

CITY OF WEST CARROLLTON
MONTGOMERY COUNTY, OHIO

SINGLE AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2020**

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPARepor@ohioauditor.gov
(800) 282-0370

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

We have reviewed the *Independent Auditor's Report* of the City of West Carrollton, Montgomery County, prepared by Julian & Grube, Inc., for the audit period January 1, 2020 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of West Carrollton is responsible for compliance with these laws and regulations.

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

Keith Faber
Auditor of State
Columbus, Ohio

August 16, 2021

This page intentionally left blank.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

TABLE OF CONTENTS

Independent Auditor’s Report	1 - 2
Management’s Discussion and Analysis	3 - 13
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16 - 17
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	22
Statement of Net Position - Proprietary Funds	23
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	24
Statement of Cash Flows - Proprietary Funds	26 - 27
Statement of Fiduciary Net Position - Fiduciary Fund	28
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	29
Notes to the Basic Financial Statements	31 - 79
Required Supplementary Information:	
Schedule of the City’s Proportionate Share of the Net Pension Liability/Asset:	
Ohio Public Employees Retirement System (OPERS)	82 - 83
Ohio Police and Fire (OP&F) Pension Fund	84 - 85
Schedule of City Pension Contributions:	
Ohio Public Employees Retirement System (OPERS)	86 - 87
Ohio Police and Fire (OP&F) Pension Fund	88 - 89
Schedule of the City’s Proportionate Share of the Net OPEB Liability:	
Ohio Public Employees Retirement System (OPERS)	90
Ohio Police and Fire (OP&F) Pension Fund	91
Schedule of City OPEB Contributions:	
Ohio Public Employees Retirement System (OPERS)	92 - 93
Ohio Police and Fire (OP&F) Pension Fund	94 - 95
Notes to the Required Supplementary Information	96 - 97
Supplementary Information:	
Schedule of Expenditures of Federal Awards	98
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	99 - 100
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	101 - 102
Schedule of Findings 2 <i>CFR</i> § 200.515	103 - 104
Summary Schedule of Prior Audit Findings 2 <i>CFR</i> § 200.511(b)	105
Corrective Action Plan 2 <i>CFR</i> § 200.511(c)	106

This page intentionally left blank.

Independent Auditor's Report

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

To the Members of Council and Mayor:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Carrollton, Montgomery County, Ohio, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of West Carrollton's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City of West Carrollton's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of West Carrollton's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of West Carrollton, Montgomery County, Ohio, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, and schedules of net pension and other postemployment benefit assets and liabilities and pension and other postemployment benefit contributions* listed in the table of contents, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Carrollton's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2021, on our consideration of the City of West Carrollton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of West Carrollton's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of West Carrollton's internal control over financial reporting and compliance.

Julian & Grube, Inc.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

The management's discussion and analysis for the City of West Carrollton's (the "City") financial statements provides an overview of the City's financial activities for the year ended December 31, 2020. The intent of this discussion and analysis is to provide a narrative that describes the City's performance as a whole. To obtain a more detailed understanding, one should also review the transmittal letter, the notes to the basic financial statements and the basic financial statements.

Financial Highlights

The City's key financial highlights for 2020 are as follows:

- The total net position of the City increased \$1,663,538. Net position of the governmental activities increased \$950,055 or 14.39% from 2019, and net position of the business-type activities increased \$713,483 or 12.98% from 2019.
- General revenues accounted for \$9,128,561 of total governmental activities revenue or 67.80% of total governmental activities revenue. Program specific revenues accounted for \$4,336,137 of total governmental activities or 32.20% of total governmental activities revenue.
- The City had \$12,473,016 in expenses related to governmental activities; program specific charges for services, grants and contributions offset \$4,336,137 of these expenses. The remaining expenses of the governmental activities of \$8,136,879 were funded by general revenues of \$9,128,561, primarily property taxes, income taxes, and unrestricted grants and entitlements of \$8,286,009.
- The general fund had revenues of \$8,383,118 and expenditures and other financing uses of \$7,854,261. The net increase in fund balance for the general fund was \$528,857.
- The bond retirement Carrollton plaza fund, a major fund, had other financing sources of \$3,522,314 and expenditures and other financing uses of \$3,522,314 during 2020. There was no change in the fund balance for the bond retirement Carrollton plaza fund during 2020.
- The street improvement fund, a major fund, had revenues and other financing sources of \$1,761,046 and expenditures of \$1,866,505 during 2020. The net decrease in the fund balance for the street improvement fund was \$105,459.
- The half percent fund, a major fund, had revenues and other financing sources of \$1,634,627 and expenditures and other financing uses of \$1,512,513 during 2020. The net increase in the fund balance for the half percent fund was \$122,114.
- Net position for the business-type activities, which are composed of the water, sewer, refuse and pool enterprise funds, increased in 2020 by \$713,483.
- The general fund's original and final budgeted revenues were \$10,788,634. Actual total revenues of \$8,360,057 were \$2,428,577 less than original and final budgeted revenues. The general fund's original and final budget estimates for expenditures and other financing uses were \$11,631,767 and \$12,256,767, respectively. Actual expenditures and other financing uses for 2020 of \$7,941,122 were less than the original and final budgeted amounts by \$3,690,645 and \$4,315,645, respectively.

Using this Basic Financial Statements (BFS)

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

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

Reporting the City as a Whole

Statement of Net Position and Statement of Activities

The analysis of the City as a whole begins on page 9. One of the most important questions asked about the City's finances is, "How did the City perform financially during 2020?" The statement of net position and the statement of activities provide information concerning the City as a whole and its financial activities that will assist the reader in answering this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual method of accounting similar to the accounting used by most private-sector businesses. This method of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

The City-wide financial statements can be found on pages 15 through 17 of this report.

Fund Financial Statements

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

Governmental Funds

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

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

The City maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 18 through 22 of this report.

Proprietary Funds

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water system, sewer system, pool operations and refuse operations. The basic proprietary fund statements can be found on pages 23 through 27 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the City's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds. The basic fiduciary fund financial statements can be found on pages 28 and 29 of this report.

Notes to the Basic Financial Statements

The financial statement notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Notes to the basic financial statements can be found on pages 31 through 79 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension liability/asset and pension contributions. The required supplementary information can be found on pages 82 through 97 of this report.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Government-Wide Financial Analysis

The statement of net position provides the perspective of the City as a whole. The table below provides a summary of the City's net position at December 31, 2020 and December 31, 2019.

Table 1 - Net Position

	Governmental Activities 2020	Governmental Activities 2019	Business-Type Activities 2020	Business-Type Activities 2019	2020 Total	2019 Total
Assets						
Current and other assets	\$ 9,825,206	\$ 8,745,726	\$ 6,331,795	\$ 5,480,045	\$ 16,157,001	\$ 14,225,771
Capital assets, net	<u>22,280,731</u>	<u>20,485,521</u>	<u>5,033,628</u>	<u>5,161,707</u>	<u>27,314,359</u>	<u>25,647,228</u>
Total assets	<u>32,105,937</u>	<u>29,231,247</u>	<u>11,365,423</u>	<u>10,641,752</u>	<u>43,471,360</u>	<u>39,872,999</u>
Deferred outflows of resources						
Pension	1,654,613	3,477,784	283,886	592,116	1,938,499	4,069,900
OPEB	<u>987,756</u>	<u>717,709</u>	<u>191,297</u>	<u>84,279</u>	<u>1,179,053</u>	<u>801,988</u>
Total deferred outflows	<u>2,642,369</u>	<u>4,195,493</u>	<u>475,183</u>	<u>676,395</u>	<u>3,117,552</u>	<u>4,871,888</u>
Liabilities						
Current and other liabilities	4,532,624	4,758,303	71,014	76,832	4,603,638	4,835,135
Long term liabilities:						
Due within one year	358,126	333,752	388,984	185,973	747,110	519,725
Net pension liability	10,180,404	12,634,013	1,424,692	1,892,286	11,605,096	14,526,299
OPEB liability	3,054,719	2,819,299	964,658	868,778	4,019,377	3,688,077
Due in more than one year	<u>5,237,211</u>	<u>4,860,356</u>	<u>2,284,179</u>	<u>2,649,705</u>	<u>7,521,390</u>	<u>7,510,061</u>
Total liabilities	<u>23,363,084</u>	<u>25,405,723</u>	<u>5,133,527</u>	<u>5,673,574</u>	<u>28,496,611</u>	<u>31,079,297</u>
Deferred inflows of resources						
Pension	1,392,596	122,203	337,514	100,132	1,730,110	222,335
OPEB	718,841	350,913	160,409	48,768	879,250	399,681
Property taxes levied for the next fiscal year	<u>1,721,974</u>	<u>946,145</u>	-	-	<u>1,721,974</u>	<u>946,145</u>
Total deferred inflows	<u>3,833,411</u>	<u>1,419,261</u>	<u>497,923</u>	<u>148,900</u>	<u>4,331,334</u>	<u>1,568,161</u>
Net Position						
Net investment						
in capital assets	13,564,483	12,345,334	2,436,931	2,404,760	16,001,414	14,750,094
Restricted	1,525,462	1,256,404	-	-	1,525,462	1,256,404
Unrestricted (deficit)	<u>(7,538,134)</u>	<u>(6,999,982)</u>	<u>3,772,225</u>	<u>3,090,913</u>	<u>(3,765,909)</u>	<u>(3,909,069)</u>
Total net position	<u>\$ 7,551,811</u>	<u>\$ 6,601,756</u>	<u>\$ 6,209,156</u>	<u>\$ 5,495,673</u>	<u>\$ 13,760,967</u>	<u>\$ 12,097,429</u>

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

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

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

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

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

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

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

During 2020, the City's overall financial position increased by \$1,663,538 as governmental activities net position increased by \$950,055 and those for business-type activities increased by \$713,483.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

Statement of Activities

The table below shows the changes in net position for years ended 2020 and 2019.

Table 2 - Change in Net Position

	Governmental Activities <u>2020</u>	Governmental Activities <u>2019</u>	Business-Type Activities <u>2020</u>	Business-Type Activities <u>2019</u>	2020 <u>Total</u>	2019 <u>Total</u>
Revenues						
Program revenues:						
Charges for services and sales	\$ 1,567,529	\$ 1,424,619	\$ 4,315,023	\$ 4,341,392	\$ 5,882,552	\$ 5,766,011
Operating grants and contributions	1,644,066	724,345	-	-	1,644,066	724,345
Capital grants and contributions	<u>1,124,542</u>	<u>695,995</u>	<u>201,882</u>	<u>-</u>	<u>1,326,424</u>	<u>695,995</u>
Total program revenues	<u>4,336,137</u>	<u>2,844,959</u>	<u>4,516,905</u>	<u>4,341,392</u>	<u>8,853,042</u>	<u>7,186,351</u>
General revenues:						
Taxes	7,879,594	8,333,032	-	-	7,879,594	8,333,032
Payments in lieu of taxes	69,394	59,438	-	-	69,394	59,438
Grants and entitlements	406,415	543,006	-	-	406,415	543,006
Investment earnings	38,760	30,685	81,819	70,566	120,579	101,251
Miscellaneous	<u>734,398</u>	<u>342,120</u>	<u>146,718</u>	<u>67,181</u>	<u>881,116</u>	<u>409,301</u>
Total general revenues	<u>9,128,561</u>	<u>9,308,281</u>	<u>228,537</u>	<u>137,747</u>	<u>9,357,098</u>	<u>9,446,028</u>
Total revenues	<u>13,464,698</u>	<u>12,153,240</u>	<u>4,745,442</u>	<u>4,479,139</u>	<u>18,210,140</u>	<u>16,632,379</u>

-- Continued

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Table 2 - Change in Net Position (continued)

	Governmental Activities <u>2020</u>	Governmental Activities <u>2019</u>	Business-Type Activities <u>2020</u>	Business-Type Activities <u>2019</u>	2020 <u>Total</u>	2019 <u>Total</u>
Expenses:						
General government	\$ 2,059,368	\$ 2,195,268	\$ -	\$ -	\$ 2,059,368	\$ 2,195,268
Public safety	6,418,760	1,870,289	-	-	6,418,760	1,870,289
Transportation	1,737,116	1,926,913	-	-	1,737,116	1,926,913
Community environment	1,373,669	1,940,840	-	-	1,373,669	1,940,840
Leisure time activities	709,303	703,851	-	-	709,303	703,851
Interest and fiscal charges	174,800	208,433	-	-	174,800	208,433
Water	-	-	1,655,838	1,738,244	1,655,838	1,738,244
Sewer	-	-	1,569,959	1,585,556	1,569,959	1,585,556
Refuse	-	-	802,088	875,037	802,088	875,037
Pool	-	-	45,701	265,554	45,701	265,554
Total expenses	<u>12,473,016</u>	<u>8,845,594</u>	<u>4,073,586</u>	<u>4,464,391</u>	<u>16,546,602</u>	<u>13,309,985</u>
Increase in net position before transfers	991,682	3,307,646	671,856	14,748	1,663,538	3,322,394
Transfers	<u>(41,627)</u>	<u>(80,000)</u>	<u>41,627</u>	<u>80,000</u>	<u>-</u>	<u>-</u>
Change in net position	950,055	3,227,646	713,483	94,748	1,663,538	3,322,394
Net position at beginning of year	<u>6,601,756</u>	<u>3,374,110</u>	<u>5,495,673</u>	<u>5,400,925</u>	<u>12,097,429</u>	<u>8,775,035</u>
Net position at end of year	<u>\$ 7,551,811</u>	<u>\$ 6,601,756</u>	<u>\$ 6,209,156</u>	<u>\$ 5,495,673</u>	<u>\$ 13,760,967</u>	<u>\$ 12,097,429</u>

Governmental Activities

The information in Table 2 indicates that public safety expenses accounted for \$6,418,760, or 51.46% of the \$12,473,016 expensed for governmental activities for 2020. These expenses increased \$4,548,471 or 243.20% from 2019. This increase is the result of a significant decrease in the OP&F portion of the net OPEB liability in 2019. This decrease was due to OP&F's liability no longer based on health care claims but, were switched to a stipend-based health care model. Retirees are now provided with a stipend for the employee to purchase their own insurance resulting in the net OPEB liability decrease. Public safety expenditures for 2020 are much more in line with the 2018 amounts of \$6,990,924.

General government expenses accounted for \$2,059,368 or 16.51%, transportation expenses accounted for \$1,737,116 or 13.93% and community environment expenses accounts for \$1,373,669 or 11.01% for governmental activities.

General revenues of the governmental activities totaled \$9,128,561 and amounted to 67.80% of total governmental activities revenues. These revenues primarily consist of property and income tax of \$7,879,594. Grants and entitlements not restricted to specific programs, including the City's local government fund allocation, totaled \$406,415. Miscellaneous revenues of \$734,398 increased \$392,278 or 114.66% from 2019. This increase was due to the large increases in BWC dividends received by the City in response to the COVID-19 pandemic.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Program revenues to support governmental activities amounted to \$4,336,137 in 2020, which included \$1,567,529 in charges for services, \$1,644,066 in operating grants and contributions and \$1,124,542 in capital grants and contributions.

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

	Total Cost of Services <u>2020</u>	Net Cost of Services <u>2020</u>	Total Cost of Services <u>2019</u>	Net Cost of Services <u>2019</u>
<i>Program Expenses:</i>				
General government	\$ 2,059,368	\$ 1,481,910	\$ 2,195,268	\$ 1,508,948
Public safety	6,418,760	5,209,268	1,870,289	1,373,180
Transportation	1,737,116	(181,252)	1,926,913	606,077
Community environment	1,373,669	766,378	1,940,840	1,618,472
Leisure time activities	709,303	685,775	703,851	685,525
Interest and fiscal charges	<u>174,800</u>	<u>174,800</u>	<u>208,433</u>	<u>208,433</u>
Total Expenses	<u>\$ 12,473,016</u>	<u>\$ 8,136,879</u>	<u>\$ 8,845,594</u>	<u>\$ 6,000,635</u>

The dependence upon general revenues for governmental activities is apparent, with 65.24% of expenses supported through taxes and other general revenues in 2020 and 67.84% in 2019.

Business-Type Activities

Water system expenses were \$1,655,838 for the year, which were offset by the \$1,892,085 in charges for services generated by the water system through the operation of the City's water distribution system, \$61,043 in other operating revenues, \$201,882 in intergovernmental revenue and \$39,412 in investment earnings in 2020.

Sewer system expenses were \$1,569,959 for the year, which were primarily offset by \$1,477,628 in charges for services generated by the sewer system, \$53,252 in other operating revenues and \$22,098 investment earnings in 2020.

Refuse expenses were \$802,088 for the year, which were primarily offset by \$945,076 in charges for services generated by the refuse operations, \$32,356 in other operating revenues and \$20,309 investment earnings in 2020.

Pool expenses were \$45,701 for the year, which were offset by \$234 in charges for services generated by the pool operations and \$67 in other operating revenues in 2020.

The City experienced an increase in net position of \$713,483 in the area of business-type activities in 2020.

Financial Analysis of the City's Funds

As discussed previously, the City maintains a fund accounting system to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2020 for all major and nonmajor governmental funds.

	Fund Balances (Deficit) <u>12/31/20</u>	Fund Balances (Deficit) <u>12/31/19</u>	Increase (Decrease) <u></u>
Major fund:			
General	\$ 2,686,919	\$ 2,158,062	\$ 528,857
Street improvement	(1,176,763)	(1,071,304)	(105,459)
Half percent	(1,173,201)	(1,295,315)	122,114
Nonmajor governmental funds	<u>1,133,106</u>	<u>1,456,551</u>	<u>(323,445)</u>
Total	<u>\$ 1,470,061</u>	<u>\$ 1,247,994</u>	<u>\$ 222,067</u>

General Fund

The City's general fund balance increased \$528,857 during 2020. The table that follows assists in illustrating the revenues of the general fund.

<u>Revenues</u>	2020 <u>Amount</u>	2019 <u>Amount</u>	Percentage <u>Change</u>
Income taxes	\$ 5,287,315	\$ 5,652,432	(6.46) %
Real and other taxes	937,568	937,705	(0.01) %
Charges for services	827,304	836,685	(1.12) %
Licenses and permits	62,319	51,501	21.01 %
Fines and forfeitures	120,942	116,199	4.08 %
Intergovernmental	323,612	544,985	(40.62) %
Special assessments	54,134	60,615	(10.69) %
Investment income	35,526	25,875	37.30 %
Other	<u>734,398</u>	<u>325,541</u>	<u>125.59 %</u>
Total	<u>\$ 8,383,118</u>	<u>\$ 8,551,538</u>	<u>(1.97) %</u>

During 2020, the City's general fund revenues decreased \$168,420 or 1.97%. Intergovernmental revenue decreased \$221,373 or 40.62% primarily due to the City receiving a County grant of \$246,250 in 2019 that was not received in 2020. Other revenue increased \$408,857 or 125.59%. This increase was due to the large increases in BWC dividends received by the City in response to the COVID-19 pandemic during 2020. All other revenue line items remained consistent with the prior year.

The table that follows assists in illustrating the expenditures of the general fund.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Expenditures</u>	2020 Amount	2019 Amount	Percentage Change
General government	\$ 1,653,245	\$ 1,779,907	(7.12) %
Public safety	4,020,577	4,906,744	(18.06) %
Community environment	628,568	653,915	(3.88) %
Leisure time activity	607,814	591,771	2.71 %
Capital outlay	<u>523,095</u>	<u>-</u>	<u>100.00 %</u>
Total	<u>\$ 7,433,299</u>	<u>\$ 7,932,337</u>	<u>(6.29) %</u>

Total government expenditures decreased during 2020 by \$499,038 or 6.29% compared to 2019. This decrease in expenditures was primarily due to the decrease in public safety expenditures of \$886,167 or 18.06%. This decrease was due to the City receiving \$744,974 in CARES Act funding that was 100% used for public safety expenditures that would have been paid out of the general fund. Capital outlay increased \$523,095 or 100.00% in 2020 due to the City purchasing property in the current year that was expended out of the general fund. All other expenditures remained consistent with prior year.

Bond Retirement Carrollton Plaza Fund

The bond retirement Carrollton plaza fund had other financing sources of \$3,522,314 and expenditures and other financing uses of \$3,522,314 during 2020. There was no change in the fund balance for the bond retirement Carrollton plaza fund during 2020. The fund accounted for \$3,330,000 in long-term notes issued in 2020 and retired \$3,330,000 in notes that were issued in 2019.

Street Improvement Fund

The street improvement fund had revenues and other financing sources of \$1,761,046 and expenditures of \$1,866,505 during 2020. The net decrease in the fund balance for the street improvement fund was \$105,459. The fund reported short-term notes payable in the amount of \$1,750,000 at year-end.

Half Percent Fund

The half percent fund had revenues and other financing sources of \$1,634,627 and expenditures and other financing uses of \$1,512,513 during 2020. The net increase in the fund balance for the half percent fund was \$122,114. The fund reported short-term notes payable in the amount of \$1,775,000 at year-end.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail. Unrestricted net position for the City's water, sewer, refuse and pool funds at the end of the year amounted to \$3,772,225. Total assets were \$11,365,423, at year-end.

Budgeting Highlights

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Regarding revenues and other financing sources, the general fund's original and final budgeted revenues were \$10,788,634. Actual total revenues of \$8,360,057 were \$2,428,577 less than original and final budgeted revenues. The general fund's original and final budget estimates for expenditures and other financing uses were \$11,631,767 and \$12,256,767, respectively. Actual expenditures and other financing uses for 2020 of \$7,941,122 were less than the original and final budgeted amounts by \$3,690,645 and \$4,315,645, respectively.

Capital Assets and Debt Administration

Capital Assets

The City's total net capital assets, for both its governmental and business-type activities amounted to \$27,314,359 (net of accumulated depreciation) at year end 2020. Capital assets, which include land, buildings and improvements, machinery and equipment and infrastructure, increased by \$1,667,131 during 2020.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 9,698,490	\$ 9,062,489	\$ 53,500	\$ 53,500	\$ 9,751,990	\$ 9,115,989
Buildings and improvements	2,573,554	2,879,201	1,260,318	1,442,049	3,833,872	4,321,250
Machinery and equipment	2,033,173	2,014,410	1,025,239	1,142,011	3,058,412	3,156,421
Infrastructure	<u>7,975,514</u>	<u>6,529,421</u>	<u>2,694,571</u>	<u>2,524,147</u>	<u>10,670,085</u>	<u>9,053,568</u>
Totals	<u>\$ 22,280,731</u>	<u>\$ 20,485,521</u>	<u>\$ 5,033,628</u>	<u>\$ 5,161,707</u>	<u>\$ 27,314,359</u>	<u>\$ 25,647,228</u>

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

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2020 and December 31, 2019.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Community residential rehabilitation loan	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000	\$ -
OWDA loans	-	-	1,806,671	2,126,034	1,806,671	2,126,034
OPWC loans	1,161,248	540,187	790,026	630,913	1,951,274	1,171,100
Bond anticipation notes	<u>3,755,000</u>	<u>4,030,000</u>	<u>-</u>	<u>-</u>	<u>3,755,000</u>	<u>4,030,000</u>
Total long-term obligations	<u>\$ 4,966,248</u>	<u>\$ 4,570,187</u>	<u>\$ 2,596,697</u>	<u>\$ 2,756,947</u>	<u>\$ 7,562,945</u>	<u>\$ 7,327,134</u>

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

Requests for Information

The financial report is designed to provide our citizen's taxpayers, investors, and creditors with a general overview of the City's finances while showing accountability for the resources it receives. Questions concerning any of the information provided in this report or requests for additional financial information, contact the Finance Director, City of West Carrollton, 300 E. Central Ave., West Carrollton, Ohio 45449.

BASIC
FINANCIAL STATEMENTS

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents . . .	\$ 5,055,673	\$ 5,128,579	\$ 10,184,252
Cash in segregated accounts	5,323	-	5,323
Receivables:			
Income taxes	1,259,174	-	1,259,174
Real and other taxes	1,845,282	-	1,845,282
Accounts	30,000	1,051,567	1,081,567
Special assessments	712,912	107,347	820,259
Accrued interest	2,324	3,292	5,616
Intergovernmental	887,037	-	887,037
Loans	13,397	-	13,397
Materials and supplies inventory	-	35,185	35,185
Prepayments	4,523	1,200	5,723
Net pension asset	9,561	4,625	14,186
Capital assets:			
Nondepreciable capital assets	9,698,490	53,500	9,751,990
Depreciable capital assets, net	12,582,241	4,980,128	17,562,369
Total capital assets, net	22,280,731	5,033,628	27,314,359
Total assets	32,105,937	11,365,423	43,471,360
Deferred outflows of resources:			
Pension	1,654,613	283,886	1,938,499
OPEB	987,756	191,297	1,179,053
Total deferred outflows of resources	2,642,369	475,183	3,117,552
Liabilities:			
Accounts payable	369,278	17,744	387,022
Accrued wages and benefits payable	227,188	38,164	265,352
Accrued interest payable	75,852	-	75,852
Pension obligation payable	60,154	15,106	75,260
Deposits payable	152	-	152
Notes payable	3,800,000	-	3,800,000
Long-term liabilities:			
Due within one year	358,126	388,984	747,110
Due greater than one year:			
Net pension liability	10,180,404	1,424,692	11,605,096
Net OPEB liability	3,054,719	964,658	4,019,377
Other amounts due in more than one year	5,237,211	2,284,179	7,521,390
Total liabilities	23,363,084	5,133,527	28,496,611
Deferred inflows of resources:			
Property taxes levied for the next fiscal year . . .	1,721,974	-	1,721,974
Pension	1,392,596	337,514	1,730,110
OPEB	718,841	160,409	879,250
Total deferred inflows of resources	3,833,411	497,923	4,331,334
Net position:			
Net investment in capital assets	13,564,483	2,436,931	16,001,414
Restricted for:			
Capital projects	32,333	-	32,333
Transportation projects	374,189	-	374,189
Community environment programs	797,000	-	797,000
Public safety programs	303,275	-	303,275
Leisure time activity	18,665	-	18,665
Unrestricted (deficit)	(7,538,134)	3,772,225	(3,765,909)
Total net position	\$ 7,551,811	\$ 6,209,156	\$ 13,760,967

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,059,368	\$ 528,711	\$ -	\$ 48,747
Public safety	6,418,760	419,669	748,773	41,050
Transportation	1,737,116	100,000	795,376	1,022,992
Community environment	1,373,669	507,786	99,505	-
Leisure time activity	709,303	11,363	412	11,753
Interest and fiscal charges	174,800	-	-	-
Total governmental activities	<u>12,473,016</u>	<u>1,567,529</u>	<u>1,644,066</u>	<u>1,124,542</u>
Business-type activities:				
Water	1,655,838	1,892,085	-	201,882
Sewer	1,569,959	1,477,628	-	-
Refuse	802,088	945,076	-	-
Other business-type activities:				
Pool	45,701	234	-	-
Total business-type activities	<u>4,073,586</u>	<u>4,315,023</u>	<u>-</u>	<u>201,882</u>
Total primary government	<u>\$ 16,546,602</u>	<u>\$ 5,882,552</u>	<u>\$ 1,644,066</u>	<u>\$ 1,326,424</u>

General revenues:

Property taxes levied for:

General purposes

Special revenue

Income taxes levied for:

General purposes

Capital outlay

Payments in lieu of taxes

Grants and entitlements not restricted

to specific programs

Investment earnings

Miscellaneous

Total general revenues

Transfers

Total general revenues and transfers.

Change in net position

Net position at beginning of year.

Net position at end of year.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Governmental Activities	Business-type Activities	Total
\$ (1,481,910)	\$ -	\$ (1,481,910)
(5,209,268)	-	(5,209,268)
181,252	-	181,252
(766,378)	-	(766,378)
(685,775)	-	(685,775)
(174,800)	-	(174,800)
<u>(8,136,879)</u>	<u>-</u>	<u>(8,136,879)</u>
-	438,129	438,129
-	(92,331)	(92,331)
-	142,988	142,988
-	<u>(45,467)</u>	<u>(45,467)</u>
-	<u>443,319</u>	<u>443,319</u>
<u>(8,136,879)</u>	<u>443,319</u>	<u>(7,693,560)</u>
960,882	-	960,882
119,523	-	119,523
5,303,368	-	5,303,368
1,495,821	-	1,495,821
69,394	-	69,394
406,415	-	406,415
38,760	81,819	120,579
<u>734,398</u>	<u>146,718</u>	<u>881,116</u>
<u>9,128,561</u>	<u>228,537</u>	<u>9,357,098</u>
<u>(41,627)</u>	<u>41,627</u>	<u>-</u>
<u>9,086,934</u>	<u>270,164</u>	<u>9,357,098</u>
950,055	713,483	1,663,538
<u>6,601,756</u>	<u>5,495,673</u>	<u>12,097,429</u>
<u>\$ 7,551,811</u>	<u>\$ 6,209,156</u>	<u>\$ 13,760,967</u>

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	<u>General</u>	<u>Street Improvement</u>	<u>Half Percent</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and cash equivalents . . .	\$ 2,411,483	\$ 582,516	\$ 475,690	\$ 1,585,984	\$ 5,055,673
Cash in segregated accounts	4,773	-	-	550	5,323
Receivables:					
Income taxes	982,156	-	277,018	-	1,259,174
Real and other taxes	1,111,682	-	-	733,600	1,845,282
Accounts	30,000	-	-	-	30,000
Special assessments	255,108	-	-	457,804	712,912
Accrued interest	1,448	-	214	662	2,324
Intergovernmental	156,100	361,387	-	369,550	887,037
Loans	-	-	-	13,397	13,397
Prepayments	950	-	-	3,573	4,523
Total assets	<u>\$ 4,953,700</u>	<u>\$ 943,903</u>	<u>\$ 728,569</u>	<u>\$ 3,189,473</u>	<u>\$ 9,815,645</u>
Liabilities:					
Accounts payable	\$ 41,547	\$ 38,708	\$ -	\$ 289,023	\$ 369,278
Accrued wages and benefits payable	211,705	-	-	15,483	227,188
Compensated absences payable	48,288	-	-	4,347	52,635
Accrued interest payable	-	10,908	11,063	3,677	25,648
Pension obligation payable	54,544	-	-	5,610	60,154
Deposits payable	152	-	-	-	152
Notes payable	-	1,750,000	1,775,000	275,000	3,800,000
Total liabilities	<u>356,236</u>	<u>1,799,616</u>	<u>1,786,063</u>	<u>593,140</u>	<u>4,535,055</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year . . .	1,040,368	-	-	681,606	1,721,974
Delinquent property tax revenue not available . . .	71,314	-	-	51,994	123,308
Special assessments revenue not available	255,108	-	-	457,804	712,912
Intergovernmental revenue not available	133,522	321,050	-	271,823	726,395
Income tax revenue not available	410,233	-	115,707	-	525,940
Total deferred inflows of resources	<u>1,910,545</u>	<u>321,050</u>	<u>115,707</u>	<u>1,463,227</u>	<u>3,810,529</u>
Fund balances:					
Nonspendable	950	-	-	3,573	4,523
Restricted	-	-	-	1,577,505	1,577,505
Assigned	718,397	-	-	-	718,397
Unassigned (deficit)	<u>1,967,572</u>	<u>(1,176,763)</u>	<u>(1,148,848)</u>	<u>(472,325)</u>	<u>(830,364)</u>
Total fund balances (deficit)	<u>2,686,919</u>	<u>(1,176,763)</u>	<u>(1,148,848)</u>	<u>1,108,753</u>	<u>1,470,061</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,953,700</u>	<u>\$ 943,903</u>	<u>\$ 752,922</u>	<u>\$ 3,165,120</u>	<u>\$ 9,815,645</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2020

Total governmental fund balances		\$ 1,470,061
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		22,280,731
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Income taxes receivable	\$ 525,940	
Real and other taxes receivable	123,308	
Intergovernmental receivable	726,395	
Special assessments receivable	712,912	
Total	2,088,555	2,088,555
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(50,204)
The net pension asset is not available to pay for current period expenditures and the net pension liability does not require the use of current period net resources; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.		
Net pension asset	9,561	
Deferred outflows of resources	1,654,613	
Deferred inflows of resources	(1,392,596)	
Net pension liability	(10,180,404)	
Total	(9,908,826)	(9,908,826)
The net OPEB liability does not require the use of current period net resources; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows of resources	987,756	
Deferred inflows of resources	(718,841)	
Net OPEB liability	(3,054,719)	
Total	(2,785,804)	(2,785,804)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(576,454)	
Loans payable	(1,211,248)	
Notes payable	(3,755,000)	
Total	(5,542,702)	(5,542,702)
Net position of governmental activities		\$ 7,551,811

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	General	Bond Retirement Carrollton Plaza	Street Improvement	Half Percent	Other Governmental Funds	Total Governmental Funds
Revenues:						
Income taxes	\$ 5,287,315	\$ -	\$ -	\$ 1,491,293	\$ -	\$ 6,778,608
Real and other taxes	937,568	-	-	-	130,947	1,068,515
Charges for services	827,304	-	-	-	105,680	932,984
Licenses and permits	62,319	-	-	-	-	62,319
Fines and forfeitures	120,942	-	-	-	11,497	132,439
Intergovernmental	323,612	-	1,096,403	-	1,438,436	2,858,451
Special assessments	54,134	-	-	-	240,159	294,293
Investment income	35,526	-	-	3,234	17,011	55,771
Contributions and donations	-	-	-	-	300	300
Payment in lieu of taxes	-	-	-	-	69,394	69,394
Other	734,398	-	-	100	182,520	917,018
Total revenues	<u>8,383,118</u>	<u>-</u>	<u>1,096,403</u>	<u>1,494,627</u>	<u>2,195,944</u>	<u>13,170,092</u>
Expenditures:						
Current:						
General government	1,653,245	-	-	-	-	1,653,245
Public safety	4,020,577	-	-	-	1,175,556	5,196,133
Transportation	-	-	-	-	737,619	737,619
Community environment	628,568	-	-	-	866,547	1,495,115
Leisure time activity	607,814	-	-	-	6,837	614,651
Capital outlay	523,095	-	1,818,536	-	1,087,745	3,429,376
Debt service:						
Principal retirement	-	3,330,000	43,582	-	700,000	4,073,582
Interest and fiscal charges	-	93,365	4,387	23,224	5,245	126,221
Note issuance costs	-	33,949	-	-	42,461	76,410
Total expenditures	<u>7,433,299</u>	<u>3,457,314</u>	<u>1,866,505</u>	<u>23,224</u>	<u>4,622,010</u>	<u>17,402,352</u>
Excess (deficiency) of revenues over (under) expenditures	949,819	(3,457,314)	(770,102)	1,471,403	(2,426,066)	(4,232,260)
Other financing sources (uses):						
Loan issuance	-	-	-	-	50,000	50,000
Note issuance	-	3,330,000	-	-	425,000	3,755,000
Transfers in	-	188,365	-	140,000	1,678,268	2,006,633
Transfers (out)	(420,962)	(65,000)	-	(1,464,936)	(75,000)	(2,025,898)
Premium on note issuance	-	3,949	-	-	-	3,949
OPWC loan issuance	-	-	664,643	-	-	664,643
Total other financing sources (uses)	<u>(420,962)</u>	<u>3,457,314</u>	<u>664,643</u>	<u>(1,324,936)</u>	<u>2,078,268</u>	<u>4,454,327</u>
Net change in fund balances	528,857	-	(105,459)	146,467	(347,798)	222,067
Fund balances (deficit) at beginning of year.	<u>2,158,062</u>	<u>-</u>	<u>(1,071,304)</u>	<u>(1,295,315)</u>	<u>1,456,551</u>	<u>1,247,994</u>
Fund balances (deficit) at end of year	<u>\$ 2,686,919</u>	<u>\$ -</u>	<u>\$ (1,176,763)</u>	<u>\$ (1,148,848)</u>	<u>\$ 1,108,753</u>	<u>\$ 1,470,061</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 BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Net change in fund balances - total governmental funds		\$ 222,067
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Capital outlays	\$ 3,817,240	
Depreciation expense	<u>(2,022,030)</u>	
Total		1,795,210
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	20,581	
Real and other taxes	71,608	
Intergovernmental revenues	56,923	
Special assessments	<u>145,494</u>	
Total		294,606
Note and loan issuances are reported as other financing sources in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.		
		(4,469,643)
Repayment of bond, loan and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		4,073,582
In the statement of activities, interest is accrued on outstanding loans and notes whereas in governmental funds, an interest expenditure is reported when due.		
		23,882
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		866,948
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability/asset are reported as pension expense in the statement of activities.		
		(1,502,344)
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		16,677
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability are reported as OPEB expense in the statement of activities.		
		(349,978)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>(20,952)</u>
Change in net position of governmental activities		<u><u>\$ 950,055</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Income taxes	\$ 8,079,284	\$ 8,079,284	\$ 5,281,133	\$ (2,798,151)
Real and other taxes.	976,000	976,000	937,568	(38,432)
Charges for services.	827,000	827,000	817,941	(9,059)
Licenses and permits	49,200	49,200	62,319	13,119
Fines and forfeitures	124,700	124,700	121,975	(2,725)
Intergovernmental.	307,700	307,700	328,050	20,350
Special assessments	70,000	70,000	54,134	(15,866)
Investment income.	21,000	21,000	22,534	1,534
Other	333,750	333,750	734,403	400,653
Total revenues	10,788,634	10,788,634	8,360,057	(2,428,577)
Expenditures:				
Current:				
Council - Personal Services	28,000	28,000	22,427	5,573
Council - Other	12,000	12,000	3,305	8,695
Mayor - Personal Services.	160,000	160,000	128,325	31,675
Mayor - Other.	22,638	22,638	9,130	13,508
Law - Personal Services.	80,000	80,000	61,275	18,725
Law - Other.	130,000	130,000	55,628	74,372
City Manager - Personal Services	355,000	370,000	342,191	27,809
City Manager - Other.	35,781	35,781	7,194	28,587
Finance - Personal Services	265,000	275,000	226,140	48,860
Finance - Other.	25,800	25,800	7,304	18,496
Income Tax - Personal Services	275,000	275,000	240,461	34,539
Income Tax - Other	35,922	35,922	20,328	15,594
Police - Personal Services	3,301,245	3,301,245	2,550,607	750,638
Police - Other	1,016,853	1,016,853	509,201	507,652
Fire - Personal Services	1,900,000	1,900,000	857,970	1,042,030
Fire - Other	450,261	450,261	161,078	289,183
Building Inspection - Personal Services	225,000	225,000	165,142	59,858
Building Inspection - Other	208,172	208,172	98,962	109,210
Economic Development - Personal Services.	166,043	166,043	160,999	5,044
Economic Development - Other	40,534	40,534	3,604	36,930
Parks and Recreation - Personal Services.	560,000	560,000	480,225	79,775
Parks and Recreation - Other.	191,418	191,418	102,587	88,831
Planning - Personal Services	245,000	245,000	183,874	61,126
Planning - Other	40,079	40,079	10,944	29,135
Building Maintenance - Personal Services.	125,000	125,000	95,524	29,476
Building Maintenance - Other.	328,813	328,813	189,918	138,895
Other Services - Other	658,208	1,108,208	813,726	294,482
Total expenditures	10,881,767	11,356,767	7,508,069	3,848,698
Excess (deficiency) of revenues over (under) expenditures.	(93,133)	(568,133)	851,988	1,420,121
Other financing (uses):				
Transfers (out).	(750,000)	(900,000)	(433,053)	466,947
Total other financing (uses).	(750,000)	(900,000)	(433,053)	466,947
Net change in fund balances	(843,133)	(1,468,133)	418,935	1,887,068
Unencumbered fund balances at beginning of year.	1,865,124	1,865,124	1,865,124	-
Prior year encumbrances appropriated	46,767	46,767	46,767	-
Unencumbered fund balance at end of year.	\$ 1,068,758	\$ 443,758	\$ 2,330,826	\$ 1,887,068

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Refuse	Nonmajor Enterprise Fund	Total
Assets:					
Current assets:					
Equity in pooled cash and cash equivalents . . .	\$ 2,455,037	\$ 1,366,166	\$ 1,297,720	\$ 9,656	\$ 5,128,579
Receivables:					
Accounts	507,980	343,840	199,747	-	1,051,567
Special assessments	-	-	107,347	-	107,347
Accrued interest	1,564	863	863	2	3,292
Materials and supplies inventory	23,910	11,275	-	-	35,185
Prepayments	400	400	400	-	1,200
Total current assets	<u>2,988,891</u>	<u>1,722,544</u>	<u>1,606,077</u>	<u>9,658</u>	<u>6,327,170</u>
Noncurrent assets:					
Net pension asset	1,346	2,200	569	510	4,625
Capital assets:					
Nondepreciable capital assets	29,500	24,000	-	-	53,500
Depreciable capital assets, net	3,663,740	1,112,218	158,458	45,712	4,980,128
Total capital assets, net	<u>3,693,240</u>	<u>1,136,218</u>	<u>158,458</u>	<u>45,712</u>	<u>5,033,628</u>
Total noncurrent assets	<u>3,694,586</u>	<u>1,138,418</u>	<u>159,027</u>	<u>46,222</u>	<u>5,038,253</u>
Total assets	<u>6,683,477</u>	<u>2,860,962</u>	<u>1,765,104</u>	<u>55,880</u>	<u>11,365,423</u>
Deferred outflows of resources:					
Pension	77,733	142,426	28,530	35,197	283,886
OPEB	52,794	94,819	19,565	24,119	191,297
Total deferred outflows of resources	<u>130,527</u>	<u>237,245</u>	<u>48,095</u>	<u>59,316</u>	<u>475,183</u>
Liabilities:					
Current liabilities:					
Accounts payable	1,691	1,682	14,371	-	17,744
Accrued wages and benefits payable	16,850	15,539	5,775	-	38,164
Compensated absences payable	8,147	2,207	251	-	10,605
OWDA loans payable	330,563	-	-	-	330,563
OPWC loans payable	27,778	20,038	-	-	47,816
Pension obligation payable	5,623	7,656	1,827	-	15,106
Total current liabilities	<u>390,652</u>	<u>47,122</u>	<u>22,224</u>	<u>-</u>	<u>459,998</u>
Long-term liabilities:					
Compensated absences payable	28,086	30,500	7,275	-	65,861
OWDA loans payable	1,476,108	-	-	-	1,476,108
OPWC loans payable	500,778	241,432	-	-	742,210
Net pension liability	414,653	677,617	175,357	157,065	1,424,692
Net OPEB liability	280,761	458,814	118,734	106,349	964,658
Total long-term liabilities	<u>2,700,386</u>	<u>1,408,363</u>	<u>301,366</u>	<u>263,414</u>	<u>4,673,529</u>
Total liabilities	<u>3,091,038</u>	<u>1,455,485</u>	<u>323,590</u>	<u>263,414</u>	<u>5,133,527</u>
Deferred inflows of resources:					
Pension	111,101	144,534	48,232	33,647	337,514
OPEB	55,777	66,162	22,744	15,726	160,409
Total deferred inflows of resources	<u>166,878</u>	<u>210,696</u>	<u>70,976</u>	<u>49,373</u>	<u>497,923</u>
Net position:					
Net investment in capital assets	1,358,013	874,748	158,458	45,712	2,436,931
Unrestricted (deficit)	2,198,075	557,278	1,260,175	(243,303)	3,772,225
Total net position (deficit)	<u>\$ 3,556,088</u>	<u>\$ 1,432,026</u>	<u>\$ 1,418,633</u>	<u>\$ (197,591)</u>	<u>\$ 6,209,156</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Business-type Activities - Enterprise Funds				Total
	Water	Sewer	Refuse	Nonmajor Enterprise Fund	
Operating revenues:					
Charges for services	\$ 1,892,085	\$ 1,477,628	\$ 896,729	\$ 234	\$ 4,266,676
Other operating revenues	61,043	53,252	32,356	67	146,718
Total operating revenues.	<u>1,953,128</u>	<u>1,530,880</u>	<u>929,085</u>	<u>301</u>	<u>4,413,394</u>
Operating expenses:					
Personal services	666,952	1,028,453	378,618	24,732	2,098,755
Contract services.	103,720	161,088	324,639	803	590,250
Materials and supplies.	259,838	136,112	34,752	6,233	436,935
Utilities	152,953	88,778	-	5,226	246,957
Depreciation.	407,946	155,528	64,079	8,707	636,260
Total operating expenses.	<u>1,591,409</u>	<u>1,569,959</u>	<u>802,088</u>	<u>45,701</u>	<u>4,009,157</u>
Operating income (loss)	<u>361,719</u>	<u>(39,079)</u>	<u>126,997</u>	<u>(45,400)</u>	<u>404,237</u>
Nonoperating revenues (expenses):					
Interest and fiscal charges	(64,429)	-	-	-	(64,429)
Interest income.	39,412	22,098	20,309	-	81,819
Intergovernmental	201,882	-	-	-	201,882
Special assessment	-	-	48,347	-	48,347
Total nonoperating revenues (expenses).	<u>176,865</u>	<u>22,098</u>	<u>68,656</u>	<u>-</u>	<u>267,619</u>
Income (loss) before transfers and capital contributions	538,584	(16,981)	195,653	(45,400)	671,856
Transfer in	-	-	-	19,265	19,265
Capital contributions.	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,362</u>	<u>22,362</u>
Change in net position	538,584	(16,981)	195,653	(3,773)	713,483
Net position (deficit) at beginning of year	<u>3,017,504</u>	<u>1,449,007</u>	<u>1,222,980</u>	<u>(193,818)</u>	<u>5,495,673</u>
Net position (deficit) at end of year	<u>\$ 3,556,088</u>	<u>\$ 1,432,026</u>	<u>\$ 1,418,633</u>	<u>\$ (197,591)</u>	<u>\$ 6,209,156</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Business-type Activities - Enterprise Funds				Total
	Water	Sewer	Refuse	Nonmajor Enterprise Fund	
Cash flows from operating activities:					
Cash received from sales/charges for services	\$ 1,860,105	\$ 1,486,901	\$ 884,404	\$ 234	\$ 4,231,644
Cash received from other operations	61,043	53,252	32,356	67	146,718
Cash payments for personal services	(633,600)	(906,284)	(375,909)	(130)	(1,915,923)
Cash payments for contractual services	(103,825)	(171,466)	(323,623)	(803)	(599,717)
Cash payments for materials and supplies	(262,200)	(134,546)	(36,964)	(7,448)	(441,158)
Cash payments for utilities	(152,953)	(88,778)	-	(5,226)	(246,957)
Net cash provided by (used in) operating activities	<u>768,570</u>	<u>239,079</u>	<u>180,264</u>	<u>(13,306)</u>	<u>1,174,607</u>
Cash flows from noncapital financing activities:					
Cash received from transfers in	-	-	-	19,265	19,265
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,265</u>	<u>19,265</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(405,557)	(78,469)	(1,793)	-	(485,819)
Principal retirement on OWDA loans	(319,363)	-	-	-	(319,363)
Principal retirement on OPWC loans	(22,731)	(20,038)	-	-	(42,769)
Interest and fiscal charges	(64,429)	-	-	-	(64,429)
Intergovernmental	201,882	-	-	-	201,882
OPWC loan issuance	201,882	-	-	-	201,882
Net cash used in capital and related financing activities	<u>(408,316)</u>	<u>(98,507)</u>	<u>(1,793)</u>	<u>-</u>	<u>(508,616)</u>
Cash flows from investing activities:					
Interest received	40,832	22,921	21,081	3	84,837
Net cash provided by investing activities	<u>40,832</u>	<u>22,921</u>	<u>21,081</u>	<u>3</u>	<u>84,837</u>
Net increase in cash and cash equivalents	401,086	163,493	199,552	5,962	770,093
Cash and cash equivalents at beginning of year	<u>2,053,951</u>	<u>1,202,673</u>	<u>1,098,168</u>	<u>3,694</u>	<u>4,358,486</u>
Cash and cash equivalents at end of year	<u>\$ 2,455,037</u>	<u>\$ 1,366,166</u>	<u>\$ 1,297,720</u>	<u>\$ 9,656</u>	<u>\$ 5,128,579</u>

--Continued

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Refuse	Nonmajor Enterprise Fund	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 361,719	\$ (39,079)	\$ 126,997	\$ (45,400)	\$ 404,237
Adjustments:					
Depreciation	407,946	155,528	64,079	8,707	636,260
Changes in assets, deferred outflows, liabilities, and deferred inflows:					
Decrease (increase) in materials and supplies inventory	(660)	1,805	-	-	1,145
Decrease (increase) in accounts receivable.	(31,980)	9,273	(12,325)	-	(35,032)
(Increase) in prepayments	(50)	(50)	(50)	-	(150)
(Increase) in net pension asset	(671)	(1,137)	(242)	(241)	(2,291)
Decrease in deferred outflows of resources - pension.	85,982	115,579	53,530	53,139	308,230
(Increase) in deferred outflows of resources - OPEB.	(32,742)	(63,226)	(8,643)	(2,407)	(107,018)
(Decrease) in accounts payable.	(1,941)	(10,742)	(1,447)	(1,215)	(15,345)
Increase (decrease) in accrued wages and benefits	4,042	3,977	(10)	-	8,009
Increase (decrease) in compensated absences payable	11,025	(2,113)	(11,177)	-	(2,265)
Increase (decrease) in pension obligation payable.	1,206	896	(584)	-	1,518
(Decrease) in net pension liability.	(132,401)	(184,286)	(90,104)	(60,803)	(467,594)
Increase (decrease) in net OPEB liability	29,600	63,101	(3,143)	6,322	95,880
Increase in deferred inflows of resources - pension	47,340	127,644	42,294	20,104	237,382
Increase in deferred inflows of resources - OPEB.	20,155	61,909	21,089	8,488	111,641
Net cash provided by (used in) operating activities	<u>\$ 768,570</u>	<u>\$ 239,079</u>	<u>\$ 180,264</u>	<u>\$ (13,306)</u>	<u>\$ 1,174,607</u>

Non-Cash Transactions:

During 2020, the nonmajor enterprise fund received capital contributions from governmental activities in the amount of \$22,362.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2020

	Custodial
Assets:	
Cash in segregated accounts	\$ 2,759
Total assets	2,759
Liabilities:	
Intergovernmental payable.	2,759
Total liabilities	2,759
Net position:	
Restricted for individuals, organizations and other governments.	-
Total net position.	\$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Custodial
Additions:	
From local sources:	
Fines and forfeitures for other governments.	\$ 25,236
Total additions	25,236
 Deductions:	
Fines and forfeitures distributions to other governments	25,236
Total deductions.	25,236
 Net change in fiduciary net position.	 -
 Net position at beginning of year	 -
 Net position at end of year.	 \$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 1 - DESCRIPTION OF THE CITY

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City’s reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34”. A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City.

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

JOINTLY GOVERNED ORGANIZATION

The Miami Valley Risk Management Association (MVRMA) is a jointly governed organization established as a joint self-insurance pool for the purpose of enabling the subscribing political subdivisions to obtain liability insurance and providing a formalized, jointly administered self-insurance fund for its members. Also, the Miami Valley Fire/EMS Alliance is a jointly governed organization among thirty townships, cities, and other public entities that was formed on April 1, 1995. See Notes 13 and 16.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

B. Basis of Presentation - Fund Accounting

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

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

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

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

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

C. Fund Accounting

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

General Fund - This fund is the general operating fund of the City covering services such as police, fire, emergency medical services, parks and recreation, and economic development. It is used to account for and report all financial resources except those required to be accounted for in another fund. The fund balance is available to the City for any purpose provided it is expended or transferred according to the City Charter and/or the general laws of the State of Ohio.

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

Street Improvement Fund - This capital project fund is generally restricted for street improvement activity. It is supported by the Half Percent Fund.

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

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

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

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

Water Fund - The water fund accounts for the water treatment and distribution to the City's residential and commercial users.

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

Refuse Fund - The refuse fund reports the City's waste collection operation.

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

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City's custodial fund accounts for Mayor's Court fines and forfeitures collected and distributed to other governments. The City does not have pension trust funds, private-purpose trust fund or investment trust funds.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

D. Measurement Focus

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

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

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

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

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

E. Basis of Accounting

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

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, includes but is not limited to, income taxes, property taxes, grants and entitlements, and donations. On the accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 9). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants and entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2020, but which were levied to finance 2021 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

F. Budgetary Process

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

Budget

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

Estimated Resources

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

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

Prior to December 31, the City must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. The amounts reported on the budgetary statement reflect both the amounts on the certificate of estimated resources when the original appropriations were adopted and the final budgeted amounts on the amended certificate of estimated resources at the time the final appropriations were adopted and certified by the County Budget Commission.

Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year, as new information becomes available. Appropriations may not exceed estimated resources. Unencumbered appropriations lapse at the end of the fiscal year. The amounts reported on the budgetary statement reflect both the first appropriation resolution that covers the entire year, which includes amounts automatically carried forward from prior years, and the final appropriations approved by City Council. As a matter of budgetary control, the appropriations ordinance generally controls expenditures at the department, personal services, and other level for all funds.

Encumbrances

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

G. Cash and Investments

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

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

During 2020, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), negotiable certificates of deposit (CDs), U.S. treasury notes, federal agency securities (FHLB and FHLMC) and U.S. government money markets. Investments are reported at fair value, except for nonnegotiable certificates of deposit, which are reported at cost. Fair value is based on quoted market prices.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Investment income credited to the general fund during 2020 amounted to \$35,526, which includes \$5,504 assigned from other City funds.

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

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

H. Materials and Supplies Inventory

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

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

Inventory consists of expendable supplies held for consumption.

I. Capital Assets

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

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

All reported capital assets are depreciated except for land. Depreciation of capital assets is computed and recorded by the straight-line method over the estimated useful lives of the capital assets.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	7 - 30 years
Machinery and equipment	3 - 15 years
Infrastructure	7 - 40 years

J. Compensated Absences

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

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences", vacation leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means.

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

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements.

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

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2020, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which the services are consumed. Prepaid items are equally offset by nonspendable fund balance in the governmental funds, which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

L. Accrued Liabilities and Long-Term Obligations

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims payable and compensated absences that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Notes and loan obligations are recognized as liabilities on the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

M. Interfund Activity

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

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

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

N. Capital Contributions

Capital contributions in the business-type activities arise from contributions from governmental activities, from outside contributions of capital assets, from grants, or from outside contributions of resources restricted to capital acquisition and construction. During 2020, the water fund received \$201,882 in capital contributions from outside sources. The pool fund, a nonmajor enterprise fund, received \$22,362 in capital contributions from governmental activities. Amount received from governmental activities are reported as transfers on the statement of activities.

O. Fund Balance

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

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

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

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

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

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

P. Estimates

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. The City reported neither type of transaction during 2020.

R. Operating Revenues and Expenses

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

S. Net Position

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

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

T. Pensions/Other Postemployment Benefits (OPEB)

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

U. Fair Value Measurements

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2020, the City has applied GASB Statement No. 95, “*Postponement of the Effective Dates of Certain Authoritative Guidance*” to GASB Statement Nos. 87 and 89, which were originally due to be implemented in 2020. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following pronouncement is postponed by one year and the City has elected delaying implementation until the fiscal year ended December 31, 2021:

- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

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

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

B. Deficit Fund Balances

Fund balances at December 31, 2020 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Economic development	\$ 138,200
Vehicle replacement	55,448
Capital improvement notes	278,677
Pool	197,591
<u>Major funds</u>	
Street improvement	1,176,763
Half percent	1,148,848

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

C. Compliance

The City did not properly certify 41% of the disbursement transactions tested during 2020 which is noncompliant with Ohio Revised Code Section 5705.41(D).

The City transferred funds from the half percent fund to the police pension fund (a nonmajor governmental fund), which is noncompliant with Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio; and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances and commercial paper note for a period not to exceed one hundred eighty days and two hundred seventy days, respectively, from the purchase date in an amount not to exceed 40 percent of the interim monies available for investment at any one time.

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

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

A. Cash in Segregated Accounts

At December 31, 2020, the City had \$8,082 deposited with a financial institution for monies related to the Mayor's Court. This account was covered by the FDIC or pooled collateral held by the depository institution. These amounts are not included in the City's depository balance below.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Deposits with Financial Institutions

At December 31, 2020, the carrying amount of all City deposits was \$6,303,882 and the bank balance of all City deposits was \$6,330,972. Of the bank balance, \$3,288,116 was covered by the FDIC and \$3,042,856 was covered by the Ohio Pooled Collateral System.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2020, the City's financial institutions were collateralized at a rate through the OPCS of 105 percent. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

C. Investments

As of December 31, 2020, the City had the following investments and maturities:

Measurement/ Investment type	Measurement Amount	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Fair Value:</i>						
Negotiable CDs	\$ 3,204,161	\$ 110,768	\$ 273,878	\$ 405,802	\$ -	\$ 2,413,713
FHLB	75,808	-	-	25,722	-	50,086
FHLMC	100,019	-	-	-	-	100,019
U.S. Treasury notes	77,031	25,192	-	-	25,855	25,984
U.S. Government money market	19,483	19,483	-	-	-	-
<i>Amortized cost:</i>						
STAR Ohio	403,868	403,868	-	-	-	-
Total	<u>\$ 3,880,370</u>	<u>\$ 559,311</u>	<u>\$ 273,878</u>	<u>\$ 431,524</u>	<u>\$ 25,855</u>	<u>\$ 2,589,802</u>

The weighted average maturity of investments is 2.63 years.

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

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

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

The following table includes the percentage of each investment type held by the City at December 31, 2020:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% to Total</u>
<i>Fair Value:</i>		
Negotiable CDs	\$ 3,204,161	82.57
FHLB	75,808	1.95
FHLMC	100,019	2.58
U.S. Treasury notes	77,031	1.99
U.S. Government money market	19,483	0.50
<i>Amortized Cost:</i>		
STAR Ohio	<u>403,868</u>	<u>10.41</u>
Total	<u>\$ 3,880,370</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2020:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 6,303,882
Investments	3,880,370
Cash in segregated accounts	<u>8,082</u>
Total	<u>\$ 10,192,334</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 5,060,996
Business-type activities	5,128,579
Custodial funds	<u>2,759</u>
Total	<u>\$ 10,192,334</u>

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended December 31, 2020, consisted of the following, as reported on the fund financial statements:

<u>Transfers from general fund to:</u>	
Nonmajor enterprise fund	\$ 19,265
Nonmajor governmental funds	<u>401,697</u>
	<u>420,962</u>
 <u>Transfers from half percent fund to:</u>	
Bond retirement carrollton plaza fund	188,365
Nonmajor governmental funds	<u>1,276,571</u>
	<u>1,464,936</u>
 <u>Transfer from bond retirement carrollton plaza fund to:</u>	
Half percent fund	65,000
 <u>Transfer from nonmajor governmental fund to:</u>	
Half percent fund	<u>75,000</u>
 Total	 <u><u>\$2,025,898</u></u>

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

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

The purpose of the transfer from the bond retirement carrollton plaza fund of \$65,000 and the capital improvement notes (a nonmajor governmental fund) of \$75,000 to the half percent fund was to pay off short-term notes payable (See Note 11 for detail).

NOTE 6 - RECEIVABLES

Receivables at December 31, 2020 consisted of income taxes, real and other taxes, accounts (billings for user charged services), special assessments, accrued interest, loans and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables, with the exception of loans (See Note 8 for detail), are expected to be collected within the subsequent year.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 6 - RECEIVABLES - (Continued)

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

Governmental activities:

Income taxes	\$ 1,259,174
Real and other taxes	1,845,282
Accounts	30,000
Special assessments	712,912
Accrued interest	2,324
Intergovernmental	887,037
Loans	13,397

Business-type activities:

Accounts	1,051,567
Special assessments	107,347
Accrued interest	3,292

NOTE 7 - PROPERTY TAXES

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2020 public utility property taxes became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously. Property market values are required to be statistically updated every three years and revalued every six years. A revaluation was completed in 2018.

The Montgomery County Treasurer collects property tax on behalf of all taxing districts within the county. The Montgomery County Auditor periodically remits to the taxing districts their portions of the taxes collected. Property taxes may be paid on either an annual or semi-annual basis. Property taxes receivable represents real property taxes, public utility taxes, tangible personal property taxes and outstanding delinquencies which are measurable as of December 31, 2020 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by unearned revenue since the current taxes were not levied to finance 2020 operations and the collection of delinquent taxes has been offset by a deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is reported as a deferred inflow of resources.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 7 - PROPERTY TAXES - (Continued)

The full tax rate for all City operations for the year ended December 31, 2020 was \$6.25 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2020 property tax receipts were based are as follows:

<u>Real Property</u>	
Residential/Agricultural	\$ 139,198,420
Commercial/Industrial/Mineral	65,477,120
<u>Public Utility</u>	
Real	25,730
Personal	<u>7,569,910</u>
Total Assessed Value	<u>\$ 212,271,180</u>

NOTE 8 - LOANS RECEIVABLE

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

NOTE 9 - INCOME TAX

The City levies and collects an income tax of 2.25 percent to gross salaries, wages and other personal service compensation earned by residents both in and out of the City and to earnings of nonresidents (except certain transients) earned in the City. It also applies to net income of business organizations conducted within the City. In 2020 on a cash basis, tax receipts net of refunds amounted to \$6,770,683 of which \$5,281,133 was recorded in the general fund and \$1,489,550 was recorded in the half percent fund for use in various capital improvements.

THIS SPACE INTENTIONALLY LEFT BLANK

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - CAPITAL ASSETS

- A. The capital asset activity of governmental activities for the year ended December 31, 2020, was as follows:

<u>Governmental activities:</u>	<u>Balance</u> <u>January 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2020</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 9,062,489	\$ 636,001	\$ -	\$ 9,698,490
Total capital assets, not being depreciated	<u>9,062,489</u>	<u>636,001</u>	<u>-</u>	<u>9,698,490</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	14,565,564	221,723	-	14,787,287
Machinery and equipment	8,324,314	489,713	(481,101)	8,332,926
Infrastructure	<u>21,748,033</u>	<u>2,469,803</u>	<u>(573,783)</u>	<u>23,644,053</u>
Total capital assets, being depreciated	<u>44,637,911</u>	<u>3,181,239</u>	<u>(1,054,884)</u>	<u>46,764,266</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(11,686,363)	(527,370)	-	(12,213,733)
Machinery and equipment	(6,309,904)	(470,950)	481,101	(6,299,753)
Infrastructure	<u>(15,218,612)</u>	<u>(1,023,710)</u>	<u>573,783</u>	<u>(15,668,539)</u>
Total accumulated depreciation	<u>(33,214,879)</u>	<u>(2,022,030)</u>	<u>1,054,884</u>	<u>(34,182,025)</u>
Total capital assets, being depreciated, net	<u>11,423,032</u>	<u>1,159,209</u>	<u>-</u>	<u>12,582,241</u>
Governmental activities capital assets, net	<u>\$ 20,485,521</u>	<u>\$ 1,795,210</u>	<u>\$ -</u>	<u>\$ 22,280,731</u>

Depreciation expense was charged to governmental activities as follows:

<u>Governmental activities:</u>	
General government	\$ 268,232
Public safety	598,951
Transportation	1,070,235
Community environment	27,137
Leisure time activity	<u>57,475</u>
Total depreciation expense - governmental activities	<u>\$ 2,022,030</u>

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - CAPITAL ASSETS - (Continued)

B. The capital asset activity of business-type activities for the year ended December 31, 2020, was as follows:

<u>Business-type activities:</u>	Balance <u>January 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>December 31, 2020</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 53,500	\$ -	\$ -	\$ 53,500
Total capital assets, not being depreciated	<u>53,500</u>	<u>-</u>	<u>-</u>	<u>53,500</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	13,387,507	13,417	-	13,400,924
Machinery and equipment	2,706,930	91,000	(51,299)	2,746,631
Infrastructure	<u>13,027,444</u>	<u>403,764</u>	<u>-</u>	<u>13,431,208</u>
Total capital assets, being depreciated	<u>29,121,881</u>	<u>508,181</u>	<u>(51,299)</u>	<u>29,578,763</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(11,945,458)	(195,148)	-	(12,140,606)
Machinery and equipment	(1,564,919)	(207,772)	51,299	(1,721,392)
Infrastructure	<u>(10,503,297)</u>	<u>(233,340)</u>	<u>-</u>	<u>(10,736,637)</u>
Total accumulated depreciation	<u>(24,013,674)</u>	<u>(636,260)</u>	<u>51,299</u>	<u>(24,598,635)</u>
Total capital assets, being depreciated, net	<u>5,108,207</u>	<u>(128,079)</u>	<u>-</u>	<u>4,980,128</u>
Business-type activities capital assets, net	<u>\$ 5,161,707</u>	<u>\$ (128,079)</u>	<u>\$ -</u>	<u>\$ 5,033,628</u>

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

<u>Business-type activities:</u>	
Water	\$ 407,946
Sewer	155,528
Refuse	64,079
Other nonmajor	<u>8,707</u>
Total depreciation expense - business-type activities	<u>\$ 636,260</u>

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 11 - SHORT-TERM NOTES PAYABLE

Changes in the City's short-term note activity for the year ended December 31, 2020, was as follows:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance</u>			<u>Balance</u>
			<u>01/01/2020</u>	<u>Issued</u>	<u>Retired</u>	<u>12/31/2020</u>
<u>Governmental fund notes</u>						
Carrollton plaza property series 2019 BAN - 2.75%	5/1/2019	5/1/2020	\$ 140,000	\$ -	\$ (140,000)	\$ -
Various purpose series 2020 BAN - 2.00%	5/1/2020	5/3/2021	-	275,000	-	275,000
Various purpose series 2019A BAN - 2.00%	10/3/2019	10/1/2020	1,680,000	-	(1,680,000)	-
Various purpose series 2020A BAN - 2.50%	10/1/2020	10/1/2021	-	1,775,000	-	1,775,000
Roadway enhancement series 2019B BAN - 2.00%	10/24/2019	10/1/2020	1,750,000	-	(1,750,000)	-
Various purpose series 2020B BAN - 2.50%	10/1/2020	10/1/2021	-	1,750,000	-	1,750,000
Total governmental fund notes			<u>\$ 3,570,000</u>	<u>\$ 3,800,000</u>	<u>\$ (3,570,000)</u>	<u>\$ 3,800,000</u>

The short-term notes outstanding at December 31, 2020 were issued on May 1, 2020 and October 1, 2020. The amount outstanding at December 31, 2020 for the Various purpose series 2020 BAN represents the portion of the 2020 note issue that will be retired when the note is refinanced on May 3, 2021 (see Note 23 for detail). All short-term notes were backed by the full faith and credit of the City and mature within one year. The short-term note liability is reflected in the fund which received the proceeds. The short-term notes were issued in anticipation of long-term bond financing and will be refinanced until such funds are issued.

NOTE 12 - LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2020 consist of the following.

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance</u>			<u>Balance</u>	<u>Amounts Due in</u>
			<u>01/01/2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>12/31/2020</u>	<u>One Year</u>
<u>Governmental activities:</u>							
<u>Long-term notes:</u>							
Carrollton plaza property series 2019 BAN - 2.75%	5/1/2019	5/1/2020	\$ 4,030,000	\$ -	\$ (4,030,000)	\$ -	\$ -
Various purpose series 2020 BAN - 2.00%	5/1/2020	5/3/2021	-	3,755,000	-	3,755,000	-
Total long-term notes			<u>4,030,000</u>	<u>3,755,000</u>	<u>(4,030,000)</u>	<u>3,755,000</u>	<u>-</u>
<u>OPWC loans payable (direct borrowing):</u>							
Farmerville road - 0.00%	12/31/2012	1/1/2033	329,627	-	(24,417)	305,210	24,417
Mayrose bridge - 0.00%	12/31/2010	1/1/2031	163,875	-	(14,250)	149,625	14,250
Gibbons road - 0.00%	12/31/2008	1/1/2029	46,685	-	(4,915)	41,770	4,914
Elm street bridge - 0.00%			-	664,643	-	664,643	-
Total OPWC loans payable			<u>540,187</u>	<u>664,643</u>	<u>(43,582)</u>	<u>1,161,248</u>	<u>43,581</u>
<u>Other long-term debt:</u>							
Community residential rehabilitation loan payable			-	50,000	-	50,000	-
Net pension liability			12,634,013	-	(2,453,609)	10,180,404	-
Net OPEB liability			2,819,299	235,420	-	3,054,719	-
Compensated absences			623,921	317,129	(311,961)	629,089	314,545
Total other long-term debt			<u>16,077,233</u>	<u>602,549</u>	<u>(2,765,570)</u>	<u>13,914,212</u>	<u>314,545</u>
Total governmental activities			<u>\$20,647,420</u>	<u>\$5,022,192</u>	<u>\$ (6,839,152)</u>	<u>\$18,830,460</u>	<u>\$358,126</u>

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

	Issue Date	Maturity Date	Balance 01/01/2020	Increase	Decrease	Balance 12/31/2020	Amounts Due in One Year
Business-type activities:							
<u>OWDA loans payable (direct borrowing):</u>							
Water plant - 3.50%	12/31/2004	7/1/2024	\$ 1,273,583	\$ -	\$ (266,088)	\$ 1,007,495	\$ 275,482
Clearwell - 3.36%	7/1/2013	1/1/2033	852,451	-	(53,275)	799,176	55,081
Total OWDA loans payable			<u>2,126,034</u>	<u>-</u>	<u>(319,363)</u>	<u>1,806,671</u>	<u>330,563</u>
<u>OPWC loans payable (direct borrowing):</u>							
Cedar street lift station - 0.00%	1/1/2016	12/31/2036	157,865	-	(9,287)	148,578	9,286
Sewer improvements - 0.00%	12/31/2010	1/1/2031	123,643	-	(10,751)	112,892	10,752
Skyview reservoir - 0.00%	12/31/2011	1/1/2032	118,204	-	(9,456)	108,748	9,456
Dixie water main I - 0.00%	7/1/2015	7/1/2036	103,276	-	(6,259)	97,017	6,259
Dixie water main II - 0.00%	7/1/2016	7/1/2037	77,813	-	(4,446)	73,367	4,446
William and Robert street water main - 0.00%	1/1/2019	1/1/2039	50,112	-	(2,570)	47,542	2,570
North elm street water main - 0.00%	7/1/2021	1/1/2041	-	201,882	-	201,882	5,047
Total OPWC loans payable			<u>630,913</u>	<u>201,882</u>	<u>(42,769)</u>	<u>790,026</u>	<u>47,816</u>
<u>Other long-term debt:</u>							
Net pension liability			1,892,286	-	(467,594)	1,424,692	-
Net OPEB liability			868,778	95,880	-	964,658	-
Compensated absences			78,731	4,017	(6,282)	76,466	10,605
Total other long-term debt			<u>2,839,795</u>	<u>99,897</u>	<u>(473,876)</u>	<u>2,465,816</u>	<u>10,605</u>
Total business-type activities			<u>\$ 5,596,742</u>	<u>\$ 301,779</u>	<u>\$ (836,008)</u>	<u>\$ 5,062,513</u>	<u>\$ 388,984</u>

Ohio Public Works Commission (OPWC) Loans

The Gibbons Road, Mayrose Bridge, Skyview Reservoir Rehabilitation, Dixie Drive Water Main, William and Robert Street Water Main, Farmersville Road Reconstruction, Cedar St. Lift Station, Elm Street Bridge Replacement, North Elm Street Water Main and Sewer Improvements projects all received twenty-year, zero-interest loans from the Ohio Public Works Commission. The Gibbons Road, Farmersville Road Reconstruction, Mayrose Bridge and Elm Street Bridge Replacement projects will be paid through the street improvement fund while the Skyview Reservoir Rehabilitation, Dixie Drive, William and Robert Street Water Main and North Elm Street Water Main projects will be paid with water fees and the Sewer Improvements and Cedar Street Lift Station project will be paid with sewer fees detailed in the water and sewer funds, respectively. The Elm Street Bridge Replacement project amortization schedule (\$664,643) has not been completed at December 31, 2020 and is not included in the amortization schedule shown below.

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

Ohio Water Development Authority (OWDA) Loans

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

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

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

Community Residential Rehabilitation Loan Payable

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

Net Pension Liability and Net OPEB Liability

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

Compensated Absences

The City records accumulated unpaid vacation and vested sick leave benefits as accrued payroll when earned by employees. For governmental funds, the portion of the liability which is not currently due and payable is recorded in the governmental activities within the statement of net position; while the liability in its entirety is recorded within the respective proprietary funds. Employees earn vacation time at varying rates depending upon length of service. The City recognizes as a liability all of the accumulated sick leave benefits payable upon retirement, earned by vested employees, which exceed certain levels as determined by city policy or union contract for employees with fifteen years of service or more.

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

Long-Term Notes Payable

The various purpose series 2020 BANs are one-year property acquisition revenue bond anticipation notes with The Bank of New York Mellon. They will be paid through the half percent fund, bond retirement – carrollton plaza fund, and the capital improvement notes fund (a nonmajor governmental fund). Prior to the issuance of the financial statements, this issue was refinanced and replaced by debt with a maturity more than one year beyond the date of the balance sheet (see Note 23); therefore, \$3,755,000 of the notes are reported in the government-wide statements as a long-term liability. The remaining balance of \$275,000 that was not refinanced is considered a short-term note payable in the capital improvement notes fund (a nonmajor governmental fund).

Legal Debt Margin

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2020, the City's total debt margin was \$14,733,474 and the unvoted debt margin was \$11,674,915.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

The annual requirements to amortize all long-term debt outstanding as of December 31, 2020 are as follows:

Year Ended	Governmental Activities OPWC Loans Payable			Business-Type Activities OPWC Loans Payable		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 43,581	\$ -	\$ 43,581	\$ 47,816	\$ -	\$ 47,816
2022	43,581	-	43,581	52,865	-	52,865
2023	43,581	-	43,581	52,861	-	52,861
2024	43,581	-	43,581	52,864	-	52,864
2025	43,580	-	43,580	52,864	-	52,864
2026 - 2030	210,535	-	210,535	264,318	-	264,318
2031 - 2035	68,166	-	68,166	182,840	-	182,840
2036 - 2040	-	-	-	78,551	-	78,551
2041	-	-	-	5,047	-	5,047
Total	<u>\$ 496,605</u>	<u>\$ -</u>	<u>\$ 496,605</u>	<u>\$ 790,026</u>	<u>\$ -</u>	<u>\$ 790,026</u>

Year Ended	Business-Type Activities OWDA Loans Payable		
	Principal	Interest	Total
2021	\$ 330,563	\$ 54,570	\$ 385,133
2022	342,156	44,367	386,523
2023	354,155	33,807	387,962
2024	212,398	22,876	235,274
2025	62,934	18,540	81,474
2026 - 2030	348,137	59,234	407,371
2031 - 2033	<u>156,328</u>	<u>6,620</u>	<u>162,948</u>
Total	<u>\$1,806,671</u>	<u>\$ 240,014</u>	<u>\$2,046,685</u>

NOTE 13 - INSURANCE

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

Property	\$	500,000,000	per occurrence
Flood/Earthquake	\$	25,000,000	per occurrence
Boiler and Machinery	\$	100,000,000	per occurrence
Public Official Liability	\$	12,000,000	per occurrence

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - INSURANCE - (Continued)

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.

Except for property, general liability, and cyber liability there has been no significant reductions in insurance coverage. No insurance settlement has exceeded insurance coverage in the past three years.

NOTE 14 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Asset and Net OPEB Liability

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

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

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

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

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

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

	State and Local
2020 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2020 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
Employee	10.0 %

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

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

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$443,144 for 2020. Of this amount, \$50,592 is reported as pension obligation payable.

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

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

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

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

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

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

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3.00% or the percent increase, if any, in the consumer price index over the 12 month period ending on September 30th of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013, is equal to 3.00% of their base pension or disability benefit.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>Police</u>	<u>Firefighters</u>
2020 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2020 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50 %</u>	<u>0.50 %</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$568,303 for 2020. Of this amount, \$23,628 is reported as pension obligation payable.

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

The net pension liability and net pension asset for OPERS were measured as of December 31, 2019, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2019, and was determined by rolling forward the total pension liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	<u>OPERS - Traditional</u>	<u>OPERS - Combined</u>	<u>OPERS - Member- Directed</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net pension liability/asset prior measurement date	0.021720%	0.006282%	0.013624%	0.105084%	
Proportion of the net pension liability/asset current measurement date	<u>0.022105%</u>	<u>0.006509%</u>	<u>0.016254%</u>	<u>0.107413%</u>	
Change in proportionate share	<u>0.000385%</u>	<u>0.000227%</u>	<u>0.002630%</u>	<u>0.002329%</u>	
Proportionate share of the net pension liability	\$ 4,369,203	\$ -	\$ -	\$ 7,235,893	\$ 11,605,096
Proportionate share of the net pension asset	-	(13,572)	(614)	-	(14,186)
Pension expense	745,217	1,555	(362)	976,160	1,722,570

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Deferred outflows of resources					
Differences between expected and actual experience	\$ -	\$ -	\$ 2,046	\$ 273,904	\$ 275,950
Changes of assumptions	233,366	1,397	100	177,621	412,484
Changes in employer's proportionate percentage/difference between employer contributions	92,331	-	-	146,287	238,618
Contributions subsequent to the measurement date	428,426	4,647	10,071	568,303	1,011,447
Total deferred outflows of resources	\$ 754,123	\$ 6,044	\$ 12,217	\$ 1,166,115	\$ 1,938,499
Deferred inflows of resources					
Differences between expected and actual experience	\$ 55,243	\$ 3,185	\$ -	\$ 373,187	\$ 431,615
Net difference between projected and actual earnings on pension plan investments	871,559	1,758	193	349,553	1,223,063
Changes in employer's proportionate percentage/difference between employer contributions	33,632	-	-	41,800	75,432
Total deferred inflows of resources	\$ 960,434	\$ 4,943	\$ 193	\$ 764,540	\$ 1,730,110

\$1,011,447 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2021.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Year Ending December 31:	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
2021	\$ (61,212)	\$ (863)	\$ 244	\$ (24,559)	\$ (86,390)
2022	(263,549)	(830)	247	5,732	(258,400)
2023	36,089	(340)	295	163,669	199,713
2024	(346,065)	(982)	219	(290,423)	(637,251)
2025	-	(181)	260	(21,147)	(21,068)
Thereafter	-	(350)	688	-	338
Total	<u><u>\$ (634,737)</u></u>	<u><u>\$ (3,546)</u></u>	<u><u>\$ 1,953</u></u>	<u><u>\$ (166,728)</u></u>	<u><u>\$ (803,058)</u></u>

Actuarial Assumptions - OPERS

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019, are presented below.

Wage inflation	3.25%
Future salary increases, including inflation	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 1.40%, simple through 2020, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 3.00% simple through 2018 then 2.15% simple to 1.40% simple through 2020 the 2.15% simple.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.20% for 2019.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	25.00 %	1.83 %
Domestic equities	19.00	5.75
Real estate	10.00	5.20
Private equity	12.00	10.70
International equities	21.00	7.66
Other investments	13.00	4.98
Total	100.00 %	5.61 %

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2019 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 7,206,230	\$ 4,369,203	\$ 1,818,799
Combined Plan	(8,201)	(13,572)	(17,444)
Member-Directed Plan	(325)	(614)	(813)

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2019, are presented below.

Valuation date	1/1/19 with actuarial liabilities rolled forward to 12/31/19
Actuarial cost method	Entry age normal
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2019 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return **
Cash and Cash Equivalents	- %	1.00 %
Domestic Equity	16.00	5.40
Non-US Equity	16.00	5.80
Private Markets	8.00	8.00
Core Fixed Income *	23.00	2.70
High Yield Fixed Income	7.00	4.70
Private Credit	5.00	5.50
U.S. Inflation		
Linked Bonds *	17.00	2.50
Master Limited Partnerships	8.00	6.60
Real Assets	8.00	7.40
Private Real Estate	12.00	6.40
Total	120.00 %	

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

OP&F’s Board of Trustees has incorporated the risk parity concept into OP&F’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

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

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 10,028,696	\$ 7,235,893	\$ 4,899,990

NOTE 15 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. 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 75. See OPERS' Comprehensive Annual Financial Report referenced below for additional information.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0.00% for the Traditional and Combined plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$4,029 for 2020. Of this amount, \$460 is reported as pension obligation payable.

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

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2020, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was \$13,962 for 2020. Of this amount, \$580 is reported as pension obligation payable.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2019, and was determined by rolling forward the total OPEB liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.020948%	0.105084%	
Proportion of the net OPEB liability current measurement date	<u>0.021418%</u>	<u>0.107413%</u>	
Change in proportionate share	<u>0.000470%</u>	<u>0.002329%</u>	
Proportionate share of the net OPEB liability	\$ 2,958,383	\$ 1,060,994	\$ 4,019,377
OPEB expense	\$ 351,391	\$ 100,404	\$ 451,795

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 80	\$ -	\$ 80
Changes of assumptions	468,279	620,298	1,088,577
Changes in employer's proportionate percentage/difference between employer contributions	58,177	14,228	72,405
Contributions subsequent to the measurement date	4,029	13,962	17,991
Total deferred outflows of resources	<u>\$ 530,565</u>	<u>\$ 648,488</u>	<u>\$ 1,179,053</u>

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 270,559	\$ 114,099	\$ 384,658
Net difference between projected and actual earnings on OPEB plan investments	150,639	48,824	199,463
Changes of assumptions	-	226,113	226,113
Changes in employer's proportionate percentage/difference between employer contributions	23,066	45,950	69,016
Total deferred inflows of resources	<u>\$ 444,264</u>	<u>\$ 434,986</u>	<u>\$ 879,250</u>

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

\$17,991 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2021.

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

Year Ending December 31:	OPERS	OP&F	Total
2021	\$ 96,801	\$ 33,682	\$ 130,483
2022	49,723	33,682	83,405
2023	120	43,697	43,817
2024	(64,372)	27,908	(36,464)
2025	-	34,742	34,742
Thereafter	-	25,829	25,829
Total	<u>\$ 82,272</u>	<u>\$ 199,540</u>	<u>\$ 281,812</u>

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	3.16%
Prior Measurement date	3.96%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	2.75%
Prior Measurement date	3.71%
Health Care Cost Trend Rate	
Current measurement date	10.50% initial, 3.50% ultimate in 2030
Prior Measurement date	10.00%, initial 3.25%, ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.70% for 2019.

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

For each major asset class that is included in the Health Care’s portfolio’s target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other investments	14.00	4.90
Total	<u>100.00 %</u>	<u>4.55 %</u>

Discount Rate - A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.75%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB liability calculated using the single discount rate of 3.16%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16%) or one-percentage-point higher (4.16%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability	\$ 3,871,518	\$ 2,958,383	\$ 2,227,258

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 2,871,083	\$ 2,958,383	\$ 3,044,569

Changes between Measurement Date and Reporting Date

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	3.56%
Prior measurement date	4.66%
Cost of Living Adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

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

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

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

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

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

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2019, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %	1.00 %
Domestic Equity	16.00	5.40
Non-US Equity	16.00	5.80
Private Markets	8.00	8.00
Core Fixed Income *	23.00	2.70
High Yield Fixed Income	7.00	4.70
Private Credit	5.00	5.50
U.S. Inflation Linked Bonds *	17.00	2.50
Master Limited Partnerships	8.00	6.60
Real Assets	8.00	7.40
Private Real Estate	12.00	6.40
Total	120.00 %	

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - For 2019, the total OPEB liability was calculated using the discount rate of 3.56%. For 2018, the total OPEB liability was calculated using the discount rate of 4.66%. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8.00%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.75% at December 31, 2019 and 4.13% at December 31, 2018, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 3.56% for 2019 and 4.66% for 2018. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2034. The long-term expected rate of return on health care investments was applied to projected costs through 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.56%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56%), or one percentage point higher (4.56%) than the current rate.

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 1,315,564	\$ 1,060,994	\$ 849,464

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

NOTE 16 - JOINTLY-GOVERNED ORGANIZATION

The City is a member of the Miami Valley Risk Management Association (MVRMA) which is a jointly governed organization established as a joint insurance pool. As of December 31, 2020, the pool had twenty-one members. This organization covers all property, crime, liability, boiler and machinery and public liability insurance. It is intended to provide broad based coverage up to the limits with increased emphasis on safety and loss prevention and to create an opportunity for other local governments to participate.

MVRMA is a corporation governed by a twenty-one member board of trustees, consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation, with each trustee having a single vote. The board is responsible for its own financial matters, and the corporation maintains its own book of account. Budgeting and financing of MVRMA is subject to the approval of the board. As of December 31, 2020, the participant cities were: Beavercreek, Bellbrook, Blue Ash, Centerville, Englewood, Fairfield, Indian Hill, Kettering, Madeira, Mason, Miamisburg, Montgomery, Piqua, Sidney, Springdale, Tipp City, Troy, Vandalia, West Carrollton, Wilmington, and Wyoming.

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

The City has no explicit and measurable equity interest in MVRMA and no ongoing financial responsibility for MVRMA. The following is a summary of the MVRMA audited financial statements presented in conformity with accounting principles generally accepted in the United States of America as of and for the year ended December 31, 2019 (latest available):

Assets and Deferred Outflows	\$18,946,911
Liabilities and Deferred Inflows	<u>8,616,240</u>
Net Position	<u>\$10,330,671</u>

To obtain additional financial information write to Miami Valley Risk Management Association, Inc., at 3085 Woodman Drive, Suite 200, Kettering, Ohio, 45429.

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 16 - JOINTLY-GOVERNED ORGANIZATION - (Continued)

The legislative and advisory body is the assembly that is comprised of one delegate from each participating public subdivision. The degree of control exercised by any participating public subdivision is limited to its representation on the assembly, which elects the board of directors. The board of directors' exercises total control over the operation of the Alliance including budgeting, appropriating, contracting, and designating management. The five member board of directors consists of: one full-time and one volunteer fire department representative; two representatives from combined fire departments; and one representative from the City of Dayton fire department. Revenues are generated from Federal and State funding and an annual fee of \$ 0.24 per capita charged to participating subdivisions. The City paid \$3,154 to the Miami Valley Fire/EMS Alliance during 2020.

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

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

The statements of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund 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 the GAAP basis are that:

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

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

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

Net Change in Fund Balance

	<u>General Fund</u>
Budget basis	\$ 418,935
Net adjustment for revenue accruals	11,698
Net adjustment for expenditure accruals	40,990
Funds budgeted elsewhere	517
Adjustment for encumbrances	<u>56,717</u>
GAAP basis	<u>\$ 528,857</u>

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

NOTE 18 - CONTINGENCIES

A. Grants

The City received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2020.

B. Litigation

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

THIS SPACE INTENTIONALLY LEFT BLANK

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 19 - FUND BALANCE

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

Fund Balance	General	Street Improvement	Half Percent	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepayments	\$ 950	\$ -	\$ -	\$ 3,573	\$ 4,523
Total nonspendable	<u>950</u>	<u>-</u>	<u>-</u>	<u>3,573</u>	<u>4,523</u>
Restricted:					
Capital improvement programs	-	-	-	28,760	28,760
Transportation projects	-	-	-	1,014,131	1,014,131
Community environment	-	-	-	320,728	320,728
Public safety	-	-	-	195,221	195,221
Leisure time activities	-	-	-	18,665	18,665
Total restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,577,505</u>	<u>1,577,505</u>
Assigned:					
General government	25,993	-	-	-	25,993
Public safety	24,592	-	-	-	24,592
Community environment	5,537	-	-	-	5,537
Leisure time activities	4,888	-	-	-	4,888
Subsequent year appropriations	657,387	-	-	-	657,387
Total assigned	<u>718,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>718,397</u>
Unassigned	<u>1,967,572</u>	<u>(1,176,763)</u>	<u>(1,148,848)</u>	<u>(472,325)</u>	<u>(830,364)</u>
Total fund balances	<u>\$ 2,686,919</u>	<u>\$ (1,176,763)</u>	<u>\$ (1,148,848)</u>	<u>\$ 1,108,753</u>	<u>\$ 1,470,061</u>

NOTE 20 - OTHER COMMITMENTS

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

<u>Fund</u>	Year End <u>Encumbrances</u>
General	\$ 56,807
Street improvement fund	49,011
Nonmajor governmental funds	<u>187,193</u>
Total	<u>\$ 293,011</u>

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 21 - TAX ABATEMENTS

A. Real Estate Tax Abatements

As of December 31, 2020, the City provides tax abatements through the Ohio Community Reinvestment Area (CRA) program. This program relates to the abatement of property taxes.

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

2020 Real Estate Tax Abatements

Commercial/Industrial	\$	120,968
Residential		7,414
Total	\$	128,382

B. Income Tax Abatement Programs

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

2020 Income Tax Abatements

Manufacturing	\$	171,028
---------------	----	---------

NOTE 22 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. The City's investment portfolio and the pension and other employee benefits plan in which the City participate fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 23 - SUBSEQUENT EVENT

On May 3, 2021, the City refinanced the Series 2020 Various Purpose Real Estate Acquisition Bond Anticipation Note with the issuance of the Series 2021 Various Purpose Real Estate Acquisition Bond Anticipation Note in the amount of \$4,415,000 for the purpose of acquiring real estate for economic purposes. \$3,755,000 of the note issue was used to refinance the Series 2020 Notes and the remaining \$660,000 was for the purchase of real estate made in 2020. The note matures May 2, 2022 with an interest rate of 0.50%.

THIS PAGE IS INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN YEARS (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.022105%	0.021720%	0.021569%	0.021872%
City's proportionate share of the net pension liability	\$ 4,369,203	\$ 5,948,668	\$ 3,383,758	\$ 4,966,759
City's covered payroll	\$ 3,117,193	\$ 2,949,950	\$ 2,853,900	\$ 2,912,867
City's proportionate share of the net pension liability as a percentage of its covered payroll	140.16%	201.65%	118.57%	170.51%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	74.70%	84.66%	77.25%
<i>Combined Plan:</i>				
City's proportion of the net pension asset	0.006509%	0.006282%	0.006298%	0.005637%
City's proportionate share of the net pension asset	\$ 13,572	\$ 7,026	\$ 8,573	\$ 3,137
City's covered payroll	\$ 28,971	\$ 26,864	\$ 25,792	\$ 21,942
City's proportionate share of the net pension asset as a percentage of its covered payroll	46.85%	26.15%	33.24%	14.30%
Plan fiduciary net position as a percentage of the total pension asset	145.28%	126.64%	137.28%	116.55%
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.016254%	0.013624%	0.015534%	0.014032%
City's proportionate share of the net pension asset	\$ 614	\$ 310	\$ 542	\$ 58
City's covered payroll	\$ 96,620	\$ 77,880	\$ 85,140	\$ 57,667
City's proportionate share of the net pension asset as a percentage of its covered payroll	0.64%	0.40%	0.64%	0.10%
Plan fiduciary net position as a percentage of the total pension asset	118.84%	113.42%	124.46%	103.40%

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

Information for the Combined Plan prior to 2017 was unavailable.

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

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

Amounts presented for each fiscal year were determined as of the

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.023446%	0.024488%	0.024488%
\$ 4,061,143	\$ 2,953,526	\$ 2,886,816
\$ 2,910,933	\$ 3,002,167	\$ 2,974,475
139.51%	98.38%	97.05%
81.08%	86.45%	86.36%
n/a	n/a	n/a
0.015006%	n/a	n/a
\$ 57	n/a	n/a
\$ 12,208	n/a	n/a
0.47%	n/a	n/a
103.91%	n/a	n/a

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net pension liability	0.107413%	0.105084%	0.105550%	0.106382%
City's proportionate share of the net pension liability	\$ 7,235,893	\$ 8,577,631	\$ 6,478,094	\$ 6,738,130
City's covered payroll	\$ 2,666,163	\$ 2,536,433	\$ 2,431,894	\$ 2,089,903
City's proportionate share of the net pension liability as a percentage of its covered payroll	271.40%	338.18%	266.38%	322.41%
Plan fiduciary net position as a percentage of the total pension liability	69.89%	63.07%	70.91%	68.36%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.105463%	0.102996%	0.102996%
\$ 6,784,528	\$ 5,335,602	\$ 5,016,208
\$ 2,177,566	\$ 2,117,043	\$ 2,961,856
311.56%	252.03%	169.36%
66.77%	72.20%	73.00%

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT YEARS (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 428,426	\$ 436,407	\$ 412,993	\$ 371,007
Contributions in relation to the contractually required contribution	<u>(428,426)</u>	<u>(436,407)</u>	<u>(412,993)</u>	<u>(371,007)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,060,186	\$ 3,117,193	\$ 2,949,950	\$ 2,853,900
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 4,647	\$ 4,056	\$ 3,761	\$ 3,353
Contributions in relation to the contractually required contribution	<u>(4,647)</u>	<u>(4,056)</u>	<u>(3,761)</u>	<u>(3,353)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 33,193	\$ 28,971	\$ 26,864	\$ 25,792
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 10,071	\$ 9,662	\$ 7,788	\$ 8,514
Contributions in relation to the contractually required contribution	<u>(10,071)</u>	<u>(9,662)</u>	<u>(7,788)</u>	<u>(8,514)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 100,710	\$ 96,620	\$ 77,880	\$ 85,140
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 349,544	\$ 349,312	\$ 360,260	\$ 356,937
<u>(349,544)</u>	<u>(349,312)</u>	<u>(360,260)</u>	<u>(356,937)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,912,867	\$ 2,910,933	\$ 3,002,167	\$ 2,974,475
12.00%	12.00%	12.00%	12.00%
\$ 2,633			
<u>(2,633)</u>			
<u>\$ -</u>			
\$ 21,942			
12.00%			
\$ 6,920	\$ 1,465		
<u>(6,920)</u>	<u>(1,465)</u>		
<u>\$ -</u>	<u>\$ -</u>		
\$ 57,667	\$ 12,208		
12.00%	12.00%		

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT YEARS (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Police:</i>				
Contractually required contribution	\$ 371,240	\$ 369,070	\$ 364,389	\$ 347,996
Contributions in relation to the contractually required contribution	<u>(371,240)</u>	<u>(369,070)</u>	<u>(364,389)</u>	<u>(347,996)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,953,895	\$ 1,942,474	\$ 1,917,837	\$ 1,831,558
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
<i>Fire:</i>				
Contractually required contribution	\$ 197,063	\$ 170,067	\$ 145,370	\$ 141,079
Contributions in relation to the contractually required contribution	<u>(197,063)</u>	<u>(170,067)</u>	<u>(145,370)</u>	<u>(141,079)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 838,566	\$ 723,689	\$ 618,596	\$ 600,336
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

(1) Information prior to 2013 was unavailable.

Information was not available to break police and fire pension contributions for years 2014 and 2013.

Amounts representing both police and fire pension contributions are listed under police for 2014 and 2013.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 300,370	\$ 320,935	\$ 431,030	\$ 505,885
<u>(300,370)</u>	<u>(320,935)</u>	<u>(431,030)</u>	<u>(505,885)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,580,894	\$ 1,681,660	\$ 2,117,043	\$ 2,961,856
19.00%	19.00%	20.36%	17.08%

\$ 119,617	\$ 116,538
<u>(119,617)</u>	<u>(116,538)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 509,009	\$ 495,906
23.50%	23.50%

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR YEARS

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

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR YEARS

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

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2020	2019	2018	2017
Contractually required contribution	\$ 4,029	\$ 3,865	\$ 3,115	\$ 32,202
Contributions in relation to the contractually required contribution	(4,029)	(3,865)	(3,115)	(32,202)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 3,194,089	\$ 3,242,784	\$ 3,054,694	\$ 2,964,832
Contributions as a percentage of covered payroll	0.12%	0.12%	0.10%	1.09%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 61,975	\$ 59,922	\$ 64,594	\$ 122,504	\$ 123,322	\$ 128,365
<u>(61,975)</u>	<u>(59,922)</u>	<u>(64,594)</u>	<u>(122,504)</u>	<u>(123,322)</u>	<u>(128,365)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,992,476	\$ 2,923,141	\$ 3,002,167	\$ 2,974,475	\$ -	\$ -
2.07%	2.05%	2.15%	4.12%	0.00%	0.00%

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Police:</i>				
Contractually required contribution	\$ 9,769	\$ 9,712	\$ 9,589	\$ 9,158
Contributions in relation to the contractually required contribution	<u>(9,769)</u>	<u>(9,712)</u>	<u>(9,589)</u>	<u>(9,158)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,953,895	\$ 1,942,474	\$ 1,917,837	\$ 1,831,558
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%
<i>Fire:</i>				
Contractually required contribution	\$ 4,193	\$ 3,618	\$ 3,093	\$ 3,002
Contributions in relation to the contractually required contribution	<u>(4,193)</u>	<u>(3,618)</u>	<u>(3,093)</u>	<u>(3,002)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 838,566	\$ 723,689	\$ 618,596	\$ 600,336
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 8,118	\$ 8,870	\$ 8,648	\$ 75,747	\$ 110,519	\$ 118,835
<u>(8,118)</u>	<u>(8,870)</u>	<u>(8,648)</u>	<u>(75,747)</u>	<u>(110,519)</u>	<u>(118,835)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,580,894	\$ 1,681,660	\$ 2,117,043	\$ 2,961,856	\$ -	\$ -
0.50%	0.50%	0.50%	3.62%	6.75%	6.75%
\$ 2,545	\$ 2,545	\$ 2,579	\$ 22,304	\$ 31,536	\$ 41,361
<u>(2,545)</u>	<u>(2,545)</u>	<u>(2,579)</u>	<u>(22,304)</u>	<u>(31,536)</u>	<u>(41,361)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 509,009	\$ 495,906	\$ -	\$ -	\$ -	\$ -
0.50%	0.50%	0.50%	3.62%	6.75%	6.75%

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2020.

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

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2020.

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

(Continued)

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2020.

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

OHIO POLICE AND FIRE (OP&F) PENSION FUND

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

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

SUPPLEMENTARY INFORMATION

**CITY OF WEST CARROLLTON
MONTGOMERY COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	PASS-THROUGH GRANT NUMBER	CFDA NUMBER	(A) CASH FEDERAL DISBURSEMENTS
United States Department of Housing and Urban Development			
<i>Passed through Montgomery County</i>			
CDBG - Entitlement Grants Cluster:			
(C) Community Development Block Grants/Entitlement Grants	N/A	14.218	<u>34,005</u>
Total CDBG - Entitlement Grants Cluster and United States Department of Housing and Urban Development			<u>34,005</u>
United States Department of the Treasury			
<i>Passed through the Ohio Office of Budget and Management</i>			
COVID-19 - Coronavirus Relief Fund	HB481-CRF-Local	21.019	<u>744,974</u>
Total United States Department of the Treasury			<u>744,974</u>
United States Department of Homeland Security			
<i>Direct Award</i>			
Assistance to Firefighters Grant	N/A	97.044	<u>47,349</u>
Total United States Department of Homeland Security			<u>47,349</u>
Total Expenditures of Federal Awards			<u><u>\$ 826,328</u></u>

Notes to the Schedule of Expenditures of Federal Awards:

- (A) This schedule includes the federal award activity of the City of West Carrollton under programs of the federal government for the year ended December 31, 2020 and is prepared in accordance with the cash basis of accounting. The information on this schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City of West Carrollton, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of West Carrollton.
- (B) CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The City of West Carrollton has not elected to use the 10% de minimis indirect cost rate.
- (C) A passthrough grant number was unable to be obtained for this grant.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

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

To the Members of Council and Mayor:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of West Carrollton, Montgomery County, Ohio, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of West Carrollton's basic financial statements, and have issued our report thereon dated June 21, 2021, wherein we noted as described in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings as item 2020-002 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of West Carrollton's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2020-001 and 2020-002.

City of West Carrollton's Responses to Findings

The City of West Carrollton's responses to the findings identified in our audit are described in the accompanying corrective action plan. The City of West Carrollton's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Julian & Grube, Inc.
June 21, 2021

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

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

To the Members of Council and Mayor:

Report on Compliance for Each Major Federal Program

We have audited the City of West Carrollton’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of West Carrollton’s major federal programs for the year ended December 31, 2020. The City of West Carrollton’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the City of West Carrollton’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of West Carrollton’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of West Carrollton’s compliance.

Opinion on Each Major Federal Program

In our opinion, the City of West Carrollton complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the City of West Carrollton is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of West Carrollton's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of West Carrollton's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Julian & Grube, Inc.

Julian & Grube, Inc.
June 21, 2021

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	COVID-19 - Coronavirus Relief Fund (CFDA # 21.019)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	No

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2020-001

Noncompliance – Purchase Orders:

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

The City had 41% of disbursements tested with an invoice that was dated prior to the purchase order, thus causing those disbursements not to be certified in a timely manner.

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020**

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
Finding Number	2020-001 – (Continued)

Without proper certification, the City may expend more funds than available in the treasury or in the process of collection, or than funds appropriated. It may also result in unnecessary or undesirable purchases.

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

Finding Number	2020-002
----------------	----------

Significant Deficiency/Noncompliance – Transfers:

Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16 provide that no transfer can be made from one fund of a subdivision to any other fund, except for purposes defined by statute. Therefore, transferring cash restricted for one purpose to a fund with a different restricted purpose potentially permits the transfer in violation of the originating fund’s restricted purpose.

The City transferred \$24,353 from the half percent fund to the police pension fund (a non-major governmental fund). An adjustment was recorded to decrease the “transfers out” line items under other financing sources (uses) for the half percent fund and decrease the “transfers in” line item under other financing sources (uses) for the other governmental funds. This transfer does not meet the requirements set by Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16. The City’s fund balances have also been updated to reflect this adjustment.

By approving transfers that do not meet the originating funds intended purpose, the City risks the misuse of public funds.

We recommend the City review and follow Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16. Further, the City should consult its auditors or outside consultants with knowledge of the Ohio Revised Code if questions regarding the allowability of transfers arise.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

None



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR § 200.511(b)
DECEMBER 31, 2020

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2019-001	2016	<u>Noncompliance</u> – Ohio Revised Code Section 5705.41(D) requires in part that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. The City had 42% of expenditures that were not timely certified at December 31, 2019.	Not Corrected	Finding repeated as 2020-001 as expenditures were not timely certified.



**CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2020**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-001	It is in the intent of the City to improve compliance by more closely following as described in the finding to ensure prior certification for exceptions to ORC 5704.41 (D) and, when necessary, to have Council approved payments by resolution.	Unknown	Tom Reilly, Finance Director
2020-002	The City has reversed this transfer and has implemented additional policies and procedures to ensure ORC compliance in the future.	June 2021	Tom Reilly, Finance Director

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



CITY OF WEST CARROLLTON

MONTGOMERY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/26/2021

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

This report is a matter of public record and is available online at
www.ohioauditor.gov