Long-Term Governmental Activities:	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance 12/31/10</u>	<u>Increase (Decrease)</u>	<u>Balance 12/31/11</u>	<u>Due Within One Year</u>
Gargrave Road	6.875%	6-1-91	12-1-11	20,000	(20,000)	0	0
Infirmary Road	6.050%	9-1-92	12-1-12	30,000	(15,000)	15,000	15,000

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Gibbons Road	0%	12-31-08	1-1-29	90,912	(4,914)	85,998	4,914
Mayrose Bridge	0%	12-31-10	1-1-31	284,999	(7,125)	277,874	14,250
YMCA Bonds	4.175%	7-1-04	12-1-19	3,190,000	(300,000)	2,890,000	310,000
Comp Absences additions					467,251		
Compensated Absences				<u>846,608</u>	<u>(428,578)</u>	<u>885,281</u>	<u>442,641</u>
Total Governmental Activities Long-Term Debt				<u>\$4,462,519</u>	<u>(\$308,366)</u>	<u>\$4,154,153</u>	<u>\$ 786,805</u>
Long-Term Business-Type Activities:	Interest Rate	Issue Date	Maturity Date	Balance 12/31/10	Increase (Decrease)	Balance 12/31/11	Due Within One Year
Water Plant	3.50%	12-31-04	7-1-24	\$3,350,590	(\$152,064)	\$3,198,526	\$198,125
Bit Road Water Main	0%	1-01-08	7-1-17	47,381	(6,769)	40,612	6,769
Skyview Reservoir	0%	12-31-11	1-1-32	0	189,127	189,127	4,728
Sewer Improvements	0%	12-31-10	1-1-31	215,032	(5,376)	209,656	10,752
Comp Absences additions					141,078		
Compensated Absences				<u>74,808</u>	<u>(143,744)</u>	<u>72,142</u>	<u>17,488</u>
Total Business-Type Activities Long-Term Debt				<u>3,687,811</u>	<u>22,252</u>	<u>3,710,063</u>	<u>237,862</u>
Long-Term Debt Grand Total				<u>\$8,150,330</u>	<u>(\$ 286,114)</u>	<u>\$7,864,216</u>	<u>\$1,024,667</u>

The property debt, also listed as a short-term notes payable, are one-year property acquisition revenue bond anticipation notes with Fifth Third 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, Skyview Reservoir Rehabilitation, 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 Skyview Reservoir Rehabilitation and Sewer Improvements projects will be paid with water and sewer fees detailed in the Water and Sewer Funds respectively.

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

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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 \$467,251 and uses were \$428,578 for a net increase of \$38,673. For business type activities, compensated absences additions \$141,078 and uses were \$143,744 for a net decrease of \$2,666.

The annual requirements of general governmental revenues to pay principal and interest on the long-term debt at December 31, 2011 are as follows:

<u>Year Ending December 31</u>	<u>Special Assessment Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2012	<u>\$ 15,000</u>	<u>\$ 907</u>

<u>Year Ending December 31</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 310,000	\$ 122,324
2013	325,000	109,924
2014	340,000	96,111
2015	350,000	81,661
2016	365,000	67,224
2017 - 2019	<u>1,200,000</u>	<u>105,123</u>
Total	<u>\$ 2,890,000</u>	<u>\$ 582,367</u>

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<u>Year Ending December 31</u>	<u>Gibbons Road Loan Principal</u>	
2012	\$	4,914
2013		4,914
2014		4,914
2015		4,914
2016		4,915
2017 - 2021		24,571
2022 - 2026		24,571
2027 - 2029		<u>12,285</u>
Total	<u>\$</u>	<u>85,998</u>
<u>Year Ending December 31</u>	<u>Mayrose Bridge Loan Principal</u>	
2012	\$	14,250
2013		14,250
2014		14,250
2015		14,250
2016		14,250
2017 - 2021		71,250
2022 - 2026		71,250
2027 - 2031		<u>64,124</u>
Total	<u>\$</u>	<u>277,874</u>
<u>Year Ending December 31</u>	<u>Water Softening Plant Loan</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 198,125	\$ 110,230
2013	205,121	103,235
2014	212,362	95,992
2015	219,860	88,495
2016	227,623	80,733
2017 - 2021	1,264,486	277,289
2022 - 2024	<u>870,949</u>	<u>54,116</u>
Total	<u>\$ 3,198,526</u>	<u>\$ 810,090</u>

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<u>Year Ending December 31</u>	<u>Bit and Bridle Water Main Loan Principal</u>
2012	\$ 6,769
2013	6,769
2014	6,768
2015	6,769
2016	6,769
2017	<u>6,768</u>
Total	<u>\$ 40,612</u>

<u>Year Ending December 31</u>	<u>Skyview Reservoir Loan Principal</u>
2012	\$ 4,728
2013	9,457
2014	9,456
2015	9,456
2016	9,457
2017 - 2021	47,281
2022 - 2026	47,282
2027 - 2031	47,282
2032	<u>4,728</u>
Total	<u>\$ 189,127</u>

**CITY OF WEST CARROLLTON
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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<u>Year Ending December 31</u>	<u>Sewer Improvements Loan Principal</u>
2012	\$ 10,752
2013	10,751
2014	10,752
2015	10,751
2016	10,752
2017 - 2021	53,758
2022 - 2026	53,758
2027 - 2031	<u>48,382</u>
Total	<u>\$ 209,656</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, 2011, 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 twenty-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, 2011, 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, 2010 (latest available):

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Assets	<u>\$ 18,829,056</u>
Liabilities	<u>7,314,101</u>
Net Assets	<u>\$ 11,514,955</u>

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

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

The legislative and advisory body is the assembly that is comprised of one delegate from each participating public subdivision. The degree of control exercised by any participating public subdivision is limited to its representation on the assembly, which elects the board of directors. The board of directors' exercises total control over the operation of the Alliance including budgeting, appropriating, contracting, and designating management and significant management control over CareNOW, a billing agent organized to manage health care costs. The five member board of directors consists of: one full-time and one volunteer fire 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 2011.

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. FUND BALANCES

The fund balances are classified as nonspendable, restricted, committed, assigned and unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the government funds. Definitions can be found in Note 1.5.O. The constraints placed on the fund balance for the major governmental funds and all other governmental funds are presented below:

**CITY OF WEST CARROLLTON
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<u>Fund Balances</u>	<u>General</u>	<u>Half % Tax</u>	<u>Nonmajor</u>	<u>Total</u>
Nonspendable				
Prepaid Items	\$ 3,758	\$ 0	\$ 0	\$ 3,758
Restricted				
Law Enforcement & Education	0	0	12,052	12,052
Law Enforcement Trust	0	0	34,955	34,955
Police Pension	0	0	36,064	36,064
Street Light	0	0	37,264	37,264
Miami Conservancy	0	0	35,394	35,394
Parks	0	0	3,150	3,150
Economic Development	0	0	20,517	20,517
Neighborhood Improvement	0	0	101,951	101,951
Street	0	0	307,542	307,542
Motor Vehicle License	0	0	80,893	80,893
Street Improvement	0	0	323,301	323,301
Debt Service	0	0	24,529	24,529
Federal Grants	0	0	81,951	81,951
Vehicle Replacement	0	0	10,933	10,933
Other Capital	0	0	12,144	12,144
Capital Projects	<u>0</u>	<u>226,704</u>	<u>0</u>	<u>226,704</u>
Total Restricted	<u>0</u>	<u>226,704</u>	<u>1,122,640</u>	<u>1,349,344</u>
Assigned				
General Government	3,171	0	0	3,171
Public Safety	9,875	0	0	9,875
Leisure Time Activities	2,050	0	0	2,050
Community Environment	<u>11,762</u>	<u>0</u>	<u>0</u>	<u>11,762</u>
Total Assigned	<u>26,858</u>	<u>0</u>	<u>0</u>	<u>26,858</u>
Unassigned (Deficit)	<u>1,748,168</u>	<u>0</u>	<u>(295,063)</u>	<u>1,453,105</u>
Total Fund Balance	<u>\$ 1,778,784</u>	<u>\$ 226,704</u>	<u>\$ 827,577</u>	<u>\$ 2,833,065</u>

**CITY OF WEST CARROLLTON
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15. CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2011, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental fund Type Definitions." GASB 54 shifts the focus of the fund balance reporting from the availability of fund resources for budgeting to the extent to which the City is bound to honor constraints on the specific purposes for which amounts in funds can be spent.

Restatement of Fund Balance

The implementation of GASB 54 generated a reclassification of the recreation fund into the General Fund. Therefore a restatement was required for the beginning of the year fund balances for those two categories as follows:

	<u>General</u>	Other Governmental <u>Nonmajor</u>
Fund Balance – Beginning of the Year	\$ 1,633,484	\$ 1,058,203
Change in Fund Classification	<u>24,637</u>	<u>(24,637)</u>
Fund Balance – Beginning of the Year - Restated	<u>\$ 1,658,121</u>	<u>\$ 1,033,566</u>

16. 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, 2011.